

**Compliance Audit Report of the  
Comptroller and Auditor General of India**

**for the year ended March 2021  
(Departments of Revenue and Transport)**

**Government of Andhra Pradesh  
*Report No. 3 of 2022***



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## Preface

This Report of the Comptroller and Auditor General of India for the year ended March 2021 is prepared for submission to the Governor of Andhra Pradesh under Article 151 of the Constitution of India for being laid before the State Legislature.

The Report contains significant results of Compliance Audit of the Departments and Public Sector Undertakings of the Government of Andhra Pradesh under Departments of Revenue *viz*, Commercial Taxes, Registration & Stamps and Chief Commissioner of Land Administration (Land Revenue related aspects), and Transport.

The instances mentioned in this Report are those, which came to notice in the course of test audit for the period 2019-21 as well as those which came to notice in earlier years, but could not be reported in the previous Audit Reports. Instances relating to the period subsequent to 2019-21 are also been included, wherever found necessary.

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





## Overview

### I General

This Report contains 28 paragraphs (including two subject specific compliance audits) relating to under-assessment/ non-realisation/ loss of revenue etc., of ₹198.04 crore. The Departments/ Government accepted audit observations of ₹58.68 crore, of which ₹2.03 crore was recovered. Some of the significant audit findings are mentioned below:

- **Arrears of Revenue**

As of 31 March 2021, it was observed that the arrears of revenue pertaining to Commercial Taxes, Registration & Stamps under Revenue and Transport departments were ₹8,247.42 crore. Of this amount, ₹2,346.83 crore and ₹1,684.23 crore relating to Commercial Taxes and Transport departments respectively were outstanding for more than five years.

(Paragraph 1.2.3)

- **Position of local audit conducted during the period 2019-21**

Test check of records of 239 units and 15 units conducted during the years 2019-20 and 2020-21 respectively out of 1,410 auditable units, under Commercial Taxes, Registration & Stamps, Chief Commissioner of Land Administration (Land Revenue) and Transport departments (including Andhra Pradesh State Road Transport Corporation) showed underassessment, short levy/ loss of revenue aggregating ₹299.05 crore in 1,625 cases and ₹94.15 crore in 103 cases respectively.

(Paragraph 1.8)

### II Commercial Taxes

- *Processing of refund claims under GST:* Section 54 of Andhra Pradesh Goods and Services Tax (APGST) Act 2017, enables the taxpayer to claim refund of balance in electronic cash ledger in accordance with the provisions of the Act. Scrutiny of a sample of 560 (out of 6,534) refund claims pertaining to the period 01 July 2017 to 31 July 2020 in 81 circles, revealed that there were delays in both disposal of claims and sanctioning of provisional refund. The department needs to ensure that causes for these delays are addressed as they go against the intended provisions of the Act to make available entitled flow of funds to the taxpayer for working/ operating capital. Conduct of post-audit of refund claims must be ensured to protect revenue leakage, as this was not done despite specific instructions. While streamlining the existing procedures of grant of refund, compliance to laid down procedures in processing of refund claims is to be ensured to prevent loss of revenue to the exchequer.

(Paragraph 2.1)

- *Transitional credits:* Section 140 of the Andhra Pradesh Goods and Services Tax (APGST) Act, 2017 enables the taxpayers to carry forward the Input Tax

Credit (ITC) earned under the existing laws to the Goods and Services Tax (GST) regime. The State Tax department had not issued any guidelines to verify transitional credit claims for ascertaining correctness of claims preferred by the taxpayers. Scrutiny of a sample of 563 (out of 14,086) claims in 97 circles, showed instances of excess availment of ITC due to non-verification of transitional credit claims thereby giving scope for passing undue benefit to the taxpayers while claiming transitional credit. Non-compliance issues like availing credit in excess than available balance, claiming of credit without supporting invoices, non-disclosing details of goods held by agent on behalf of the principal, irregular claim of credit due to non-consideration of Value Added Tax/ Central Sales Tax demands, claiming of transitional credit twice, etc., were also observed during audit of sampled claims. Penalty and applicable interest were not levied/ paid in certain cases of excess credit availed by the taxpayers.

*(Paragraph 2.2)*

- In nine offices, 13 dealers had declared tax at five *per cent* instead of 14.5 *per cent* which resulted in under-declaration of tax of ₹3.59 crore.

*(Paragraph 2.3.1)*

- In one case irregular exemption from payment of tax on Set-top Boxes resulted in non-levy of tax of ₹3.09 crore.

*(Paragraph 2.3.2)*

- Interest of ₹0.41 crore and penalty of ₹1.07 crore totaling to ₹1.48 crore was not levied on belated payments of taxes in 11 offices involving 42 dealers.

*(Paragraph 2.3.3)*

- Assessing authorities have not levied/ short levied penalty of ₹7.82 crore on dealers who had under-declared tax for reasons either of fraud/ willful neglect or other than fraud/ willful neglect.

*(Paragraph 2.4)*

- In 14 offices involving 24 dealers, incorrect allowance of concessional rate/ application of incorrect rate of tax in interstate sales resulted in short levy of tax of ₹4.90 crore.

*(Paragraph 2.5)*

- Tax of ₹1.47 crore on works contractors was short levied in two cases due to incorrect determination/ exemption of taxable turnover. The dealers have not maintained detailed accounts in these two cases contravening provisions of Andhra Pradesh Value Added Tax Rules, 2005.

*(Paragraph 2.6.1)*

- In three offices involving five dealers assessing authorities had allowed ITC amounting to ₹1.25 crore to the dealers running eating houses who were not eligible to claim ITC as per the provisions of Andhra Pradesh Value Added Tax

Act, 2005. Further, excess tax of ₹88.38 lakh collected by the dealers was also not forfeited to Government.

(Paragraph 2.7.1)

### III Registration & Stamps

- Loans secured from various banks by creating charge on instruments on *Paripassu* basis are required to be registered by charging 0.5 *per cent* on the loan amount. Non-compliance to the provisions by the registering authorities resulted in short levy of registration fee of ₹7.27 crore in four cases.

(Paragraph 3.1)

- Misclassification of transactions in 57 registered documents resulted in short levy of stamp duty and registration fee of ₹2.10 crore.

(Paragraph 3.2)

- Stamp duty on distinct matters, *i.e.*, having more than one transaction in a document amounting to ₹1.61 crore was short levied in 28 cases.

(Paragraph 3.3)

- Valuing the properties at lesser rate than applicable market rate, incorrect adoption of structure rates, considering acreage rate instead of sq. yd./ lesser area of properties by the registering authorities resulted in short levy of duties of ₹1.10 crore in 27 cases.

(Paragraph 3.4)

- Non-inclusion of value of structure by the registering authorities while computing the value of properties resulted in short levy of duties amounting to ₹92.39 lakh in two cases.

(Paragraph 3.5)

- Non-inclusion of joint shares of properties by the registering authorities for arriving at the value of partitioned properties resulted in short levy of duties of ₹51.19 lakh in nine cases.

(Paragraph 3.6)

### IV Chief Commissioner of Land Administration

- Non-finalization of land alienation process for the land given to Regional Passport Office, Visakhapatnam even after a lapse of six years resulted in non-realisation of balance land cost of ₹1.19 crore.

(Paragraph 4.1)

- Adoption of lesser rate for land conversion tax resulted in short levy of conversion tax of ₹47.81 lakh in seven cases.

(Paragraph 4.2)

## **V Transport**

- Quarterly tax and penalty of ₹7.62 crore were not realised from the owners of 5,151 transport vehicles.

*(Paragraph 5.1)*

- Levy of compounding fee for offences at old rate instead of revised rate resulted in short realization of ₹6.03 crore in 3,176 cases.

*(Paragraph 5.2)*

- Mandatory annual fitness test of 1,18,399 vehicles was not conducted by the Department. This resulted in non-realisation of Fitness Certificate fee of ₹5.99 crore besides compromising on road safety.

*(Paragraph 5.3)*

- Green Tax amounting to ₹1.53 crore was not collected on 75,621 transport vehicles and 406 non-transport vehicles.

*(Paragraph 5.4)*

- Levy of life tax payable on vehicles registered under the category of second and subsequent vehicles for personal use at 12 *per cent* instead of 14 *per cent* resulted in short levy of tax of ₹1.25 crore in respect of 1,179 vehicles.

*(Paragraph 5.5)*

- Loss of ₹3.25 crore due to failure of Andhra Pradesh State Road Transport Corporation (Corporation) to timely collect GST on all components of AC bus fare from passengers and delay in modifications in Online Ticket Accounting System/ Central Information System module with consequent payment of GST retrospectively with interest and penalty.

*(Paragraph 5.6)*

- Infructuous expenditure of ₹2.49 crore due to failure of the Corporation to carry out due diligence in implementation of Live TV System in Amaravati buses.

*(Paragraph 5.7)*

*CHAPTER I*  
*GENERAL*



## CHAPTER I GENERAL

### 1.1 About this Report

This Report contains significant Audit findings pointed out in the compliance audit of Commercial Taxes, Chief Commissioner of Land Administration (CCLA) and Registration & Stamps under Revenue, and Transport departments. Audit has been conducted under the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

Compliance Audit is an independent assessment of whether a given subject matter (an activity, financial or non-financial transaction, information in respect of an entity or a group of entities) complies in all material respects with applicable laws, rules, regulations, established codes, etc., and general principles governing sound public financial management and the conduct of public officials.

The primary purpose of this Report is to bring significant Audit observations to the notice of the State Legislature. The Audit observations are expected to enable the Executive to take corrective action, to frame appropriate policies as well as to issue directives that will lead to improved financial management of organisations and contribute to better governance.

The audit observations in this Report are based on the results of test check of records made available to Audit by the Government departments concerned.

This Report contains five chapters. Chapter-I presents the details about profile of audited entities and summary of fiscal transactions made during the years 2019-20 and 2020-21 and also authority for audit, planning and conduct of audit, response of Department concerned to audit findings and summary of coverage of this Report. Chapter-II contains compliance audit observations relating to Commercial Taxes Department including subject specific compliance audits on 'Processing of refund claims' and 'Transitional credits' under Goods and Services Tax (GST), Chapter-III contains observations relating to Registration & Stamps Department, Chapter-IV relates to CCLA Department (Land Revenue related aspects) and Chapter-V contains observations relating to Transport Department including Andhra Pradesh State Road Transport Corporation (APSRTC).

### 1.2 Audited Entity Profile

The audited entities<sup>1</sup> in the State at the Secretariat level are headed by Additional Chief Secretaries/ Principal Secretaries/ Secretaries and assisted by Directors/Commissioners and subordinate officers.

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<sup>1</sup> Commercial Taxes, Registration & Stamps, CCLA under Revenue Department and Transport Department

1.2.1 Functions of the audited entities

Commercial Taxes	<ul style="list-style-type: none"><li>Commercial Taxes department administers and collects revenue on goods and services under Andhra Pradesh Value Added Tax Act, 2005 (VAT Act), Central Sales Tax Act, 1956 (CST Act), Andhra Pradesh Entertainments Tax Act, 1939, The Andhra Pradesh Tax on Professions, Trades, Callings and Employment Act, 1987 apart from other minor Acts. The Department has been administering and collecting revenue on goods and services under the Andhra Pradesh Goods and Services Tax Act, 2017 with effect from 01 July 2017.</li></ul>
Registration & Stamps	<ul style="list-style-type: none"><li>Registration &amp; Stamps department is primarily entrusted with registration of documents and is responsible for determining and collecting stamp duty and registration fees on registration of various documents/ instruments by the general public. The Department also enforces administration of the Indian Stamp (IS) Act, 1899 and the Registration Act, 1908, as amended from time to time and rules framed therein.</li></ul>
CCLA (Land Revenue)	<ul style="list-style-type: none"><li>Land Revenue related aspects come under the purview of Chief Commissioner of Land Administration (CCLA). The department is responsible for alienation, acquisition and conversion of lands and for collecting revenue arising thereon. It is also responsible for maintenance, updation and protection of land revenue records. The Department also decides on policy matters and administers several Acts and Rules pertaining to land and civil administration in the State.</li></ul>
Transport	<ul style="list-style-type: none"><li>Transport department of the State established under Section 213 of Motor Vehicle Act, 1988 is primarily responsible for enforcement of provisions of Motor Vehicles (MV) Act, 1988, Central Motor Vehicles (CMV) Rules, 1989, Andhra Pradesh Motor Vehicles Taxation (APMVT) Act, 1963, Andhra Pradesh Motor Vehicles Taxation Rules, 1963 and Andhra Pradesh Motor Vehicles Rules, 1989 for collection of taxes, fees, issue of driving licenses, certificates of fitness to transport vehicles, registration of motor vehicles and grant of regular and temporary permits to vehicles.</li><li>Andhra Pradesh State Road Transport Corporation (APSRTC) under the present name was established on 11th January 1958 in pursuance of the Road Transport Corporations Act 1950. APSRTC is headed by Vice Chairman &amp; Managing Director. APSRTC is committed to provide consistently high quality of services and to continuously improve the services through a process of teamwork for the utmost satisfaction of the passengers and to attain a position of pre-eminence in the Bus Transport sector.</li></ul>

1.2.2 Summary of Fiscal transactions

A summary of the fiscal transactions relating to the above audited entities during the years 2019-20 and 2020-21 is given in **Table-1.1**.

Table-1.1: Summary of fiscal operations during 2019-20 and 2020-21

(₹ in crore)							
2019-20	Receipts	2020-21	Percentage change over 19-20	2019-20	Disbursements	2020-21	Percentage change over 19-20
	Revenue receipts				Revenue expenditure		
41,637	Taxes on Sales, Trade etc. & SGST	36,671	(-) 11.93	329	Taxes on Sales, Trade etc.	326	(-) 0.91
5,318	Stamps and Registration Fees	5,603	5.36	138	Stamps and Registration Fees	144	4.35
21	Land Revenue	143	580.95	74	Land Revenue	73	(-) 1.35
3,279	Taxes on Vehicles	2,966	(-) 9.55	142	Taxes on Vehicles	142	0

Source: Finance Accounts of Government of Andhra Pradesh for relevant years

- The receipts under Sales tax and SGST decreased by ₹4,966 crore (11.93 per cent over previous year) from ₹41,637 crore to ₹36,671 crore during 2020-21.



- Taxes on vehicles decreased by ₹313 crore (9.55 *per cent* over previous year) from ₹3,279 crore to ₹2,966 crore during 2020-21.

Covid-19 pandemic resulted in the economic slowdown in the country that led to the decrease in receipts when compared to the previous year.

### 1.2.3 Arrears of Revenue

As of 31 March 2021, it was observed that the arrears of revenue pertaining to these audited entities were ₹8,247.42 crore as detailed in **Table-1.2**.

**Table-1.2: Arrears of Revenue**

(₹ in crore)

Department	Details of amount outstanding as on 31 March 2020		Details of amount outstanding as on 31 March 2021		Reasons
	Total	For more than five years ( <i>per cent</i> )	Total	For more than five years ( <i>per cent</i> )	
Commercial Taxes	3,221.98	2,529.19 (78)	4,788.87	2,346.83 (49)	Department did not furnish the reasons for pendency in arrears outstanding for more than five years. Commissioner replied (June 2021) that an amount of ₹152.18 crore was proposed for write off during 2019-20.
Registration & Stamps	51.95	NA	51.46	NA	Commissioner and Inspector General of Registration and Stamps did not furnish (September 2021) the details of amount outstanding for more than five years and the reasons for pendency.
Chief Commissioner of Land Administration	313.78	260.99 (83)	NA	NA	Department replied (October 2020) that due to drought and unseasonal conditions collections as per the target could not be achieved.
Transport	3,261.84	1,331.17 (41)	3,407.09	1,684.23 (49)	Department stated (February 2021) that APSRTC did not pay taxes since 2012-13.

Source: Information furnished by the Departments concerned;

NA: Details not made available

It can be seen from **Table-1.2** that amount outstanding at the end of 2020-21 increased by ₹1,566.89 crore and ₹145.25 crore in respect of Commercial Taxes and Transport departments respectively, when compared with the status at the end of 2019-20. Further, arrears outstanding for more than five years showed an increase of eight percentage points at the end of 2020-21 when compared with the status at the end of 2019-20 in respect of Transport department. Since details were not furnished by Registration & Stamps and CCLA departments, Audit could not analyse the trend of arrears.

### Recommendation

**The departments concerned need to vigorously pursue the outstanding cases to ensure recovery of arrears in a time bound manner and monitor the progress of recovery of arrears of revenue on a regular basis.**

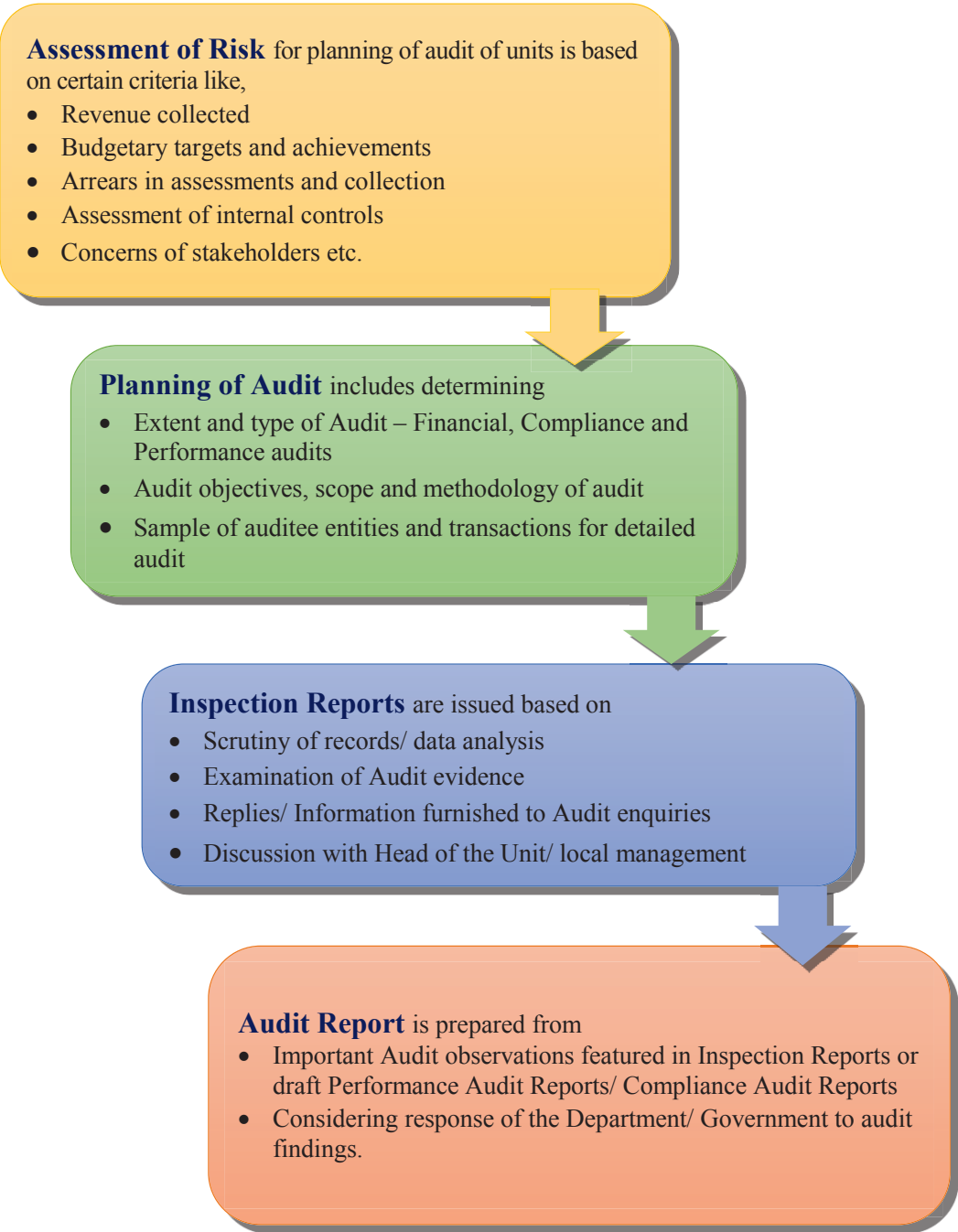
1.3 Authority for audit

The Comptroller and Auditor General of India (CAG) derives authority for audit from Articles 149 and 151 of the Constitution of India and CAG’s (Duties, Powers and Conditions of Service) Act, 1971 (DPC Act).

1.4 Planning and conduct of audit

The following flowchart depicts the process of planning, conduct of audit and preparation of Audit Reports:

Figure-1.1: Planning, conduct of audit and preparation of Audit Reports



The Report so prepared would be submitted to Governor for causing it to be laid in the State Legislature.

After completion of audit of each unit, an Inspection Report (IR) containing audit findings is issued to the Head of the Unit with a request to furnish replies within one month of receipt of the IR. Whenever replies are received, audit findings are either settled or further action for compliance is advised. Significant audit observations pointed out in these IRs, which require attention at the highest level in Government, are processed for inclusion in the Audit Reports. These Audit Reports are submitted to the Governor of Andhra Pradesh under Article 151 of the Constitution of India for causing them to be laid on the table of State Legislature.

During the two-year period *i.e.*, 2019-21, audit of 254 units<sup>2</sup> out of total 1,410 auditable units were conducted. For subject specific compliance audit on 'Processing of refund claims' and 'Transitional credits' under Goods and Services Tax (GST), sampled claims were examined in 81 and 97 circles (out of 103 circles) respectively.

## **1.5 Response of Government to audit findings**

### **1.5.1 Response to audit observations**

All Departments are required<sup>3</sup> to send their responses to draft audit paragraphs proposed for inclusion in CAG's Report within six weeks of their receipt. During the two-year period *i.e.*, 2019-20 and 2020-21, 56 draft compliance audit paragraphs including two subject specific compliance audit reports *viz.*, 'Processing of refund claims' and 'Transitional credits' under GST, and one compliance audit on 'Administration of Government Lands' were forwarded to Secretaries of the Departments<sup>4</sup> concerned, drawing their attention to the audit findings and requesting them to send their response within six weeks followed by reminders in June 2021, August 2021 and March 2022. It was brought to their personal attention that these paragraphs were likely to be included in the Audit Report of the CAG of India, which would be placed before the State Legislature and it would be desirable to include their comments/ responses to the audit findings.

Replies to 23 compliance audit paragraph of Commercial Taxes Department, three compliance audit paragraphs of CCLA Department and nine compliance audit paragraphs of Transport department (including APSRTC) were received. Replies for the remaining 21 draft paragraphs have not been received (August 2022).

### **1.5.2 Response to previous Inspection Reports**

Heads of Offices and next higher authorities are required to respond to the observations contained in Inspection Reports (IRs) and take appropriate corrective action. Audit observations communicated in IRs are also discussed at periodical intervals in meetings at District/ State levels by officers of the Accountant General's office with officers of the Departments concerned.

<sup>2</sup> Commercial Taxes department (56), Registration & Stamps department (113), CCLA department (63) and Transport department (including APSRTC) (22)

<sup>3</sup> As per paragraph 4.7 of Finance Department's Handbook of Instructions

<sup>4</sup> Commercial Taxes department (23), Registration & Stamps department (17), CCLA department (7) and Transport department (Including APSRTC) (9)

A review of IRs issued up to December 2020 pertaining to four departments<sup>5</sup> showed that 13,419 paragraphs relating to 4,297 IRs valuing ₹4,133 crore were outstanding at the end of June 2021 which is detailed in **Table-1.3**. Of these, 2,841 IRs (66 per cent) containing 6,093 paragraphs valuing ₹887 crore are outstanding for more than 10 years. Even the first replies which were to be furnished within one month by Heads of offices concerned, have not been received in respect of 72 IRs issued during 2019-20 and 10 IRs issued during 2020-21.

**Table-1.3: Department-wise details of IRs**

(₹ in crore)				
Sl. No.	Department	Number of outstanding IRs	Number of outstanding Paragraphs	Money value involved
1.	Commercial Taxes	1,732	7,312	1,891
2.	Registration & Stamps	1,569	4,056	318
3.	Chief Commissioner of Land Administration	698	1,029	379
4.	Transport (including APSRTC)	298	1,022	1,545
<b>Total</b>		<b>4,297</b>	<b>13,419</b>	<b>4,133</b>

Source: Records of office of the Principal Accountant General (Audit), Andhra Pradesh

It is pertinent to mention that Government had issued orders<sup>6</sup> for expeditious settlement of outstanding audit observations and pending IRs and requested all Heads of Departments and departments of Secretariat to follow the guidelines scrupulously. There was however, not much progress as evident from the accumulation of outstanding IRs/ Paras.

Lack of action on IRs and audit paragraphs is fraught with the risk of perpetuating serious financial irregularities pointed out in these reports. It may also result in dilution of internal controls in the governance process, inefficient and ineffective delivery of public goods/ services, fraud, corruption and loss to public exchequer.

### Recommendation

**Government should ensure prompt and appropriate response to audit observations, as well as take action against those failing to furnish replies to the IRs/ paragraphs as per the prescribed time schedules.**

### 1.5.3 Response of Government to audit paragraphs that featured in earlier Audit Reports

Administrative Departments are required to submit Explanatory Notes (ENs) on paragraphs and reviews included in Audit Reports within three months<sup>7</sup> of their presentation to State Legislature duly indicating action taken or proposed to be taken.

<sup>5</sup> Commercial Taxes department, Registration & Stamps department, CCLA department and Transport department (including APSRTC)

<sup>6</sup> G.O. Ms. No.534, Finance (PAC) Department, dated 28 June 2004

<sup>7</sup> As per Para 5.2 of Finance department's hand book of instructions

Reports of the Comptroller and Auditor General of India on four departments<sup>8</sup> contained 128 paragraphs (including four Performance Audits) for the years from 2014-15 to 2018-19. These Audit Reports were placed before the State Legislative Assembly between March 2016 and May 2021. Explanatory Notes in respect of 61 paragraphs<sup>9</sup> have not been received (April 2022).

#### **1.5.4 Response of Government to recommendations of the Public Accounts Committee (PAC) and Committee on Public Undertakings (COPU)**

Legislature ensures financial accountability of the Executive primarily through the mechanism of PAC/ COPU discussion of Audit Reports and their recommendations.

Government instructed<sup>10</sup> that all the departments/ Public Sector Undertakings (PSUs) should furnish Action Taken Notes (ATNs) on PAC/ COPU recommendations to the respective committees and Accountant General within six months from the date of its receipt. All such ATNs have to be routed through the Finance Department and copies thereof to the Accountant General.

Action Taken Notes on 64 PAC recommendations relating to four departments<sup>11</sup> were due as of April 2022. Of these, 11 recommendations pertain to Andhra Pradesh exclusively and 53 pertain to the composite State of Andhra Pradesh and Telangana.

Action Taken Notes on 24 COPU recommendations relating to APSRTC under Transport department were due as of April 2022. All of these pertain to the composite State of Andhra Pradesh and Telangana.

#### **1.5.5 Departmental Audit Committee Meetings**

State Government sets up Audit Committees to monitor and expedite the progress of the settlement of paragraphs in the IRs. During the year 2020-21, one Departmental Audit Committee Meeting was conducted in respect of Registration & Stamps and 40 paragraphs involving money value of ₹94 lakh were settled.

#### **1.6 Analysis of the mechanism for dealing with the issues raised by Audit on Land Revenue**

The system for addressing the issues highlighted in the IRs/ Audit Reports in respect of one department is reviewed in audit every year. During the year 2020-21, action initiated by CCLA Department on Land Revenue related issues was reviewed to assess the action taken on the cases detected in local audit during 2016-17 to 2020-21.

The summarised position of the IRs and paragraphs on Land Revenue included in these reports and their status as on 31 March 2021 are detailed in **Table-1.4**.

<sup>8</sup> Commercial Taxes department (56), Registration & Stamps department (26), CCLA department (17), Transport department (25) and APSRTC under Transport department (4)

<sup>9</sup> Commercial Taxes department (1), Registration & Stamps department (26), CCLA department (17), Transport department (13) and APSRTC under Transport department (4)

<sup>10</sup> Government of Andhra Pradesh U.O. Note No. 1576-A/32/PAC/95 dated 17 May 1995

<sup>11</sup> Commercial Taxes department (1), Registration & Stamps department (20), CCLA department (27) and Transport department (16)

**Table-1.4: Position of Inspection Reports (IRs)**

(₹ in crore)

Year	Opening balance			Additions during the year			Clearance during the year			Closing balance		
	IRs	Paras	Money value	IRs	Paras	Money value	IRs	Paras	Money value	IRs	Paras	Money value
2016-17	550	725	221.54	40	68	8.47	1	3	0.17	589	790	229.84
2017-18	589	790	229.84	37	87	9.29	1	1	0	625	876	239.13
2018-19	625	876	239.13	27	53	19.12	0	0	0	652	929	258.25
2019-20	652	929	258.25	3	7	0.33	0	0	0	655	936	258.58
2020-21	655	936	258.58	43	94	120.60	0	1	0.01	698	1029	379.17

Source: Records of office of the Principal Accountant General (Audit), Andhra Pradesh

It can be seen from the table above that five paragraphs and two IRs only were cleared during the five-year period. There has been net increase of 148 IRs, 304 Paragraphs and money value of ₹157.63 crore during the period.

### Recommendation

**Government needs to evolve a mechanism for implementation of guidelines issued<sup>12</sup> for expeditious settlement of outstanding audit observations.**

#### 1.7 Constraints in Audit

The programme of local audit of Revenue offices is drawn up sufficiently in advance. Intimations are issued, usually one month before the commencement of audit, to the departments to enable them to keep the relevant records ready for scrutiny.

During the two-year period 2019-21, 36 offices pertaining to the three departments<sup>13</sup> did not produce crucial documents/ records like Village and Mandal Accounts Records, Challan Posting Register, Cash Book, Treasury Bill Register, Reconciliation statements, Bank Accounts, Pending Documents Registers, DCB Registers, GST refund claims records, data of refunds, Reconciliation Registers and Register of Challans, Lands resumed under Prevention of Transfers (POT) Act, source of irrigation, notification of water tax, source of water, lift irrigation schemes, write off cases, Challan Posting Registers relating to VAT, CST and reconciliation registers, etc.

Non-production of records hinders efficacy of audit and results in inability to verify accuracy of revenue collections and expenditure.

### Recommendation

**Government needs to issue suitable instructions to the Heads of the Departments concerned for timely production of all the relevant records for audit scrutiny to ensure transparency and accountability.**

<sup>12</sup> G.O. Ms. No.534, Finance (PAC) Department, dated 28 June 2004

<sup>13</sup> Commercial Taxes department (25), CCLA department (8) and Registration & Stamps department (3)

## 1.8 Results of Audit

### Position of local audit conducted during the year:

Audit test checked records in 239 units and 15 units during the years 2019-20 and 2020-21 respectively out of 1,410 units under four departments<sup>14</sup>. Under assessment/ short levy/ loss of revenue observed by the Audit during the years 2019-20 and 2020-21, under assessments and other deficiencies accepted and the amounts realised by the departments during respective years are given in **Table-1.5**.

**Table-1.5: Results of Audit**

(₹ in crore)

Year	Department	Under assessments & other deficiencies observed		Under assessments & other deficiencies accepted		Under assessments & other deficiencies realised	
		No. of cases	Money Value	No. of cases	Money Value	No. of cases	Money Value
2019-20	Commercial Taxes	682	128.40	0	0	0	0
	CCLA	350	67.69	0	0	0	0
	Registration & Stamps	474	21.39	9	0.04	9	0.03
	Transport (including APSRTC)	119	81.57	0	0	0	0
	<b>Total</b>	<b>1,625</b>	<b>299.05</b>	<b>9</b>	<b>0.04</b>	<b>9</b>	<b>0.03</b>
2020-21	Commercial Taxes	18	10.64	93	13.01	37	0.47
	CCLA	41	0.01	1	0.01	1	0.01
	Registration & Stamps	5	0.05	83	0.39	83	0.39
	Transport (including APSRTC)	39	83.45	0	0	0	0
	<b>Total</b>	<b>103</b>	<b>94.15</b>	<b>177</b>	<b>13.41</b>	<b>121</b>	<b>0.87</b>

Source: Records of office of the Principal Accountant General (Audit), Andhra Pradesh

During 2019-20, the Departments accepted under assessments and other deficiencies of ₹0.04 crore in nine cases, of which three cases involving ₹0.01 crore were pointed out in earlier years. An amount of ₹0.03 crore was realised in nine cases during the year 2019-20. Of this, recovery of ₹0.01 crore in three cases relate to previous years.

Similarly, for the year 2020-21, the Departments accepted under assessments and other deficiencies of ₹13.41 crore in 177 cases, of which 159 cases involving ₹2.77 crore were pointed out in earlier years. An amount of ₹0.87 crore was realised in 121 cases pertaining to audit findings of previous years.

## 1.9 Coverage of this report

This Report contains 28 paragraphs selected from the audit observations made during the local audit referred to above and during earlier years (which could not be included in earlier reports), including two subject specific compliance audits, involving financial effect of ₹198.04 crore.

<sup>14</sup> 2019-20: Commercial Taxes department (55), Registration & Stamps department (112), CCLA department (54) and Transport department (including APSRTC) (18)  
2020-21: Commercial Taxes department (1), Registration & Stamps department (1), CCLA department (9) and Transport department (including APSRTC) (4)



The Departments/ Government have accepted audit observations involving ₹58.68 crore, out of which ₹2.03 crore had been realised. The replies in the remaining cases have not been received (August 2022). Audit observation are detailed in the succeeding Chapters.

Most of the audit observations are of a nature that may reflect similar errors/ omissions in other units of the State Government departments but not covered in the test check. The Departments/ Government may therefore like to internally examine all other units with a view to ensure that they are functioning as per extant rules.



***CHAPTER II***  
***COMMERCIAL TAXES***



## CHAPTER II COMMERCIAL TAXES

Audit of Commercial Taxes Department was conducted through a test check of the assessment files, refund records and other related records in 56 out of 120 offices (46.67 *per cent*) during 2019-21, to gain assurance that the taxes were assessed, levied, collected and accounted for in accordance with the relevant Acts, Codes and Manuals, and the interests of the Government are safeguarded. Audit brought out instances of deviations/ non-compliance with the relevant Acts/ Codes/ Manuals leading to under assessment of VAT/ GST in 700 cases involving an amount of ₹139.04 crore, due to reasons like under-declaration of tax, irregular exemption of tax, non-levy of penalty, Excess allowance of ITC, etc.

This Chapter contains eight paragraphs selected from the audit observations made during the local audit referred to above and during earlier years (which could not be included in earlier reports), including two subject specific compliance audits, involving financial effect of ₹153.47 crore.

The Department/ Government has accepted audit observations involving ₹35.49 crore, out of which ₹1.98 crore had been recovered. Significant audit findings having money value ₹153.47 crore are discussed in the succeeding paragraphs.

### **2.1 Subject specific compliance audit on ‘Processing of refund claims’ under GST**

#### **2.1.1 Introduction**

Timely refund mechanism constitutes a crucial component of tax administration, as it facilitates trade through release of blocked funds for working capital, expansion and modernization of existing business. The provisions pertaining to refund contained in the Goods and Services Tax (GST) laws aim to streamline and standardise the refund procedures under GST regime. It was decided that the claim and sanctioning procedure would be completely online. Due to unavailability of electronic refund module on the common portal, a temporary mechanism was devised and implemented. In this connection, the State Tax Department had issued circulars No. 05 with CCT’s Ref No. CCW/ GST/ 74/ 2015 dated 13 December 2017 and No. 07 with CCT’s Ref No. CCW/ GST/ 74/ 2015 dated 10 January 2018 prescribing detailed procedures. In the electronic-cum-manual procedure, the applicants were required to file the refund applications in Form GST RFD-01A on the common portal, take a print out of the same and submit it physically to the jurisdictional tax officer along with all supporting documents.

Further, various stages like issuance of acknowledgement, issuance of deficiency memo, passing of provisional/ final refund orders, payment advice, etc., involved in processing of the refund applications were being done manually. In order to make the

process of submission of the refund application electronic, circular No. 04/ 2019 GST with CCT's Ref. in CCW/ GST/ 74/ 2015 dated 24 January 2019 was issued wherein it was specified that the refund applications in Form GST RFD-01A, along with all supporting documents, had to be submitted electronically. However, various post submission stages of processing of the refund applications continued to be manual.

For making the refund procedure fully electronic (wherein all the stages from submission of applications to processing thereof could be undertaken electronically), a common portal was deployed with effect from 26 September 2019 (also called Automation of Refund Process).

### **2.1.2 Audit Objectives**

Subject specific compliance audit (SSCA) on 'Processing of refund claims' under GST was taken up to assess:

- (i) the adequacy of Act, Rules, notifications, circulars, etc., issued in relation to grant of refund;
- (ii) the compliance of extant provisions by the tax authorities and the efficacy of the systems in place to ensure compliance by taxpayers; and
- (iii) whether effective internal control mechanism exists to check the performance of the departmental officials in disposing the refund applications.

### **2.1.3 Audit Universe, Scope and Extent of Audit**

There were a total of 6,534 (pre-automation: 4,696 and post-automation: 1,838) refund claims involving claim amount of ₹3,064.86 crore processed till 31 July 2020 in the 103 circle<sup>15</sup> level offices under State Tax divisions in the State. Of these, 566 refund claims from 81 circle offices were sampled for scrutiny from the Pan India GST database. This sample comprised of 291 pre-automation claims (refund claims received from 1 July 2017 to 25 September 2019) and 275 post-automation claims (received from 26 September 2019 to 31 July 2020). Audit of post-automation refund claims was conducted online. Of the sampled 566 refund claims, relevant documents in six refund claims<sup>16</sup> in two circles were not made available to Audit and hence could not verify these claims. Thus, total 560 sampled refund claims involving money value of ₹672.19 crore were scrutinized during field audit. Entry Conference was held with the representatives of the State Government in November 2020, wherein audit objectives, scope, criteria and methodology of audit were explained. Exit Conference was held in February 2022 and discussed audit findings included in the draft report. Response of the Department has been incorporated suitably in the report.

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<sup>15</sup> Circle, headed by Assistant Commissioner, is the first office of contact between the trade and industry and the Department

<sup>16</sup> Akividu (one case) and Gajuwaka (five cases)

### 2.1.4 Audit criteria

Audit observations were made with reference to:

- (i) Sections 54 to 58 and Section 77 of Andhra Pradesh Goods and Services Tax Act, 2017 (APGST Act);
- (ii) Rules 89 to 97 of Andhra Pradesh Goods and Services Tax Rules, 2017 (APGST Rules);
- (iii) Sections 15, 16 and 19 of Integrated Goods and Services Tax Act, 2017 (IGST Act); and
- (iv) Notifications/ circulars/ orders issued from time to time.

### Audit findings

During scrutiny of the sampled 560 refund claims, which was less than 10 *per cent* of total claims, Audit observed deficiencies like delay in issue of acknowledgement, disposal of refund claims, sanction of provisional refund, non-conduct of post-audit of refund claims, excess/ irregular sanction of refund, etc., in 343 cases involving total money value of ₹66.53 crore. A statement showing the summary of the audit findings is given below:

**Table 2.1: Summary of audit findings**

													(₹ in crore)
Nature of audit findings	Audit sample						Deficiencies noticed						Deficiencies as percentage of sample
	Number			Amount			Number			Amount			
	Pre-auto.	Post-auto.	Total	Pre-auto.	Post-auto.	Total	Pre-auto.	Post-auto.	Total	Pre-auto.	Post-auto.	Total	
Delay in issue of acknowledgement/ deficiency memo	285	275	560	332.91	339.28	672.19	58	26	84	--	--	--	15.00
Delay in disposal of refund claims	285	275	560	332.91	339.28	672.19	56	38	94	--	--	--	16.79
Non-payment of interest of delayed processing of refunds	285	275	560	332.91	339.28	672.19	41	38	79	0.04	0.29	0.33	14.11
Delay in sanction of provisional refund	160	131	291	137.06	94.57	231.63	9	13	22	--	--	--	7.56
Non-conduct of post-audit of refund claims	285	0	285	332.91	0	332.91	285	--	285	--	--	--	100
Irregular excess refund in claims relating to zero-rated supplies	160	131	291	137.06	94.57	231.63	9	1	10	1.77	0.01	1.78	3.44
Irregular excess refund in claims under inverted duty structure	50	72	122	123.74	209.51	333.25	1	4	5	0.34	0.14	0.48	4.10
Other observations	285	275	560	332.91	339.28	672.19	14	--	14	63.94	--	63.94	2.50

Audit findings are detailed in the subsequent paragraphs.

### 2.1.5 Delay in issue of acknowledgment/ deficiency memo

Rule 90(2) of APGST Rules, 2017, read with Section 54 of APGST Act, 2017, stipulates that after filing of refund application, the proper officer shall scrutinize the application for its completeness and issue acknowledgement in Form GST RFD-02 within a period of 15 days of filing of the said application. Further, as per sub-section (3) of Rule 90, where any deficiencies are noticed, the proper officer shall communicate the deficiencies to the applicant in Form GST RFD-03 requiring him to file a fresh refund application after rectification of such deficiencies.

During verification of 560 sampled refund claims, Audit noticed delay in issue of acknowledgement in 72 (12.86 *per cent*) refund claims and delay in issue of deficiency memo in 12 (2.14 *per cent*) refund claims pertaining to 30 circles<sup>17</sup> as detailed in **Appendices – 2.1 and 2.1A**. Of these, 70 cases were delayed up to three months, 11 cases were delayed by three to six months and three cases were delayed by more than six months, respectively. This had resulted in non-observance of the provisions of the Act. Delay in issuing acknowledgement (RFD-02)/ deficiency memo (RFD-03) affects the disposal of refund claims (paragraph 2.1.6 refers).

On this being pointed out (between November 2020 and March 2021), Government in the reply (July 2022) stated that delay in 24 cases<sup>18</sup> was due to late submission of required documents by the taxpayers. Reply is not acceptable as in the cases of non-submission of required documents, deficiency memo is to be issued to the taxpayers.

Government further stated that in 36 cases<sup>19</sup> delay was due to technical/ systemic issues, in four cases<sup>20</sup> due to administrative reasons and in two cases (Chilakaluripet and Tirupati-II) due to involvement of large volume of records for verification. In 18 cases<sup>21</sup> specific reply for the delay in issue of acknowledgment (RFD-02)/ deficiency memo (RFD-03) was not furnished.

### 2.1.6 Delay in disposal of refund claims

As per Section 54(7) of the APGST Act, 2017, read with Rule 92 of the APGST Rules, 2017, the proper officer shall issue refund order under sub-section (5) within 60 days from the date of receipt of application which is complete in all respects.

During verification of 560 sampled refund claims, Audit noticed delay in disposal of the claims in 94 (16.79 *per cent*) refund claims, involving claims amount of

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<sup>17</sup> Addanki, Amalapuram, Anakapalli (3 cases), Ananthapuramu-II, Autonagar, Benz Circle, Bhavanipuram, Bhimavaram (3 cases), Chilakaluripet (4 cases), Chittoor-II (7 cases), Dwarakanagar, Gajuwaka (3 cases), Gudivada, Gudur, Hindupur, Ibrahimpatnam (12 cases), Jangareddygudem, Markapur (2 cases), Morrispet, Nellore-III, Ongole-I (3 cases), Ongole-II (6 cases), Patamata (3 cases), Puttur, Sattenapalli (2 cases), Sitharampuram (4 cases), Steel Plant (13 cases), Suryaraopet, Tirupati-II (3 cases) and Vuyyuru (2 cases)

<sup>18</sup> Amalapuram, Ananthapuramu-II, Autonagar, Bhavanipuram, Bhimavaram (3 cases), Chilakaluripet (2 cases), Chittoor-II (2 cases), Gudivada, Jangareddygudem, Ongole-II (6 cases), Patamata (2 cases), Sitharampuram and Vuyyuru (2 cases)

<sup>19</sup> Addanki, Anakapalli (3 cases), Benz Circle, Chittoor-II (3 cases), Dwarakanagar, Gajuwaka (3 cases), Gudur, Nellore-III, Ongole-I (3 cases), Patamata, Sitharampuram (3 cases), Steel Plant (13 cases), Suryaraopet and Tirupati-II

<sup>20</sup> Morrispet, Sattenapalli (2 cases) and Tirupati-II

<sup>21</sup> Chilakaluripet, Chittoor-II, Hindupur, Ibrahimpatnam (12 cases), Markapur (2 cases) and Puttur

₹111.39 crore, pertaining to 30 circles<sup>22</sup> as detailed in **Appendices – 2.2 and 2.2A**. Of these, in 69 cases, the delay was up to three months, in 19 cases, the delay was three to six months and in six cases, the delay was more than six months. Of the 19 cases, one case relating to Vuyyuru circle was not finalised as on the date of audit due to non-furnishing of declaration by the dealer for the goods located in Special Economic Zone (SEZ) unit in support of non-availment of ITC on the corresponding purchases either electronically or manually.

On this being pointed out (between November 2020 and March 2021), Government stated (July 2022) similar replies<sup>23</sup> like late submission of required documents by the taxpayers (in 47 cases), systemic/ technical issues (in 35 cases), etc., as mentioned in paragraph 2.1.5 supra. Specific reply for the delay was not furnished in two cases of Chilakaluripet and Chittoor-I circles.

Further, as per Section 56 of APGST Act, 2017 if any tax ordered to be refunded under sub-section (5) of Section 54 to any applicant was not refunded within 60 days from the date of receipt of application, interest at such rate not exceeding six *per cent* as may be specified in the notification issued by the Government on the recommendations of the Council shall be payable in respect of such refund from the date immediately after the expiry of 60 days to the date of refund of such tax.

Despite delay in making refund to the taxpayers, interest under Section 56 amounting to ₹33.31 lakh in 79 cases (as detailed in **Appendices - 2.2 and 2.2A**) was not paid to the claimants.

On this being pointed out (between December 2020 and April 2021), it was replied that interest was not paid as taxpayers did not claim the same. Reply is not acceptable as the provisions do not require interest to be paid only after being claimed by the taxpayer.

During Exit Conference (February 2022), Department stated that delay in most of the cases was due to late submission of requisite documents by the claimants. Payment of interest would arise only when the delay is on the part of proper officer. Further, assured that instructions would be issued to the authorities in the form of Standard Operating Procedure (SOP) for adhering to timelines and for payment of interest by ascertaining the reasons for such delays in disposal of claims on case to case basis.

<sup>22</sup> Addanki, Amalapuram, Anakapalli (5 cases), Autonagar (3 cases), Benz Circle, Bhavanipuram, Bhimavaram (3 cases), Chilakaluripet (4 cases), Chittoor-I, Chittoor-II (2 cases), Dwarakanagar (2 cases), Gajuwaka, Ibrahimpatnam (13 cases), Jagannaikpur, Jangareddygudem, Kakinada (3 cases), Kavali, Nellore-I, Ongole-I (9 cases), Ongole-II (4 cases), Patamata, Puttur (2 cases), Samarangam Chowk (4 cases), Sattenapalli (2 cases), Sithampuram (2 cases), Steel Plant (14 cases), Suryabagh (2 cases), Suryaraopet (2 cases), Vizianagaram West and Vuyyuru (6 cases)

<sup>23</sup> Late submission of required documents by the taxpayers (in 47 cases): Amalapuram, Autonagar (2 cases), Bhavanipuram (2 cases), Bhimavaram (2 cases), Chilakaluripet (2 cases), Chittoor-II, Dwarakanagar (2 cases), Jagannaikpur, Jangareddygudem, Ibrahimpatnam (13 cases), Ongole-II (4 cases), Patamata, Puttur, Samarangam Chowk (4 cases), Steel Plant (3 cases), Suryaraopet and Vuyyuru (6 cases)

Systemic/ technical issues (in 35 cases): Addanki, Anakapalli (5 cases), Benz Circle, Chittoor-II, Gajuwaka, Kakinada (3 cases), Kavali, Ongole-I (8 cases), Sithampuram (2 cases), Steel Plant (8 cases), Suryabagh (2 cases), Suryaraopet and Vizianagaram West

Large volume of records (in seven cases): Autonagar, Chilakaluripet, Nellore-I, Puttur and Steel Plant (3 cases)  
Administrative reasons (three cases): Ongole-I and Sattenapalli (2 cases)

### 2.1.7 Delay in sanction of Provisional Refund

Rule 91(2) of APGST Rules, 2017, read with Section 54 of APGST Act, 2017, provides for provisional refund against zero-rated supplies<sup>24</sup>. As per Rule 91(2) of APGST Rules, 2017 the proper officer, after scrutiny of the claim and the evidence submitted in support thereof and on being prima facie satisfied that the amount claimed as refund under sub-rule (1) is due to the applicant in accordance with the provisions of sub-section (6) of Section 54, shall make an order (in Form GST RFD-04), sanctioning the amount of refund due to the said applicant on a provisional basis within a period not exceeding seven days from the date of the acknowledgement under sub-rule (1) or sub-rule (2) of Rule 90.

During the scrutiny of 291 eligible refund claims for provisional refund in 49 circles, Audit noticed delay in sanctioning of provisional refund in 22 refund claims (7.56 *per cent*) pertaining to 12 circles<sup>25</sup> as detailed in **Appendices – 2.3 and 2.3A**. This resulted in non-observance of stipulated provisions. In all the 22 cases delay was up to three months.

On this being pointed out (between December 2020 and March 2021), Government stated (July 2022) similar replies<sup>26</sup> like late submission of required documents by the taxpayers (in 10 cases), systemic/ technical issues (in two cases), etc., as mentioned in paragraph 2.1.5 supra.

In the case of Peddapuram circle, it was stated that the case was to be finalized by 19 March 2020. However, due to Covid pandemic time limit for completion of action was extended from 15 March 2020; Reply is not acceptable as the extension of time was granted from 20 March 2020 as per G.O. Ms. No. 264 of Revenue (Commercial Taxes-II Department, dated 11 September 2020.

Specific reply was not furnished in three cases relating to Steel Plant (two cases) and Kadapa-II circles.

The fact however, remains that timely sanction of provisional refund was not done resulting in delayed flow of working/ operating capital to the exporter.

### 2.1.8 Non-conducting of post-audit of refund claims

Andhra Pradesh State Tax Department in its circular No. 05 with CCT's Ref. No. CCW/ GST/ 74/ 2015 dated 13 December 2017 enunciated the procedure for manual processing of refunds of zero-rated supplies. The circular *inter alia*, stipulated that the pre-audit of manually processed refund applications is not required till issuance of

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<sup>24</sup> Zero-rated supplies: Goods or Services or both either (i) exported or (ii) supplied to SEZ unit/ SEZ developer as per Section 16 of the IGST Act, 2017

<sup>25</sup> Addanki, Anakapalli, Ananthapuramu-II (5 cases), Kadapa-II, Kakinada, Patamata (2 cases), Peddapuram, Puttur, Sattenapalli, Steel Plant (5 cases), Tanuku-I and Vuyyuru (2 cases)

<sup>26</sup> Late submission of required documents by the taxpayers (in 10 cases): Ananthapuramu-II (5 cases), Patamata (2 cases), Puttur and Vuyyuru (2 cases)

Systemic/ Technical issues (in two cases): Addanki and Kakinada

Large volume of records (in three cases): Steel Plant circle

Administrative reasons (in two cases): Anakapalli and Sattenapalli circles

Time lapse in conceptual understanding (in one case): Tanuku-I circle



separate guidelines by the Board, irrespective of amount involved. However, it was clarified that the post-audit of refund order shall be continued as per the extant guidelines.

Audit noticed that there was no mechanism in the department to monitor adherence to the post-audit instructions issued by the Board and none of the sampled 285 pre-automation refund claims, involving claim amount of ₹332.91 crore, were sent for post-audit. Thereby, instructions of the Board were not complied with. The Department, had thus forgone the opportunity of detecting cases of possible revenue loss in the cases detected by Audit (paragraphs 2.1.9 and 2.1.10 refers), due to non-adherence to Board's instructions regarding post-audit of refund claims.

On this being pointed out, the circles replied (between November 2020 and March 2021) that no specific guidelines were received by them with respect to post-audit. The reply is not acceptable as there were clear instructions to continue post-audit of refund orders as per the extant guidelines.

During Exit Conference (February 2022), regarding post-audit, the Department stated that there were no guidelines/ SOP under APVAT/ GST. Circulars were however, issued for conducting post-audit of 20 *per cent* of refund cases based on certain risk parameters.

### **2.1.9 Irregular/ excess refund in claims related to zero-rated supplies**

Section 54(3)(i) of the APGST Act, 2017, provides for refund of unutilized Input Tax Credit (ITC) for zero-rated supplies made without payment of tax. Rule 89(2)(b) of APGST Rules provides for submission of (i) statement containing number and date of shipping bill/ bill of export and (ii) statement containing the number and date of relevant export invoices along with the refund application (RFD-01) as the documentary evidences, as applicable, to establish that a refund is due to the applicant and refund amount is required to be calculated as per the formula shown below specified under sub-rule (4) of Rule 89. In addition to the above provisions, as per instruction 42 of CCT's Ref. No. 03/2020 dated 10 January 2020, ITC of Compensation Cess may be availed for making zero-rated supplies.

Refund Amount = (Turnover of zero-rated supply of goods + Turnover of zero-rated supply of services) X Net ITC / Adjusted Total Turnover

Thus, excess declaration of zero-rated turnover of goods and services/ Net ITC or short declaration of adjusted total turnover by the dealers would result in claiming of excess refund.

Audit of 291 refund claims relating to export related claims showed that in 10 claims (deviation rate: 3.44 *per cent*) in six circles<sup>27</sup> excess amount of ₹1.78 crore was sanctioned to the dealers as detailed in the succeeding paragraphs.

<sup>27</sup> Chinawaltair, Daba Gardens, Nellore-III, Ongole-II, Tanuku-I (5 claims) and Vizianagaram East

### 2.1.9.1 Sanction of excess refund due to turnover variation

During scrutiny of refund claims, Audit observed in four claims pertaining to Tanuku-I circle, the value of zero-rated turnover mentioned in claim application was higher than that shown in statement of invoices enclosed. Non-considering the statement of invoices value resulted in the excess computation (₹8.10 lakh) of eligible refund claim in these cases as detailed in *Appendix - 2.4*. One such case is illustrated below.

A taxpayer claimed refund (ARN No. AA370118010783C) for the period January 2018. In the refund application (RFD-01) the taxpayer had declared zero-rated turnover as ₹7.65 crore. However, as per the statement of invoices enclosed to the application the total value of zero-rated turnover was ₹7.22 crore. The proper officer had considered ₹7.65 crore instead of ₹7.22 crore while computing the eligible refund amount which resulted in excess claim of ₹3.52 lakh.

On this being pointed out (March 2020), Government in the reply (July 2022) stated that notices were issued to the taxpayer. Orders would be passed after verifying the objections filed by the taxpayer.

### 2.1.9.2 Sanction of excess refund due to net ITC variation

As per circular No. 04/ 2019 GST with CCT's Ref. in CCW/ GST/ 74/ 2015 dated 24 January 2019 read with Section 2(59) of APGST Act, inputs are goods other than capital goods used or intended to be used by a supplier in the course or furtherance of business. Thus, inputs do not include capital goods. ITC on capital goods can be availed towards adjustment of tax liability but not eligible for claiming as refund.

During scrutiny of the sampled refund claims, Audit observed (February 2021) in two claims in two circles<sup>28</sup> that the amount of ITC of ₹26.11 lakh on purchase of capital goods, viz., purchase of motor car and construction equipment, was included in computation of 'Net ITC' to arrive at the refund amount. This had resulted in excess sanction and payment of refund of ₹18.83 lakh<sup>29</sup> as detailed in *Appendix - 2.5*. One such case is illustrated below.

In a refund claim relating to Ongole-II circle, Audit observed (February 2021) that the proper officer had sanctioned (November 2018) refund of ₹27.35 lakh claimed by the taxpayer (ARN No. AA370318516198Y) for the tax period from July 2017 to March 2018. From the records, it was noticed that the taxpayer had included ITC on capital goods amounting to ₹23.10 lakh in the net ITC amount. The maximum eligible refund after excluding portion of 'capital goods' from net ITC worked out to ₹11.53 lakh. Thus, incorrect computation of eligible refund amount had resulted in excess refund of ₹15.82 lakh<sup>30</sup>.

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<sup>28</sup> Ongole-II and Nellore-III

<sup>29</sup> ₹3.01 lakh + ₹15.82 lakh

<sup>30</sup> ₹27.35 lakh - ₹11.53 lakh

The excess refund in these two claims was recoverable along with interest and penalty as per the terms of Section 73 of APGST Act.

On this being pointed out (February 2021), Government in the reply (July 2022) accepted audit observation and stated that notices, by raising demand for ₹50.62 lakh with penalty and interest, have been issued to the taxpayers.

### 2.1.9.3 Sanction of excess refund due to adjusted total turnover variation

In two refund claims pertaining to two circles<sup>31</sup>, the value of adjustable total turnover (includes zero-rated and taxable supplies) of ₹159.29 crore mentioned in GSTR-3B was higher than that of ₹50.32 crore claimed in refund application (included only zero-rated supplies). This had resulted in excess refund of ₹1.49 crore in these two claims as detailed in *Appendix - 2.6*. One such case is illustrated below.

In Vizianagaram East circle, the dealer (ARN no. AA370219378712U) had filed refund claim for the month of February 2019. In the application he had declared adjusted total turnover as ₹38.26 crore. This amount included only zero-rated turnover. However, from the monthly return (GSTR-3B) for the month of February 2019 it was observed that there was ₹24.05 crore turnover under 'other than zero-rated' and the total adjusted turnover thus worked out to ₹62.31 crore. Instead, the proper officer considered ₹38.26 crore as adjusted turnover while sanctioning the refund claim which resulted in excess refund of ₹75.22 lakh.

On this being pointed out (March 2020/ February 2021), in the case of Vizianagaram circle, Government stated (July 2022) that due to considering the amount of reversal of ITC by Audit, wrong adoption of exempt turnover in GSTR-3B and subsequent computation while arriving at eligible refund resulted in excess refund.

The reply is not acceptable. Audit computed eligible refund amount as per the details declared by the taxpayer in the GSTR-3B return by excluding the amount of reversal of ITC.

In the case of Tanuku-I circle, the turnover declared under outward taxable supplies (other than zero rated, nil rated and exempted) was considered as exempt supplies under Cess Compensation Act. This was not in order since the taxpayer had not declared the turnover as exempt supplies in the GSTR-3B return.

### 2.1.9.4 Other cases

#### (A) *Excess refund due to incorrect consideration of tax period*

In a claim relating to Chinawaltair circle it was observed that a taxpayer had filed refund application (ARN No. AA370520006873E) in May 2020 claiming refund of ₹1.49 lakh for the tax period August 2017 and the same was sanctioned (July 2020). However, as per provisions of Section 54 of the Act, refund is required to be claimed before the expiry of two-year period from the relevant date, *i.e.*, end of financial year to which refund claim was related. Thus, refund claim was to be submitted by March 2020.

<sup>31</sup> Tanuku-I and Vizianagaram East

Sanction of refund claim submitted after due date was thus irregular. The entire amount of ₹1.49 lakh is to be recovered with applicable interest.

AC, Chinawaltair circle replied (December 2020) that the claimant had wrongly filed one invoice while filing the GSTR-I and they were unable to claim the refund for the relevant period. The reply is not acceptable as a period of two years is provided for claiming refunds and sanctioning the claim for the time barred tax period is not permissible and hence not in order.

Government did not offer any remarks in their reply (July 2022).

**(B) Refund sanctioned on ineligible exports**

As per Para 4 of Notification No.26/ 2015-2020 dated 21 August 2018 issued by Ministry of Commerce & Industry, export of Beach Sand Minerals (BSM) was brought under State Trading Enterprise (STE). Beach sand minerals, permitted anywhere in the export policy, is to be regulated in terms of the notification with effect from 21 August 2018. As per the notification, export of BSM should be canalized through Indian Rare Earths Limited (IREL) as stipulated in the Export Policy.

Audit noticed (December 2020) in one refund claim (ARN No. AA37081834385X) relating to Daba Gardens circle that a taxpayer filed a refund claim of ₹1.10 lakh on 12 October 2018 on account of exports of Beach Sand Minerals for the tax period July - August 2018 and the claim was sanctioned in October 2019. Audit scrutiny of the invoices concerned and shipping bills revealed that turnover of ₹28.92 lakh mentioned in refund application included exports valuing ₹17.91 lakh made on 23 August 2018, *i.e.*, after issue of notification. These were, however, not canalized through IREL. Hence, this was not to be considered as export and ineligible for claiming as refund as the same violated the system devised through the notification for such exports. The eligible refund amount worked out to ₹0.17 lakh against the sanctioned amount of ₹1.10 lakh. The ineligible refund of ₹0.93 lakh was recoverable along with interest.

On this being pointed out (December 2020), it was replied (December 2020) that the audit observation would be verified and detailed reply submitted in due course.

Government did not offer any remarks in their reply (July 2022).

**2.1.10 Irregular/ excess refund in claims relating to inverted duty structure**

As per Section 54(3)(ii) of the APGST Act, 2017, a registered person may claim refund of any unutilized ITC at the end of any tax period where the credit has accumulated on account of rate of tax on inputs being higher than the rate of tax on output supplies (*i.e.*, inverted duty structure). Further, Rule 89(5) of the APGST Rules prescribes formula for maximum refund of unutilized ITC on account of inverted duty structure as given below.

Maximum Refund amount = {(Turnover of inverted-rated supply of goods and services) X Net ITC/ Adjusted Total Turnover) – tax payable on such inverted rated supply of goods and services}

Where –

“Net ITC” shall mean input tax credit availed on inputs during the relevant period other than the input tax credit availed for which refund is claimed under sub-rules (4A) or (4B) or both;

“Adjusted Total Turnover” means the sum total of the value of - (a) the turnover in a State or a Union Territory, as defined under clause (112) of Section 2, excluding the turnover of services; and (b) the turnover of zero-rated supply of services determined in terms of clause (D) and non-zero-rated supply of services, excluding-

- (i) the value of exempt supplies other than zero-rated supplies; and
- (ii) the turnover of supplies in respect of which refund is claimed under sub-rule (4A) or sub-rule (4B) or both, if any, during the relevant period.

“Relevant period” means the period for which the claim has been filed.

Thus, in addition to excess declaration of turnover/ net ITC or short declaration of adjusted turnover, non-declaration of tax payable on inverted rated supply of goods and services would also result in excess claiming of refund amount.

Further, in the case of inverted duty structure, as per Rule 89(2)(h), refund application shall be accompanied by a statement containing the number and date of invoices received and issued during a tax period where rate of tax on inputs being higher than the rate of tax on output supplies.

Audit scrutiny of 122 refund claims relating to inverted duty structure claims showed that in five claims (deviation rate: 4.10 *per cent*) in four circles<sup>32</sup> excess amount of ₹47.57 lakh was sanctioned to the dealers as detailed below.

#### **2.1.10.1 Sanction of excess refund due to inflated turnover**

As per Section 54(1) of APGST Act, 2017, any person claiming refund of tax and interest, if any, paid on such tax or any other amount paid by him, may make an application before the expiry of two years from the ‘relevant date’ (as per provisions of Section 54(14)(2) of APGST Act). In the cases of inverted duty structure, relevant date is the end of the financial year in which such claim for refund arises. However, this criteria was amended and the two-year period is to be reckoned from the due date for furnishing of return (under Section 39) for the period in which such claim for refund arises. The amendment came into force from 01 February 2019.

#### **(A) Inflated turnover due to considering time-barred invoices**

Audit observed that, in two claims in Sitharampuram circle, the taxpayers while claiming the refund included the invoices prior to the two-year period from the relevant date thereby inflated the turnovers. This had resulted in excess refund of ₹6.17 lakh as detailed in **Appendix - 2.7**. One such case is illustrated below.

<sup>32</sup> Gajuwaka, Ongole-II, Patamata and Sitharampuram (2 claims)

A taxpayer in Sitharampuram circle had filed refund application (ARN No. AA370320010831U) in March 2020 for the tax period from July 2017 to March 2018. However, as per the amended provisions of the Act the taxpayer is required to claim refund before 20 August 2019, *i.e.*, two-year period from the due date of submission of return for the tax period (due date for filing return for the month of July 2017 was 20 August 2017). As the taxpayer applied for refund in March 2020, refund amount can be claimed for the months of February and March 2018 only. The eligible refund amount, as per the GSTR-3B returns of the two months, worked out to ₹1.20 lakh against the sanctioned amount of ₹5.15 lakh. Thus, sanctioning refund for the inadmissible tax period, *i.e.*, from July 2017 to January 2018 resulted in sanction of excess refund of ₹3.95 lakh.

On this being pointed out (March 2021), Government in the reply (July 2022) contested that the amendment to relevant date vide Act No. 31 of 2018 was effective from 01 February 2019 and not applicable for the cases pointed out by Audit.

The reply is not acceptable as the relevant period is to be reckoned from the due date for furnishing of return as per amended provisions of the Act. Further, in the instant cases, the taxpayers filed applications for refund in the months of December 2019/ March 2020 *i.e.*, after the effective date of amendment hence applicable to these cases.

#### **(B) Claiming of excess refund by inflating turnover in comparison to GSTR-3B**

In one case (ARN No. AA370420001497J) relating to Patamata circle, the taxpayer inflated the turnover (₹17.88 lakh) of inverted rated supply of goods and services in refund claimed for the month of October 2019 when compared to GSTR-3B return (₹11.29 lakh). Moreover, the turnover value of statement of invoices (₹14.39 lakh) also did not match with that mentioned in refund application and GSTR-3B return. Eligible refund amount as per GSTR-3B details worked out to ₹2.99 lakh. It was, however, observed that the proper officer had sanctioned refund of ₹3.48 lakh based on the details mentioned in the refund application. Thus, sanctioning refund claim without cross verification of available details had resulted in excess refund of ₹0.49 lakh.

We pointed out this in March 2021. Government did not offer any remarks in their reply (July 2022).

#### **2.1.10.2 Sanction of excess refund due to net ITC variation**

Audit observed in Ongole-II circle that the amount of refund claimed (ARN No. AA3709190030936) by a taxpayer included the ITC availed on input services amounting to ₹48.31 lakh (refund amount sanctioned: ₹75.20 lakh). The amount of ITC availed on input services should have been excluded while computing eligible amount of refund claim. Thus, eligible refund amount after excluding input services worked out to ₹40.81 lakh. The proper officer, however, considered net ITC of ₹1.07 crore without excluding the amount of input services which resulted in incorrect sanction of refund amount (₹75.20 lakh). The irregular sanction of excess refund of ₹34.39 lakh needs to be recovered along with applicable interest.



On this being pointed out (February 2021), AC, Ongole-II circle replied (November 2021) that an amount of ₹42.55 lakh towards excess refund along with interest has been recovered from the taxpayer.

### 2.1.10.3 Sanction of refund on ineligible goods

Central Government had notified<sup>33</sup> (June 2017) list of goods<sup>34</sup> in respect of which no refund of un-utilised ITC shall be allowed, where the credit had accumulated on account of rate of tax on inputs being higher than the rate of tax on the output supplies of such goods (other than nil rated or fully exempt supplies).

During test check of sampled refund claims, Audit observed (December 2020) in Gajuwaka circle that a refund of ₹6.51 lakh had been sanctioned (June 2020) to a taxpayer (ARN No. AA370520002326R) on account of refund of ITC accumulated due to inverted duty structure. The sanction was made for the commodity 'Indian Railway Wagon Parts' having Harmonized System of Nomenclature (HSN) Nos. 8602, 8607 (listed goods in Notification No.05/ 2017-Central Tax (Rate)) and for the commodity 'Indian Railway Services' having Service Accounting Code (SAC) No. 996739 having GST rate of 18 *per cent* which was not applicable for inverted rated structure in view of outputs also being taxed at 18 *per cent*. Thus, the entire refund of ₹6.51 lakh needs to be recovered along with applicable interest.

On this being pointed out (December 2020), Gajuwaka circle accepted (December 2020) the observation and intimated (September 2021) adjustment of the excess claim of refund through debit entry in the taxpayers ledger.

Thus, it is evident from the cases of irregular excess refund that in certain cases, the refund claims have been allowed based on details declared in refund application without cross checking it with the invoices/ monthly returns filed by the taxpayers which indicates a lapse in control procedure.

### 2.1.10.4 Other observations

#### (A) Irregular allowance of refund on account of balance in credit ledger

As per the provisions of Section 54(3) of APGST Act, 2017, no refund of unutilised input tax credit shall be allowed in cases other than (i) zero-rated supplies made without payment of tax; (ii) where the credit has accumulated on account of rate of tax on inputs being higher than the rate of tax on output supplies (other than nil rated or fully exempt supplies) *i.e.*, inverted duty structure.

During test check of 560 sampled refund claims, Audit observed in Anakapalli circle that a taxpayer filed a refund claim (ARN No. AA370518351574N) under the category 'any other', for the stated reason of 'unutilised SGST balance amount in the credit ledger after utilising IGST and CGST amounts towards set off in the transactions of

<sup>33</sup> No. 05/ 2017-Central Tax (Rate), dated 28 June 2017

<sup>34</sup> the description of which is specified in column (3) of the Table annexed and falling under the tariff item, heading, sub-heading or Chapter, as the case may be, as specified in the corresponding entry in column (2) of the said Table

interstate sales', for an amount of ₹13.76 lakh and the same was sanctioned in May 2019.

The refund was, however, irregular as the stated reason was not admissible as per the provisions of the Act. Hence, the ineligible refund of ₹13.76 lakh sanctioned needs to be recovered along with applicable interest.

On this being pointed out (January 2021), it was replied (January 2022) that the taxpayer had paid the entire amount of ₹13.76 lakh.

#### **(B) Demand not adjusted while sanctioning refund order**

As per Section 54(10) of APGST Act, 2017, read with Rule 92(1) of APGST Rules, 2017, in cases where any refund is due to a registered person who has defaulted in furnishing any return or who is required to pay any tax, interest or penalty, subject to conditions therein, the proper officer may withhold payment of refund until payment of dues or deduct the dues from the refund amount.

During scrutiny of 560 sampled refund claims, Audit noticed (January 2021) that a taxpayer in Kurupam Market circle filed a refund claim (ARN No. AA37061901367U) for the month of May 2019 for refund of cess amounting to ₹6.78 lakh paid erroneously instead of SGST. It was observed that a show cause notice was served (June 2019) on the taxpayer stating that there was a variation of ₹4.07 lakh on account of tax due for taxable supplies (₹2.04 lakh) and due for excess availed ITC (₹2.03 lakh). In response the taxpayer stated (July 2019) that he had adjusted the ITC of ₹1.26 lakh and also agreed to adjust/ deduct the remaining amounts towards differential tax and excess ITC. However, the Circle had sanctioned (August 2019) the refund for the whole amount of ₹6.78 lakh. Thus, sanction of refund without adjusting the pending tax liability of ₹2.81 lakh<sup>35</sup> was not justifiable. The same needs to be recovered along with the interest.

On this being pointed out (January 2021), it was replied (January 2021) that the observation would be examined and detailed reply submitted to Audit in due course.

Government did not offer any remarks in their reply (July 2022).

#### **(C) Non-collection of interest on excess refund sanctioned**

As per Section 50(1) of APGST Act, 2017, read with Section 73(1), every person who is liable to pay tax in accordance with the provisions of the Act or the rules made there under, but fails to pay the tax or any part thereof to the Government within the period prescribed, or erroneously availed/ utilised 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.

During test check of 560 sampled claims, Audit observed (February 2021) in Vizianagaram East circle that in the process of finalization of refund claim (ARN No. AA370719065709R) for ₹27.32 lakh, provisional refund of ₹5.46 lakh was sanctioned (January 2020) to a taxpayer. Later, the entire claim was rejected (January 2020) and

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<sup>35</sup> ₹4.07 lakh - ₹1.26 lakh



demand (Form DRC-07) for recovery of the amount of provisional refund was served in February 2020. However, the Circle office did not levy applicable interest of ₹0.14 lakh at 18 *per cent* on the amount of provisional refund as per the norms.

On this being pointed out (February 2021), Government replied (July 2022) that the taxpayer had paid the interest amount.

#### **(D) Refund amount not credited within the stipulated time**

As per Section 56 of APGST Act, 2017, if any tax to be refunded to any applicant is not refunded within 60 days from the date of receipt of application, interest at such rate not exceeding six *per cent* or as may be specified in the notification issued by the Government on the recommendations of the Council shall be payable in respect of such refund from the date immediately after the expiry of 60 days from the date of receipt of application till the date of refund of such tax.

During test check of 560 sampled claims, Audit noticed (March 2021) that in Jagannaikpur circle a taxpayer filed a refund claim (ARN No. AA370318000623I) for ₹44.60 lakh on account of accumulated ITC on export of goods without payment of tax. In this case, a provisional refund of ₹40.14 lakh was made on 28 January 2019. Further, the final refund order for the remaining amount of ₹4.46 lakh was issued on 25 March 2019 with a delay of 39 days and the same was credited to the claimant's account on 02 May 2019 with a delay of 75 days.

During scrutiny of refund file it was, however, observed that the SGST portion of ₹20.07 lakh against the total provisional refund amount of ₹40.14 lakh was not credited to the claimant account till the date of audit (*i.e.*, 06 March 2021). Thus, the audited circle did not comply with the said provisions of the Act. Due to non-crediting of the SGST portion of refund amount and delay in processing of refund claim, the Circle would be liable to pay applicable interest of ₹2.40 lakh as per Section 56 of APGST Act.

On this being pointed out (March 2021), it was replied (September 2021) that payment advice was rejected by Treasury office and no report has been received from the treasury authorities in the matter so far. It is evident from the reply that the issue was not settled as of September 2021, *i.e.*, even after a lapse of about 31 months.

Government did not offer any remarks in their reply (July 2022).

#### **(E) Issue of GST refund amounts without evidence regarding the endorsement in the case of the supply of goods made to Special Economic Zone (SEZ) units**

As per Rule 89(1)(a) of APGST Rules, 2017, a supplier can claim refund for the services/ goods provided to a Special Economic Zone (SEZ) unit or a SEZ developer after such goods have been admitted for authorised operations as endorsed by the specified officer<sup>36</sup> of the zone. Further, as per Rule 89(2), application for refund claim should be made along with documentary evidence (*viz.*, a statement containing the

<sup>36</sup> As per rule 2 (zd) of SEZ Rules 2006, 'Specified Officer' in relation to a Special Economic Zone means Joint or Deputy or Assistant Commissioner of Customs for the time being posted in the Special Economic Zone

number and date of invoices relating to the goods/ services provided and a declaration made by the specified officer to the effect that tax has not been collected from the SEZ unit/ developer) to establish that a refund is due to the applicant.

During test check of 71 sampled refund claims (claim amount: ₹158.74 crore) pertaining to deemed exports and supplies to SEZ, Audit noticed in three circles<sup>37</sup> that 10 (14.08 *per cent*) refund claims (as detailed in **Appendix - 2.8**) were processed (refund sanctioned: ₹63.75 crore) for deemed export and the supplies of goods/ services made to SEZ unit without payment of tax. On scrutiny of these refund files, Audit noticed that these refund claims were sanctioned without the requisite endorsement/ evidence as mandated under the above provisions.

On this being pointed out (December 2020 and January 2021), Government in the reply (July 2022) stated that in nine (out of 10) cases notices were issued to the taxpayers for documentary proof of relevant declarations. In one case of Chittoor-II circle, it was replied that the taxpayer furnished endorsement issued by the Specified Officer, Ongole. However, Audit could not verify and confirm the details due to non-furnishing of copy of endorsement with the reply.

### **2.1.11 Conclusion**

Scrutiny of a sample of 560 refund claims (out of 6,534) pertaining to the period 01 July 2017 to 31 July 2020 relating to the State of Andhra Pradesh revealed that there were delays in both disposal of claims and sanctioning of provisional refunds. The department needs to ensure that causes for these delays are addressed as they go against the intended provisions of the Act to make available entitled flow of funds to the taxpayer for working/ operating capital. Post-audit of refund claims must be ensured to protect revenue leakage, as this was not done despite specific instructions. While streamlining the existing procedures of grant of refund, compliance to laid down procedures in processing of refund claims is to be ensured to prevent loss of revenue to the exchequer.

### **2.1.12 Recommendations**

- There is a need to evolve a mechanism to ensure compliance with post-audit of refund claims in accordance with the instructions issued by the Department.
- The Department should evolve a mechanism to ensure compliance with the instructions about verification of invoices submitted and returns filed by the taxpayers with those declared in the refund application while sanctioning refund claim.
- The Department may consider making a suitable provision in the GST module for payment of interest in the cases of delay in disposal of refund claims.
- Looking into the size of sampled case (560) test-checked and number of cases (343) having deficiencies, Department may rigorously examine cases not covered in the audit sample and take corrective action within a timeframe.

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<sup>37</sup> Chittoor – II, Gajuwaka and Steel Plant

During Exit Conference (February 2022), the Department stated that suitable instructions would be issued to circle level offices duly considering the audit observations/ recommendations.

## **2.2 Subject specific compliance audit on ‘Transitional Credits’ under GST**

### **2.2.1 Introduction**

Goods and Services Tax (GST) is a significant reform in the field of indirect taxes in our country, which replaced multiple taxes levied and collected by the Centre and States. GST is a destination-based tax on supply of goods or services or both, which is levied at multi-stages wherein the taxes will move along with supply. The tax will accrue to the taxing authority which has the jurisdiction over the place of supply. Tax is levied simultaneously by the Centre and States on a common tax base. Central GST (CGST) and State GST (SGST)/ Union Territory GST (UTGST) is levied on intra state supplies and Integrated GST (IGST) is levied on inter-state supplies. Availability of input tax credit of taxes paid on inputs, input services and capital goods for set off against the output tax liability is one of the key features of GST. This will avoid cascading effect of taxes and ensures uninterrupted flow of credit from the seller to buyer. To ensure the seamless flow of input tax from the existing laws to GST regime, a ‘transitional arrangement for input tax’ was included in the GST Acts to provide for the entitlement and manner of claiming input tax in respect of appropriate taxes or duties paid under existing laws. Transitional credit provisions are important for both the Government and business. For business, the transitional credit provisions ensure transition of accumulated credits from the legacy returns, input tax in respect of raw materials, work in progress, finished goods held in stock as on the appointed day<sup>38</sup> as well as credit in respect of capital goods into the GST regime. The provisions enable the taxpayer to transfer such input credits only when they are used in the ordinary course of business or furtherance of business.

### **2.2.2 Transitional arrangements for input tax-Legal provisions**

Section 140 of APGST Act 2017, enables the taxpayer to carry forward the input tax credit (ITC) earned under the existing laws to the new GST regime. The section, read with Rule 117 of APGST Rules 2017, prescribes elaborate procedures in this regard. All registered taxpayers, except those who are opting for payment of tax under the composition scheme (under Section 10 of the Act), are eligible to claim transitional credit by filing GST Tran-1 return within 90 days from the appointed day. The time limit for filing Tran-1 return was extended initially till 27 December 2017. However, many taxpayers could not file the return within the due date due to technical difficulties. Hence, sub-rule 1A was inserted under Rule 117 of APGST Rules, 2017 vide G.O. Ms. No. 489 dated 25 September 2018, to accommodate such taxpayers. The due date for filing Tran-1 was further extended up to 31 March 2020, vide CCT order

<sup>38</sup> Appointed day is the day from which GST Act, 2017 came into force *i.e.*, from 01 July 2017

No. 01.2020-GST dated 18 February 2020, for those taxpayers who could not file Tran-1 due to technical difficulties and for those cases recommended by the GST Council. Under transitional arrangements for input tax credit (ITC), the ITC of various taxes paid under the existing laws such as Central Value Added Tax (CENVAT credit), State Value Added Tax (VAT) etc., can be carried forward to the GST regime.

Instances where taxes can be carried forward to the GST regime are detailed below.

- a) **Closing balance of the credit in the last returns:** The closing balance of the CENVAT credit/ VAT credit available in the returns filed under existing law for the month immediately preceding the appointed day can be taken as credit in electronic credit ledger (ECL).
- b) **Un-availed credit on capital goods:** The balance installment of un-availed credit on capital goods can be taken by filing the requisite declaration in GST Tran-1.
- c) **Credit on duty paid stock:** A registered taxable person, other than the manufacturer or service provider, may take the credit of the duty/ tax paid on goods held in stock based on the invoices.
- d) **Credit on duty paid stock when registered person does not possess the document evidencing payment of excise duty/ VAT:** For traders who do not have excise or VAT invoice, there is a mechanism to allow credit to them on the duty paid stock.
- e) **Credit relating to exempted goods under the existing law which is now taxable:** Input tax credit of CENVAT/ VAT in respect of input, semi-finished and finished goods in stock attributable to exempted goods or services which are now taxable in GST.
- f) **Input or input services in transit:** The input or input services received on or after the appointed day but the duty or tax on the same was paid by the supplier under the existing law.
- g) **Tax paid under the existing law under composition scheme:** The taxpayers who had paid tax at fixed rate or fixed amount in lieu of tax payable under existing law, now working under normal scheme under GST can claim credit on their input stock, semi-finished and finished stock on the appointed date.
- h) **Credit in respect of tax paid on any supply both under VAT Act and under Finance Act, 1994:** Transitional credit in respect of supplies which attracted both VAT and Service Tax under existing laws, for which tax was paid before appointed date and supply of which is made after the appointed date.
- i) **Credit in respect of goods or capital goods belong to principal lying at the premises of the agent:** The agent can claim credit on such goods or capital goods subject to fulfilment of certain conditions.

The transitional credit is a one-time flow of input credit from the earlier regime into the GST regime, which can be availed both by the taxpayers migrating from the previous regime as well as new registrants under the GST regime.

### 2.2.3 Audit objectives

Audit of transitional arrangements for input tax credit under GST is taken up with for seeking an assurance on:

- i. whether the mechanism envisaged by the Department for selection and verification of transitional credit claims was adequate and effective (Systemic issues) and
- ii. whether the transitional credits carried over by the assessee into GST regime were valid and admissible (Compliance issues).

### 2.2.4 Audit scope and methodology

The period of coverage for the subject specific compliance audit was from the appointed day, *i.e.*, 01 July 2017 to 31 March 2020. There were a total of 14,086 transitional credit claim cases amounting to ₹387.58 crore processed till 31 March 2020 in 103 Circle offices under GST divisions in the State. Of these, 1,592 transitional credit claims from 97 Circles were sampled for scrutiny from the Pan India GST database. Subsequently, due to second phase of COVID pandemic, the sample was reduced to 563 claims in the 97 circles. The transitional credit amount involved in the sampled 563 cases was ₹204.83 crore. Verification of individual transitional credit claims involved examination of ITC credit claimed in the last six months returns filed by the taxpayers under the existing laws immediately preceding the appointed date, along with the documentary evidence in support of such claims. Further, in respect of input tax claimed for materials held in stock, verification involved examination of necessary accounting details, documents or records evidencing purchase of such goods.

Entry Conference was held with the representatives of the State Government in April 2021 wherein audit objectives, scope, criteria and methodology of audit were explained. Exit Conference was held in February 2022 to discuss audit findings included in the draft report. Responses of the Department have been suitably incorporated in the report.

### 2.2.5 Audit Criteria

The criteria against which the audit objectives are to be verified comprise of:

- (i) Sections 140, 141 and 142 of APGST Act 2017, which contained transitional arrangement for ITC, job work and miscellaneous provisions;
- (ii) Rules 117 and 121 of APGST Rules 2017, which envisaged procedures for claiming transitional credit, recovery of credit wrongly availed; and
- (iii) Notifications/ circulars issued by Central Board of Indirect Taxes and Customs (CBIC) and State Tax Department from time to time.

### ***Audit findings***

The audit areas are based on the provisions of law and the mechanism envisaged by the Department for verification of the transitional credit claims of taxpayers. Audit areas are categorised corresponding to the two audit objectives as systemic and compliance issues respectively.

During scrutiny of the sampled 563 transitional credit claims, Audit observed deficiencies like non-issue of guidelines for verification of claims, irregular/ inadmissible claims due to non-furnishing of supporting documents/ non-considering the arrears under debt management unit (DMU)/ without filing requisite returns, claiming of transitional credit twice, non-levy of penalty/ interest, etc. A summary of the audit findings is given in **Table-2.2**.

**Table-2.2: Summary of audit findings**

(₹ in crore)

Sl. No.	Nature of audit observation	Audit sample		No. of deficiencies noticed		Deficiencies as percentage of sample	
		Number	Amount	Number	Amount	Number	Amount
	Systemic issues						
1	Absence of verification mechanism	563	204.83	563	-	-	-
2	Excess credit/ Non-reversal of excess claimed amount	563	204.83	2	0.07	-	-
	Compliance issues						
3	Excess carry forward of input tax credit (NCCF)	563	204.83	58	11.80	33.21	28.13
4	Excess carry forward of input tax credit (28 NCCF)			28	2.95		
5	Irregular availment of transitional credit on works contract service (irregular availment of TDS)			29	21.98		
6	Irregular availment of transitional credit without filing all the preceding six months VAT returns			23	14.14		
7	Irregular claim of disputed/ inadmissible credit			3	0.98		
8	Claiming of transitional credit under two categories/ availing twice as transitional credit as well as refund in VAT regime			4	0.48		
9	Inadmissible claim of transitional credit due to non-disclosure of pending statutory forms			28	2.68		
10	Irregular claim due to non-consideration of VAT/ CST demands and DMU arrears			14	2.60		
11	Non-levy of interest and penalty on the excess transitional claim repaid/ reversed by the dealers	563	204.83	28	2.74	NA	NA
12	Irregular claim of transitional credit on goods in stock without duty paid documents	44	2.17	9	0.92	20.45	42.40
13	Irregular claim of transitional credit on capital goods	3	0.10	2	0.01	66.67	10
14	Irregular claim of transitional credit in respect of Goods held on behalf of Principal	1	0.09	1	0.09	100.00	100

Audit observations are detailed in the subsequent paragraphs.



## 2.2.6 Systemic issues

### 2.2.6.1 Absence of Verification mechanism for transitional credit claims

Securing compliance to the transitional credit provisions and regulating the transitional credit claims of taxpayers constitutes a control risk. Rule 121 of APGST Rules, 2017, specifies that the amount claimed under transitional credit may be verified and recovery proceedings under Section 73 or 74 of APGST Act shall be initiated in respect of any credit wrongly availed, whether wholly or partly. CBIC issued a Guidance Note (March 2018) envisaging the procedure of verification of transitional credit. However, no such guidelines were issued by the authorities of State Tax department for verification of transitional credit claims.

During field audit, the Circle offices stated that no verification was done by them. Department provided details of verification of claims carried out by the Department only in January 2022. The information provided by the Department indicated that verification of claims was carried out in 5,101 (out of 12,982) cases. However, details about procedure followed in verification of these cases were not provided. Hence, Audit could not assess the effectiveness of verification.

In the Exit Conference (February 2022), the Department stated that there was no mechanism in GSTN for verification of transitional credit claims and the amounts claimed by taxpayers in Tran-1 were auto populated into their electronic credit ledger.

The reply is not acceptable as verification of transitional credit claims is to be done manually by checking pre-GST regime data as instructed by CBIC in its guidance note.

Thus, due to non-issuance of guidelines on verification of claims and non-providing of procedure followed in verification of claims, Audit could not assess the extent of compliance of provisions of Act/ Rules.

### 2.2.6.2 Incorrect credit in ECL in comparison to transitional credit returns figures

As per Section 140(1) of APGST Act, 2017, read with Rule 117 of APGST Rules, 2017, a registered person, other than a person opting to pay tax under Section 10, shall be entitled to take, in his electronic credit ledger (ECL), credit of the amount of VAT carried forward in the return relating to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed *i.e.*, filing the transitional credit returns.

- (i) During the scrutiny of 563 sampled transitional credit claims, Audit noticed in Vizianagaram South circle that a dealer claimed ₹6.81 crore as transitional credit. It was, however, seen that an amount of ₹6.86 crore was erroneously populated in the dealer's ECL. This discrepancy allowed the dealer an excess transitional credit of ₹4.74 lakh which needs to be recovered.

On this being pointed out (August 2021), it was replied (August 2021) that rectification report would be submitted to Audit.

- (ii) In another case in Chittoor-I circle, Audit observed that the taxpayer claimed ₹2.10 lakh under CGST and SGST which was reflected in his ECL. Subsequently, the taxpayer filed the revised Tran-1 in December 2017 claiming CGST as NIL and only SGST amount of ₹1.05 lakh. However, only excess SGST amount of ₹1.05 lakh was debited in his ECL and CGST amount of ₹2.10 lakh was not debited thereby resulting in excess claim to that extent.

On this being pointed out (August 2021), AC, Chittoor-I replied (August 2021) that due to technical glitches of the GST portal, the system was not updated and it was not a mistake on the part of the taxpayer and the question of payment of CGST amount of ₹2.10 lakh along with interest and penalty did not arise.

The reply is not acceptable as the CGST amount, erroneously allowed by the system to the taxpayer was required to be debited and since the taxpayer utilized the credit, interest was also to be recovered.

### **2.2.7 Compliance issues**

The compliance issues pertain to the validity and admissibility of the transitional credits carried over by the assessee into GST regime. Taxpayers were required to claim transitional credits in the various specified tables of Tran-1<sup>39</sup> and Tran-2<sup>40</sup>. Audit observations relating to compliance with the provisions envisaged in the APGST Act and Rules relating to transitional credit are detailed below.

#### **2.2.7.1 Irregular claim of transitional credit due to carry forward of excess ITC/ 28 NCCF<sup>41</sup>/ TDS**

As per Section 140(1) of the Act, a registered person, other than a person opting to pay tax under Section 10, shall be entitled to take, in his ECL, credit of the amount of VAT carried forward in the return relating to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law, in such manner as may be prescribed:

Provided that the registered person shall not be allowed to take credit in the following circumstances, namely: –

- (i) where the said amount of credit is not admissible as ITC under this Act; or
- (ii) where he has not furnished all the returns required under the existing law for the period of six months immediately preceding the appointed date.

During scrutiny of 563 sampled transitional credit claims, Audit noticed that inadmissible credit amounting to ₹36.73 crore was availed in 115 claims pertaining to 45 circles involving cases of (i) carry forward of net credit in excess than available,

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<sup>39</sup> Tran-1 is a return to be filed by taxpayers to claim the credit of tax paid under legacy rules

<sup>40</sup> Tran-2 is a return to be filed by taxpayers to claim the credit of tax paid under legacy rules, if tax paid documents are not available

<sup>41</sup> After bifurcation of Andhra Pradesh state into AP and Telangana from 2 June 2014, state codes were changed to 36 and 37 from 28. Credit pertaining to the period before 2 June 2014 is termed as 28 NCCF



(ii) availing 28 NCCF as GST transitional credit and (iii) availing tax deducted at source (TDS) as ITC in Tran-1 as detailed below:

- a) **Carry forward of net credit (NCCF) in excess than available:** Audit noticed in 58 transitional credit claims (*Appendix - 2.9*) amounting to ₹11.80 crore relating to 34 circles<sup>42</sup>, the dealers availed excess credit than that available under NCCF as per VAT 200<sup>43</sup> return/ dealer's ledger (DCB<sup>44</sup>) for the month of June 2017.

On this being pointed out (between July and September 2021), Government in the reply (July 2022) accepted audit observation in 35 cases<sup>45</sup> having money value of ₹3.46 crore and stated that notices/ demands have been issued/raised. Of these an amount of ₹35.81 lakh was collected/ partially collected. Further stated that:

- In four cases (Bhavanipuram, Kasibugga, Puttur and Rajam circles), the taxpayers filed appeals and were pending at appellate authority.
- In five cases (Dwarakanagar, Gajuwaka (three cases) and Patamata circles), the taxpayers claimed amount as per DCB registers. Further, the Hon'ble High Court of Telangana, in a similar case, has allowed writ petition.

The reply is not acceptable as the DCB will take care of credit in the cases of revised returns only and in other cases of change in ITC due to other reasons, without adjustment orders the DCB would not reflect accurate status. Further, audit observations were made duly verifying the DCB and Tran-1. Regarding Telangana High Court case, it was on different issue (*viz.*, availing credit under 28 NCCF) and not on credit of excess tax paid.

- In two cases of Nandyal-I and Parvathipuram, it was replied that the cases were referred to Central authorities as the taxpayers are under central jurisdiction.

The reply is not acceptable as SGST portion of Tran-1 has to be verified by the State authorities as Central authorities have no records relating to VAT credit.

- In one case of Daba Gardens circle, it was replied that due to different specifications in different situations of different acts, credit of last return for the month of June 2017 and ITC of Tran-1 are not correlated.

The reply is not acceptable since, details mentioned in Tran-1 are to be verified by the Department to ensure the correctness of credit transitioned.

<sup>42</sup> Addanki, Adoni-I, Anakapalli (2 cases), Bhavanipuram, Chilakaluripet, Chinawaltair (5 cases), Daba Gardens (7 cases), Dwarakanagar (2 cases), Eluru, Gajuwaka (3 cases), Gudur (2 cases), Indrakeeladri, Kasibugga, Kavali, Krishnalanka, Kurnool-I, Kurupam Market (2 cases), Madanapalli, Mandapeta, Mangalagiri, Nandyal-I, Nellore-III, Parvathipuram (2 cases), Patamata (4 cases), Peddapuram, Piduguralla, Puttur (2 cases), Rajam, Ramachandrapuram, Steel Plant (3 cases), Suryabagh, Tirupati-II (2 cases), Vizianagaram West and Vizianagaram South

<sup>43</sup> Monthly VAT return

<sup>44</sup> Demand collection balance register, a register showing input tax credit, output tax liability, payment particulars and balance credit

<sup>45</sup> Addanki, Adoni, Anakapalli (2 cases), Chinawaltair (5 cases), Dwarakanagar, Eluru, Gudur, Indrakeeladri, Kavali, Krishnalanka, Kurnool, Kurupam Market (2 cases), Madanapalli, Mandapeta, Mangalagiri, Nandyal-I, Nellore-III, Parvathipuram, Patamata (3 cases), Peddapuram, Piduguralla, Puttur, Ramachandrapuram, Steel Plant (2 cases), Vizianagaram South and Vizianagaram West

- In one case of Tirupati-II circle, it was replied that verification for transitional credit was done electronically by the system.

The reply indicates that no verification of supporting documents was done to ensure the correctness of amount claimed by the taxpayer in Tran-1.

- In one case of Chilakapurpet circle, it was replied that the refund claimed by the taxpayer was allowed as transitional credit.

The reply is not acceptable. As per Section 142(8)(b) of APGST Act, the excess ITC due to the taxpayer as per assessment order pertaining to VAT regime is to be refunded in cash only.

Six cases of Daba Gardens (four cases), Steel Plant and Suryabagh circles were not finalised and in three cases of Daba Gardens (two cases) and Tirupati circles specific reply was not furnished.

- b) Availing 28 NCCF as GST transitional credit:** As per instructions issued by Commissioner of Commercial Taxes vide CCTs Ref. No. AI(1)/12/2014 dated 28 July 2015, if for any reason, 28 NCCF is not availed by the end of March 2016, then the same would be quantified and refunded as per the request of the dealer on conducting refund audit.

Though there were clear instructions of CCT regarding the utilisation and availment of 28 NCCF, Audit noticed in 28 transitional credit cases in 10 circles<sup>46</sup>, the dealers claimed 28 NCCF amounting to ₹2.95 crore as transitional credit contrary to CCT instructions. This had resulted in irregular availment of transitional credit of ₹2.95 crore as detailed in *Appendix - 2.10*.

On this being pointed out (between July and September 2021), Government in the reply (July 2022) accepted audit observations in 22 cases<sup>47</sup> having money value of ₹2.08 crore. In three cases of Brodipet and Rajam (two cases) circles, the taxpayers preferred appeal and were pending at appellate authority.

In two cases of Brodipet and Dwarakanagar circles, Government replied that as per DCB register the credit was allowed and further stated that Hon'ble High Court of Telangana, in a similar case, allowed writ petition. In the case of Chilakaluripet circle, it was stated that there was no excess claim in Tran-1.

The replies are not acceptable as per the CCT instructions above, after March 2016, 28 NCCF was allowed only as refund under VAT regime. Hence, availing the amounts as transitional credit is not in order.

During Exit Conference (February 2022), the Department agreed that claiming transitional credit on the basis of balance accrued due to 28 NCCF was against the

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<sup>46</sup> Addanki (15 cases), Anakapalli (3 cases), Brodipet (2 cases), Chilakaluripet, Chinawaltair, Dwarakanagar, Ibrahimpatnam, Mangalagiri, Piduguralla and Rajam (2 cases)

<sup>47</sup> Addanki (15 cases), Anakapalli (3 cases), Chinawaltair, Ibrahimpatnam, Mangalagiri and Piduguralla

statutory provisions since the same could be claimed as refund or adjusted to the outward tax liability of the dealer.

- c) Availing tax deducted at source (TDS) as ITC in Tran-1:** As per Section 140(1) of the Act, a registered person, other than a person opting to pay tax under Section 10, shall be entitled to take, in his ECL, credit of the amount of VAT carried forward in the return relating to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law, in such manner as may be prescribed.

As per Section 22(3) of APVAT Act, the Central Government or the State Government or an industrial, commercial or trading undertaking of the Central Government or of the State Government or a local authority or a statutory body or a company registered under the Companies Act, 1956 or any other person notified by the Commissioner, shall deduct from out of the amounts payable by them to a dealer in respect of works contract executed for them, an amount calculated at such rate as may be prescribed and such contractee deducting tax at source shall remit such amount in the manner prescribed.

Further, there is no procedure to claim TDS credit as no table is provided in transitional credit returns for claiming such credit.

During scrutiny of 563 sampled transitional claims, Audit observed in 29 claims pertaining to 17 circles<sup>48</sup> that the dealers had claimed TDS amounts of ₹21.98 crore (as detailed in *Appendix-2.11*) under Tran-1 contrary to the above stipulations.

On this being pointed out (between July and September 2021), Government in the reply (July 2022) accepted the audit observations in 10 cases<sup>49</sup> having money value of ₹1.80 crore. Of this an amount of ₹8.81 lakh has been collected. Further stated that:

- In one case relating to Proddutur circle, the taxpayer filed appeal and was pending at appellate authority.
- In two cases of Gudur and Mangalagiri circles, it was replied that the cases were referred to Central authorities as the taxpayers are under central jurisdiction.

The reply is not acceptable as SGST portion of Tran-1 has to be verified by the State authorities as Central authorities have no records relating to VAT credit.

- In one case of Kadapa-I, it was stated that the AC (LTU), DC office, Kadapa conducted audit for the tax period from April 2015 to June 2017 and passed assessment orders vide AO No.196128, dated 11 February 2020 and allowed ITC in Tran-1 for ₹5.66 crore from the excess credit as on 30 June 2017.

The reply is not acceptable since, as per Section 142(8)(b) any excess credit due to the assessment order pertaining to VAT regime is to be refunded in cash only.

<sup>48</sup> Alcot Gardens, Anakapalli, Autonagar, Benz Circle, Bhavanipuram, Chinawaltair (4 cases), Daba Gardens (2 cases), Dwarakanagar (3 cases), Gajuwaka (2 cases), Gudur, Kadapa-I (3 cases), Mangalagiri, Nellore-I, Nuzividu, Proddutur-I, Sitharampuram and Steel Plant (4 cases)

<sup>49</sup> Benz Circle, Chinawaltair (3 cases), Kadpa-I, Nellore-I, Nuzividu and Steel Plant (3 cases)

- In the remaining 10 cases<sup>50</sup>, Government justified their action on the reasons like claim was in order, allowed as per DCB register, the taxpayer had excess credit as per assessment, etc. Further stated that Hon'ble High Court of Telangana, in a similar case, allowed writ petition.

The reasons mentioned are not acceptable as Section 140 (1) of the APGST Act allowed the credit amount of VAT as carried forward in the return relating to the period ending with the day immediately preceding the appointed day. TDS credit is not included in the VAT return. Hence, allowing the credit is not in order. Regarding Telangana High Court case, it was on different issue (*viz.*, availing credit under 28 NCCF) and not on credit of TDS.

During the Exit Conference (February 2022), the Department stated that standard guidelines would be issued to field offices on interpretation of various judgements pertaining to transitional credit claims.

Four cases relating to Anakapalli, Daba Gardens, Dwarakanagar and Steel Plant circles were not finalised and in one case of Gajuwaka circle specific reply was not furnished.

#### **2.2.7.2 Inadmissible claim of transitional credit due to non-disclosing of pending statutory forms**

As per Section 140(1) of the Act, a registered person, other than a person opting to pay tax under Section 10, shall be entitled to take, in his ECL, credit of the amount of VAT carried forward in the return relating to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law, in such manner as may be prescribed:

Provided that the registered person shall not be allowed to take credit in the following circumstances namely: –

- (i) where the said amount of credit is not admissible as ITC under this Act; or
- (ii) where he has not furnished all the returns required under the existing law for the period of six months immediately preceding the appointed date.

Provided further that so much of the said credit as is attributable to any claim related to Sections 3, 5, 6 and 8 of Central Sales Tax 1956, must be filed for the period 01 April 2015 to 30 June 2017. As per Table 5(c) of Form GST Tran-1, the dealer must declare turnover together with the applicable tax thereon voluntarily for which the statutory forms *viz.*, 'C' (for inter-state sales), 'E' (for transfer of documents of title of goods from one state to another), 'F' (for transfer of goods to other State other than by way of sale) and 'H' (for sale or purchase of goods taken place in the course of import/ export) are pending. The portion of ITC for which requisite declaration forms are not submitted shall not be eligible and such amount of ineligible credit shall not be credited to ECL.

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<sup>50</sup> Alcot Gardens, Autonagar, Bhavanipuram, Chinawaltair, Daba Gardens, Dwarakanagar (2 cases), Gajuwaka, Kadapa-I and Sitharampuram

Further, as per Section 142(8)(b) of APGST Act, 2017 the credit should be refunded in cash only and not allowed as transitional credit.

During scrutiny of 563 sampled transitional credit claims, Audit observed in 28 claims of 16 circles<sup>51</sup> that the transitional credit amounting to ₹2.68 crore was credited in the ECLs of the respective dealers, despite pending submission of statutory forms. Claiming credit in Tran-1 despite non-submission of requisite forms was contrary to the provisions of the Act. Availing credit in these cases resulted in inadmissible transitional credit of ₹2.68 crore as detailed in **Appendix - 2.12**.

On this being pointed out (between July and September 2021), Government in the reply (July 2022) accepted/ partially accepted audit observation in 16 cases<sup>52</sup> having money value of ₹1.08 crore. Further stated that:

- In three cases of Dwarakanagar, Lalapet and Rajam circles the taxpayers filed appeals and were pending at appellate authority.
- In two cases of Gajuwaka circle, it was stated that the taxpayers declared all the details in Tran-1/ paid the tax amount. In two cases of Puttur circle, Government stated that the taxpayers adjusted/ paid the amounts.

The reply is not acceptable as in the cases of Gajuwaka circle the taxpayers did not mention any amount relating to pending statutory forms in Tran-1. Further, though the taxpayers paid the tax, claiming credit without disclosing the details was contravention to Rule 140(1) of APGST Rules.

- In the case of Steel Plant circle, Government stated that the Assessing Authority finalised (March 2020) the assessment and levied tax of ₹3.31 lakh.

The reply is not acceptable as the taxpayer though declared pending tax (₹4.98 lakh) on 'C' forms, availed full ITC credit of ₹54.29 lakh without reducing pending tax amount which was not in order. Further, the reply is silent about adjustment of excess availed amount of ₹1.67 lakh (₹4.98 lakh - ₹3.31 lakh) by the taxpayer.

In three cases of Dwarakanagar, Gajuwaka and Patamata circles, relevant details/ specific reply was not furnished and one case of Daba Gardens was not finalised.

### **2.2.7.3 Irregular claim of transitional credit due to non-consideration of VAT/ CST demands and DMU arrears**

As per Section 142(8)(b) of the APGST Act, 2017, where in pursuance of an assessment or adjudication proceedings instituted, whether before, on or after the appointed day under the existing law, any amount of tax, interest, fine or penalty becomes refundable

<sup>51</sup> Anakapalli (2 cases), Chinawaltair, Daba Gardens, Dwarakanagar (2 cases), Gajuwaka (3 cases), Kasibugga, Kurupam Market (2 cases), Lalapet, Narasannapeta (2 cases), Patamata (2 cases), Piduguralla, Puttur (2 cases), Rajam, Srikakulam, Steel Plant (3 cases) and Suryabagh (3 cases)

<sup>52</sup> Anakapalli (2 cases), Chinawaltair, Kasibugga, Kurupam Market (2 cases), Narasannapeta (2 cases), Patamata, Piduguralla, Srikakulam, Steel Plant (2 cases) and Suryabagh (3 cases)

to the taxable person, the same shall be refunded to him in cash under the said law and the amount rejected, if any, shall not be admissible as input tax credit under this Act.

During scrutiny of 563 sampled transitional credit claims, Audit noticed in 14 claims (pertaining to the period from June 2014 to June 2017) relating to 12 circles<sup>53</sup> that the dealers had claimed the transitional credit amounting to ₹2.60 crore despite pendency of VAT/ CST assessment demands/ arrears accounted for under debt management unit (DMU) or adjudication proceedings. As per Section 142(8)(b) *ibid* the same should be claimed as refund. Non-compliance with the provisions had resulted in irregular claiming of transitional credit of ₹2.60 crore as detailed in **Appendix - 2.13**.

On this being pointed out (between July and September 2021), Government in the reply (July 2022) accepted audit observation in 11 cases having money value of ₹78.50 lakh. Of this, an amount of ₹3.85 lakh has been collected. In two cases of Parvathipuram and Srikakulam circles, it was stated that the taxpayers filed appeals and were pending at appellate authority. In one case relating to Daba Gardens circle, specific reply for availing credit despite having arrears to be payable was not furnished.

#### **2.2.7.4 Irregular claim of transitional credit without filing VAT 200A/ 200B returns by taxpayers selling exempted goods**

As per the provision under Section 140(1) of APGST Act, 2017, the registered person shall not be allowed to take credit in the following circumstances namely: –

- (i) where the said amount of credit is not admissible as input tax credit under this Act; or
- (ii) where he has not furnished all the returns required under the existing law for the period of six months immediately preceding the appointed date.

Further, as per Rule 20(6) of APVAT Rules, where any VAT dealer making taxable as well as exempted sales, is able to establish that specific inputs are meant for specific output, the input tax credit can be claimed separately for taxable goods. For the common inputs, such VAT dealer can claim ITC by applying the formula  $A \times B/C$ <sup>54</sup> for the common inputs used for taxable goods, exempt goods (goods specified in Schedule-I of APVAT Act) and exempt transactions.

Provided the VAT dealer furnishes an additional return in Form VAT 200A (monthly) for each tax period for adjustment of ITC and by filing a return in Form VAT 200B (Annual) by making an adjustment for the period of 12 months ending March every year.

During scrutiny of 563 sampled transitional credit claims, Audit noticed in 20 claims pertaining to 11 circles<sup>55</sup> (as detailed in **Appendix-2.14**) that the VAT dealers had

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<sup>53</sup> Anakapalli (2 cases), Benz Circle, Chinawaltair, Daba Gardens, Dwarakanagar, Kurupam Market, Ongole-II, Parvathipuram, Srikakulam, Steel Plant (2 cases), Suryabagh and Vizianagaram West

<sup>54</sup> A: Total amount of input tax for common inputs for each tax rate excluding the tax paid on the purchase of goods; B: Sales turnover of taxable goods including zero-rated sales; C: Total turnover including sales of exempt goods

<sup>55</sup> Benz Circle, Chinawaltair (2 cases), Daba Gardens (4 cases), Dwarakanagar (2 cases), Kurupam Market, Patamata, Puttur (2 cases), Rajam, Steel Plant (2 cases), Suryabagh (2 cases) and Tirupati-II (2 cases)



availed the transitional credit in spite of non-filing of the mandatory VAT 200A/ 200B returns. This has led to incorrect allowance of transitional credit of ₹13.94 crore.

On this being pointed out (between July and September 2021), Government in their reply (July 2022) accepted/ partially accepted audit observation in 10 cases<sup>56</sup> having money value of ₹4.12 crore.

In three cases of Puttur (two cases) and Tirupati-II circles, Government contested that there was no need to file VAT 200B returns since there were no exempt sale transactions.

The reply is not acceptable as there were exempt sales along with taxable sales as observed from monthly VAT 200A returns; hence it is requisite to file consolidated annual VAT 200B return as per Rule 20 of APVAT Rules.

In six cases<sup>57</sup> specific reply was not furnished and one case relating to Daba Gardens circle was not finalised.

#### **2.2.7.5 Inadmissible transitional credit due to non-furnishing of supporting invoices/ documents**

The credit of eligible duties paid in respect of inputs, semi-finished goods or finished goods held in stock on the appointed day is permissible under the following situations:

- a) As per Section 140(3)(iii) of the APGST Act, 2017, a registered person, who was not liable to be registered under the existing law or who was engaged in the sale of exempted goods, or tax free goods or goods which have suffered tax at the first point of their sale in the State and the subsequent sales of which are not subject to tax in the State under the existing law but which are liable to tax under this Act or where the person was entitled to the credit of input tax at the time of sale of goods, if any, shall be entitled to take, in his ECL, credit of the VAT in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the appointed day subject to condition that the said registered person is in possession of invoice or other prescribed documents evidencing payment of tax under the existing law in respect of such inputs;
- b) As per Section 140(4)(b) of the Act, a registered person who was engaged in the sale of taxable goods as well as exempted goods or tax-free goods under the existing law but which are liable to tax under this Act, shall be entitled to take, in his ECL the amount of credit of the VAT in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the appointed day.

<sup>56</sup> Chinawaltair (2 cases), Dwarakanagar, Kurupam Market, Patamata, Rajam, Steel Plant (2 cases) and Suryabagh (2 cases)

<sup>57</sup> Benz Circle, Daba Gardens (3 cases), Dwarakanagar and Tirupati-II

- c) In the cases where a registered person either paying tax at fixed rate or paying a fixed amount in lieu of tax payable under the existing law as per Section 140(6) of the Act.

Further, Table 7(b)—eligible duties and taxes/ VAT in respect of inputs in transit and 7(c)-VAT paid on inputs in stock, of the Tran-1 return captures the transitional credit in respect of such goods held in stock as on the appointed day for which supporting documents are available with the taxpayers.

During scrutiny of 44 claims falling under 7b/ 7c category of transitional credit claims, out of 563 sample cases, Audit noticed in nine claims of seven circles<sup>58</sup> that the dealers had claimed ₹92.10 lakh (as detailed in **Appendix - 2.15**) under Table 7(b)/ 7(c) of Tran-1 form and the same was credited in the ECL of the taxpayers. However, the relevant invoices/ documents for the stock/ inputs held/ in transit were not made available to audit for verification. Allowing the ITC on stock inputs without verification of supporting invoices by the departmental authorities is contrary to the provisions of the Act. This had resulted in irregular availment of transitional credit amounting to ₹92.10 lakh.

On this being pointed out (between July and September 2021), Government in the reply (July 2022) accepted audit observation in six cases<sup>59</sup> having money value of ₹69.43 lakh.

In one case of Tirupati-II circle, it was replied that verification for transitional credit was done electronically.

The reply indicates that no verification of supporting documents was done to ensure the correctness of amount claimed by the taxpayer in Tran-1.

Two cases pertaining to Daba Gardens circle were not finalized.

#### **2.2.7.6 Irregular claim of transitional credit on capital goods**

As per Section 140(2) of APGST Act, 2017, a registered person, other than a person opting to pay tax under Section 10, shall be entitled to take, in his ECL, credit of unavailed ITC in respect of capital goods, not carried forward in a return furnished under the existing law by him, for the period ending with the day immediately preceding the appointed day in such manner as may be prescribed.

Provided that the registered person shall not be allowed to take credit unless the said credit was admissible as ITC under the existing law and is also admissible as ITC under this Act.

Explanation contained in the Act to the above provision clarifies that the expression ‘unavailed ITC’ means the amount that remains after subtracting the amount of ITC already availed in respect of capital goods by the taxable person under the existing law

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<sup>58</sup> Daba Gardens (2 cases), Dwarakanagar, Nellore-II, Patamata, Sattenapalli, Sithampuram and Tirupati-II (2 cases)

<sup>59</sup> Dwarakanagar, Nellore, Patamata, Sattenapalli, Sithampuram and Tirupati-II



from the aggregate amount of ITC to which the said person was entitled in respect of the said capital goods under the existing law.

Further as per Rule 117(2) of APGST Rules, 2017, a taxpayer claiming unavailed credit on capital goods shall submit separately the particulars of amount of tax availed or utilised and yet to be availed in respect of capital goods.

During the scrutiny of three transitional credit claims where taxpayers claimed the unavailed credit on capital goods, out of total 563 sample cases, Audit noticed in two claims of two circles<sup>60</sup> that the dealers had claimed the unavailed credit on capital goods amounting to ₹1.32 lakh in table 6(b) of Tran-1. However, the dealers did not submit the declaration of credit availed and yet to be availed which is contrary to the provisions of APGST Act 2017. In the absence of relevant details, Audit could not ensure that the claim was made in accordance with the provisions.

On this being pointed out (August 2021), AC, Steel Plant circle replied (August 2021) that the audit observation was verified with reference to Tran-1 claim and notice was issued to the taxpayer. Reply from AC, Puttur circle is awaited (August 2022). Government did not furnish any remarks in their reply (July 2022).

#### **2.2.7.7 Non-levy of interest and penalty on the excess transitional claim repaid/reversed by the dealers**

As per Section 50(3) of the APGST Act, 2017, a taxable person who makes an undue or excess claim of input tax credit under sub-section (10) of Section 42 or undue or excess reduction in output tax liability under sub-section (10) of Section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be, at such rate not exceeding 24 *per cent*, as may be notified by the Government on the recommendations of the Council.

Further, as per Section 73, penalty is leviable for any reason other than fraud or willful misstatement or suppression of facts to evade tax. Penalty equivalent to 10 *per cent* of tax or ₹10,000, whichever is higher, due from such person is to be levied subject to condition that if he had not paid the excess tax availed along with interest within 30 days from the issue of notice.

As per Section 74, penalty is leviable for the reason of fraud or willful misstatement or suppression of facts to evade tax; in the case of voluntary payment penalty equivalent to 15 *per cent* of such tax on the basis of his own ascertainment of such tax or the tax as ascertained by the proper officer; else the taxpayer pays the said tax along with interest and a penalty equivalent to 25 *per cent* of such tax within 30 days of issue of the notice, all proceedings in respect of the said notice shall be deemed to be concluded.

During scrutiny of 563 sampled transitional credit claims, Audit noticed in 23 claims relating to 17 circle<sup>61</sup> offices that the dealers have reversed the excess claimed amounts.

<sup>60</sup> Puttur and Steel Plant

<sup>61</sup> Ananthapuramu-II, Benz Circle, Chittoor-I, Daba Gardens (2 cases), Gajuwaka (2 cases), Gandhi Chowk, Gudur, Krishnalanka, Nandyal-II, Nellore-I, Patamata (2 cases), Patnam Bazar, Puttur, Srikakulam, Steel Plant (4 cases), Suryabagh and Tirupati-II

In five cases relating to Ongole-I circle the authorities issued (April 2021) notices under Section 73 for reversal of excess claimed ITC of ₹11.98 lakh without levying penalty/ interest. Of these 28 claims (as detailed in **Appendix - 2.16**), in 24 claims, applicable penalty of ₹2.74 crore was not levied/ paid under the relevant provisions 73 and 74 of APGST Act, 2017. In 16 claims, though dealers have already utilised the excess transitional amount claimed, the applicable interest has also not been levied on the taxpayers.

On this being pointed out (between July and September 2021), Government in the reply (July 2022) accepted audit observation in 14 cases<sup>62</sup> having money value of ₹25.18 lakh (excluding interest) and an amount of ₹27.91 lakh (including interest) has been recovered in three cases<sup>63</sup>. Further stated that:

- In four cases relating to Ongole-I circle, the taxpayers filed appeals and were pending at appellate authority.
- In two cases of Patamata and Srikakulam circles quoted the judgement of Hon'ble High Court of Patna and stated that interest cannot be recovered on mere availment of ITC. In two cases of Suryabagh and Tirupati-II circles, it was replied that the dealers have reversed the credit before utilisation and hence penalty and interest is not leviable.

The reply is not acceptable as in one case (Suryabagh circle) though the credit was not utilised, penalty at 10 *per cent* was leviable as the amount was not reversed within 30 days period as envisaged in the provisions and in the other three cases it was noticed from the ECL that the dealers had not only utilised the excess ITC claimed through Tran-1 but also reversed the amount after the stipulated period of 30 days. Hence, interest and penalty are to be levied as per the provisions of the Act.

In four cases of Benz Circle, Krishnalanka, Patamata and Steel Plant circles, specific reply was not furnished and two cases of Daba Gardens circle were not finalised.

#### 2.2.7.8 Miscellaneous issues

##### (A) Claiming of transitional credit without filing of preceding six months returns

As per Section 140(1) of APGST Act, 2017, a registered person, other than a person opting to pay tax under Section 10, shall be entitled to take, in his ECL, credit of the amount of VAT carried forward in the return relating to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law, in such manner as may be prescribed:

Provided that the registered person shall not be allowed to take credit in the following circumstances namely: –

<sup>62</sup> Ananthapuramu-II, Chittoor-I, Gajuwaka (2 cases), Gandhi Chowk, Gudur, Nandyal-II, Nellore-I, Patnam Bazar, Puttur, Ongole-I and Steel Plant (3 cases)

<sup>63</sup> Ananthapuramu-II: ₹24.04 lakh; Nandyal-II: ₹0.32 lakh and Nellore-I: ₹3.55 lakh

(i) where the said amount of credit is not admissible as input tax credit under this Act; or (ii) where he has not furnished all the returns required under the existing law for the period of six months immediately preceding the appointed date.

During the scrutiny of 563 sampled transitional credit claims, Audit noticed in three claims in three circles<sup>64</sup> (as detailed in **Appendix - 2.17**) that the dealers had claimed the transitional credit without filing the monthly returns consecutively during the six months immediately preceding the appointed date. This had resulted in irregular allowance of transitional credit amounting to ₹20.12 lakh.

On this being pointed out (between July and September 2021), Government in the reply (July 2022) accepted the audit observation in all the cases. Of this, an amount of ₹6.36 lakh has been collected in one case (Patamata circle). In the case of Kakinada circle demand has been raised for ₹8.37 lakh and in the remaining case (Kurupam Market circle) notice was issued to the taxpayer.

#### **(B) Irregular claim of disputed/ inadmissible credit**

As per Section 142(8)(a) of APGST Act, 2017, where in pursuance of an assessment or adjudication proceedings instituted, whether before, on or after the appointed day under the existing law, any amount of tax, interest, fine or penalty becomes recoverable from the taxable person, the same shall be recoverable as an arrear of tax and the amount so recovered shall not be admissible as input tax credit under this Act.

During scrutiny of 563 sampled transitional credit claims, Audit observed in three cases pertaining to three circles<sup>65</sup> that though there were disputed cases involving tax amount of ₹98.20 lakh (as detailed in **Appendix - 2.18**), the dealers had carried forward the same as transitional credit and utilised the amount which was contrary to the provisions of Act.

On this being pointed out (between July and August 2021), Government in the reply (July 2022) accepted the audit observation in all the three cases and stated that notices have been issued to the taxpayers. Of these, one case of Rajam circle was pending at appellate authority.

#### **(C) Irregular claim of transitional credit due to non-disclosing details of goods held by agent on behalf of the principal**

As per Section 142(14) of APGST Act, 2017, where any goods or capital goods belonging to the principal are lying at the premises of the agent on the appointed day, the agent shall be entitled to take credit of the tax paid on such goods or capital goods subject to fulfilment of the following conditions: -

- (i) the agent is a registered taxable person under this Act
- (ii) both the principal and the agent declare the details of stock of goods or capital goods lying with such agent on the day immediately preceding the appointed

<sup>64</sup> Kakinada, Kurupam Market and Patamata

<sup>65</sup> Daba Gardens, Kurupam Market and Rajam

day in such form and manner and within such time as may be prescribed in this behalf

- (iii) the invoices for such goods or capital goods had been issued not earlier than 12 months immediately preceding the appointed day and
- (iv) the principal has either reversed or not availed of the input tax credit in respect of such
  - (a) goods; or
  - (b) capital goods or, having availed of such credit, has reversed the said credit, to the extent availed of by him.

During scrutiny of one case pertaining to Anakapalli circle, where the taxpayer claimed the credit on goods held in stock on behalf of principal, Audit noticed that the dealer had claimed ₹9.26 lakh under 10(a) category of Tran-I. However, registration details of the principal were not disclosed. Further, declaration about non-availment of ITC by principal to the extent of claim amount was also not on record. In the absence of the declaration, Audit could not verify the correctness of the claim.

On this being pointed out (August 2021), AC, Anakapalli circle replied (August 2021) that the matter would be examined and detailed reply would be submitted in due course. Government did not furnish any remarks in their reply (July 2022).

#### **(D) Claiming of transitional credit twice in Tran-1**

As per Section 140(1) of APGST Act, 2017, read with Rule 117 of APGST Rules, 2017, a registered person, other than a person opting to pay tax under Section 10, shall be entitled to take, in his ECL, credit of the amount of VAT carried forward in the return relating to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Further, as a general principle, ITC should not be availed twice on the same documents.

During the scrutiny of 563 sampled transitional credit claims, Audit noticed in three claims of three circles<sup>66</sup> (as detailed in **Appendix - 2.19**) that the ITC was claimed in Table-5(c) –‘Amount of tax credit carried forward to electronic credit ledger as State/ UT tax’ and the same amount was also claimed under Table-7(c) –‘Amount of VAT and Entry Tax paid on inputs supported by invoices/ documents evidencing payment of tax carried forward to electronic credit ledger as SGST/ UTGST under sections 140(3), 140(4)(b) and 140(6)’. Thus, claiming of transitional credit in both Table-5(c) and Table-7(c) had resulted in excess credit of ₹28.35 lakh.

On this being pointed out (between August and September 2021), Government accepted (July 2022) audit observation in two cases of Chittoor-II and Suryabagh circles having money value of ₹26.78 lakh and stated that notices have been issued to the taxpayers. In the remaining case (Dwarakanagar), specific reply for availing the credit twice was not furnished.

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<sup>66</sup> Chittoor-II, Dwarakanagar and Suryabagh

### **(E) Availing Input Tax Credit (ITC) twice through Tran-1 and by claiming as refund**

As per Section 74(1) of APGST Act, 2017, where it appears to the proper officer that any tax has not been paid or short paid or erroneously refunded or where ITC has been wrongly availed or utilised by reason of fraud, or any willful - misstatement or suppression of facts to evade tax, he shall serve notice on the person chargeable with tax which has not been so paid or which has been so short paid or to whom the refund has erroneously been made, or who has wrongly availed or utilised ITC, requiring him to show cause as to why he should not pay the amount specified in the notice along with interest payable thereon under Section 50 and a penalty equivalent to the tax specified in the notice.

During scrutiny of 563 sampled transitional credit claims, Audit noticed in one claim pertaining to Ramachandrapuram circle that the dealer had claimed (December 2017) and availed credit of ₹20.26 lakh through Tran-1 for the available balance of ITC to the end of June 2017. Further, the dealer had claimed an amount of ₹21.55 lakh as refund for the period April 2017 to June 2017 and an amount of ₹20.12 lakh was sanctioned (August 2020) by the circle and paid (April 2021) to the dealer. However, as the credit availed through Tran-1 covered the period April 2017 to June 2017 sanctioning the refund claim was irregular. This had resulted in availing of ITC twice through Tran-1 and by claiming as refund. The excess paid amount of ₹20.12 lakh is to be recovered along with applicable penalty and interest.

On this being pointed out (August 2021), AC, Ramachandrapuram circle replied (February 2022) that notice was issued to the dealer for payment of amount pointed out by Audit. Government did not furnish any remarks in their reply (July 2022).

### **2.2.8 Conclusion**

The State Tax Department had not issued any guidelines to verify transitional credit claims for ascertaining correctness of claims preferred by the taxpayers. Audit scrutiny showed instances of excess availment of ITC due to non-verification of transitional credit claims thereby giving scope for passing undue benefit to the taxpayers while claiming transitional credit. Non-compliance issues like availing credit in excess than available balance, claiming of credit without supporting invoices, non-disclosing details of goods held by agent on behalf of the principal, irregular claim of credit due to non-consideration of VAT/ CST demands, claiming of transitional credit twice, etc., were also observed during audit of sampled claims. Penalty and applicable interest were not levied/ paid in certain cases of excess credit availed by the taxpayers.

### **2.2.9 Recommendations**

- Government should evolve a mechanism and issue suitable instructions to verify all the transitional credits availed by the dealers in the State for ensuring correctness of the credit availed.
- Government should take suitable action as per the provisions of the Act in the cases of availment and utilisation of excess credit by the dealers.

- Looking into the size of sampled claim (563) test-checked and number of excess/ incorrect claims noticed (227), Department may rigorously examine cases not covered in audit sample and take corrective action within a timeframe. A database of such cases may also be maintained to monitor/ rectify the same.
- Initiate remedial measures for the compliance deviations pointed out during this audit before the claims become time barred.

During Exit Conference (February 2022), the Department stated that suitable instructions would be issued to circle level offices duly considering the audit observations/ recommendations made in the report.

## 2.3 Value Added Tax

### 2.3.1 Under-declaration of tax due to application of incorrect rate of tax

**Declaration of tax at the rate of five *per cent* by the dealers on the commodities taxable at the rate of 14.5 *per cent* had resulted in under-declaration of tax leading to short levy of VAT of ₹3.59 crore.**

As per Section 4(1) of Andhra Pradesh Value Added Tax (APVAT) Act, 2005, VAT is leviable at the rates prescribed in Schedules II to IV and VI to the Act. The rate of tax for goods falling under Schedule-IV to the Act, was enhanced from four to five *per cent* from 14 September 2011. Commodities not specified in any of the Schedules fall under Schedule-V and are liable to VAT at 14.5 *per cent* from 15 January 2010. Further, Section 20(3)(a) of the Act stipulates that every monthly return submitted by a dealer shall be scrutinised by AC/ CTO to verify the correctness of calculation, rate of tax, input tax credit (ITC) claimed and full payment of tax payable for such tax period.

Commodities like 'Mobile phones and Mobile spares', 'Photo frames', 'Cranes', 'Plastic water bubbles', 'Plastic water tanks', 'Adhesives', 'Explosives', 'Fitness equipment', 'Poly vinyl acetate', 'H.R. Build up sectors, Purlins, H.R. Purlins, MS Plates', 'Cable tray ladders' are not specified in any of the Schedules II to IV and VI to the Act and therefore, these items would fall under Schedule-V attracting tax at the rate of 14.5 *per cent*.

During test check of VAT records of seven circles<sup>67</sup>, we observed<sup>68</sup> that in 13 cases, dealers dealing in above mentioned commodities had declared tax at the rate of five *per cent* instead of 14.5 *per cent* on the taxable turnover of ₹37.79 crore. This resulted in total short levy of tax of ₹3.59 crore.

Government in the reply (July 2022) accepted/partially accepted the audit observation in nine cases<sup>69</sup> having money value of ₹2.82 crore and stated that notices were issued to the dealers/ amounts were taken to debt management unit (DMU). In one case of Ananthapuramu-II circle, the dealer filed appeal and was pending at appellate authority.

<sup>67</sup> Alcot Gardens, Ananthapuramu-II (5 cases), Autonagar, Dwarakanagar, Ongole-II, Suryabagh (2 cases) and Tirupati-I (2 cases)

<sup>68</sup> between May 2019 and January 2020 for the assessment period from January 2014 to June 2017

<sup>69</sup> Alcot Gardens, Ananthapuramu-II (4 cases), Autonagar, Dwarakanagar and Tirupati-I (2 cases)



In two cases of Suryabagh circle, specific reply was not furnished about action taken on the audit observation relating to VAT turnovers for the period 2016-17 to 2017-18 based on CST assessment orders.

In the remaining one case relating to Ongole-II circle, it was replied that water bubbles can be considered as plastic material and liable for tax at five *per cent* as it falls under items No. 90 and 130 of Schedule-IV of APVAT Act. The reply is not acceptable as the entry No. 90 and entry No. 130 were relating to ‘packing material’ and ‘Plastic Moulded Furniture’ respectively. Further entry No. 90 specifically excluded storage tanks made of any materials.

### **2.3.2 Irregular exemption from payment of tax on sales turnover of Set-top boxes**

**Irregular exemption from payment of tax on Set-top boxes in contrary to provisions resulted in non-levy of tax of ₹3.09 crore.**

As per Section 4(8) of APVAT Act, 2005, every VAT dealer who transfers the right to use goods taxable under the Act for any purpose, whether or not for a specified period, shall pay tax on the total amount realised or realisable by him on such transfer of right to use goods.

During test check of VAT records of Gajuwaka circle, we observed<sup>70</sup> that, AA allowed exemption (by dropping the proposed levy) on the sales turnover of Set-top boxes which was in contrary to the provisions of the Act. This resulted irregular exemption of tax of ₹3.09 crore at applicable rate of 14.5 *per cent* on the sales turnover of ₹21.29 crore made during the period 2015-16 and 2016-17.

In response, Government accepted (July 2022) the audit observation and stated that the amount was taken to DMU.

### **2.3.3 Non-levy of interest and penalty for belated payment of tax**

**Assessing Authorities did not levy interest and penalty of ₹1.48 crore on belated payments of tax.**

As per Section 22(2) of APVAT Act, 2005, if any dealer fails to pay the tax due within prescribed time, interest at the rate of 1.25 *per cent* per month for the period of delay was liable to be paid in addition to such tax or penalty. Under Section 51(1) of the Act, if a dealer fails to pay tax due by the last day of the month in which it was due, penalty at the rate of 10 *per cent* of the amount of tax due is to be paid, in addition to such tax.

During test check of the VAT returns and payment records in 11 circles<sup>71</sup>, it was observed<sup>72</sup> that in 42 cases, the dealers paid tax after the due dates with delays ranging from 1 to 584 days. The AAs, however, did not levy any interest and penalty for belated

<sup>70</sup> in June 2019 for the years 2015-16 and 2016-17

<sup>71</sup> Aryapuram, Autonagar, Benz Circle (2 cases), Brodipet (5 cases), Dwarakanagar (2 cases), Nandigama (2 cases), Park Road (2 cases), Sitharampuram (7 cases), Tirupati-II (2 cases), Vizianagaram East (13 cases) and Vuyyuru (5 cases)

<sup>72</sup> between May 2019 and January 2020 for the period from 2014-15 to 2017-18 (up to June 2017)

payment of tax which was in contrary to the provisions. This resulted in non-levy of interest (₹0.41 crore) and penalty (₹1.07 crore) amounting to ₹1.48 crore.

In response, Government accepted (July 2022) the audit observation in all the 42 cases. In 16 cases<sup>73</sup> an amount of ₹25.25 lakh has been recovered/partially recovered. In 24 cases<sup>74</sup> amounts were taken DMU. In two cases of Park Road circle, the dealers filed appeals; hence not finalized.

### **2.3.4 Short payment of tax and non-levy of penalty due to non-registration of Turnover Tax (TOT) dealer as VAT dealer**

**Assessing Authorities did not comply with the provisions relating to conversion of Turnover Tax dealer as VAT dealer which resulted in short payment of tax of ₹31.87 lakh and non-levy of penalty of ₹7.97 lakh.**

As per Section 17(3) of the APVAT Act, 2005, every dealer, whose taxable turnover in the 12 preceding months exceeds ₹50 lakh, shall be registered as a VAT dealer, and pay tax at applicable VAT rates from thereon, under Section 4(1) of the Act. As per Section 17(5)(h) of the Act, every dealer engaged in sale of food items including sweets etc., whose total annual turnover is more than ₹7.50 lakh, is liable for VAT registration and payment of tax as per provisions of the Act. Further Section 49(2) of the VAT Act provides that any dealer who fails to apply for registration shall be liable to pay a penalty of 25 *per cent* of the tax due prior to the date of registration.

During test check of TOT records of five circles, it was observed<sup>75</sup> in 15 cases<sup>76</sup> that the dealers did not register themselves as VAT dealer on crossing the taxable turnover of threshold limit. Omission to do so resulted in short levy of tax of ₹31.87 lakh and made them liable for levy of penalty of ₹7.97 lakh.

In response, Government accepted (July 2022) the audit observation in all the 15 cases. In three cases<sup>77</sup> an amount of ₹5.14 lakh was recovered/partially recovered. In remaining 12 cases amounts were taken to DMU.

### **2.3.5 Under-declaration of tax on food sales**

**A dealer involved in restaurant business had declared tax at the rate of five *per cent* instead of 14.5 *per cent*, resulting in under-declaration of tax of ₹20.18 lakh.**

Under Section 4(9)(c) of the APVAT Act, 2005, every dealer, whose annual total turnover is ₹1.50 crore and above, shall pay tax at the rate of 14.5 *per cent* on the taxable turnover representing sale or supply of food or drink served in restaurants, sweet stalls, clubs or any other eating houses.

<sup>73</sup> Autonagar, Benz Circle, Dwarakanagar, Nandigama, Sitharampuram (2 cases) and Vizianagaram East (10 cases)

<sup>74</sup> Aryapuram, Benz Circle, Brodipet (5 cases), Dwarakanagar, Nandigama, Sitharampuram (5 cases), Tirupati-II (2 cases), Vizianagaram East (3 cases) and Vuyyuru (5 cases)

<sup>75</sup> between May 2019 and March 2020 for the period from 2013-14 to 2017-18 (up to June 2017)

<sup>76</sup> Kurnool-II (2 cases), Kurupam Market, Sitharampuram (7 cases), Vizianagaram East (4 cases) and Vuyyuru

<sup>77</sup> Sitharampuram (2 cases) and Vuyyuru



During test check of VAT records of CTO, Vizianagaram East circle, it was observed (November 2019) that for the assessment period 2015-16 and 2016-17 (up to June 2016), one dealer involved in restaurant business had exceeded the turnover limit of ₹1.50 crore. The dealer, however, declared tax at the rate of five *per cent* (instead of 14.5 *per cent*) in contravention of the provisions. This had resulted in under-declaration of tax of ₹20.18 lakh on the turnover of ₹2.12 crore.

In response, Government accepted (July 2022) the audit observation and stated that the amount was taken to DMU.

## 2.4 Non-levy/ short levy of penalty

**Assessing Authorities did not levy penalty or levied penalty at lower rate on account of under-declaration of tax, excess claim of input tax credit (ITC) by the dealers for reasons of either of fraud/ willful neglect or other than fraud/ willful neglect, which resulted in non-levy/ short levy of penalty of ₹7.82 crore.**

According to APVAT Act<sup>78</sup>, 2005, a dealer who has under declared tax, is liable for payment of penalty depending upon the quantum of tax under declared. Further, penalty leviable will be equal (100 *per cent*) to the tax under declared if it is proved that dealer committed fraud or willful neglect while declaring tax payable and if any dealer issues/ uses fake/ false tax invoice to take ITC, the penalty leviable would be 200 *per cent* of the tax involved.

During test check of VAT assessments records, we noticed that in 35 cases, dealers had committed non-compliance/ omissions as detailed in the **Table-2.3** below. Assessing authorities have short levied/ not levied penalties on the dealers correctly.

**Table-2.3: Short/ Non-levy of penalty**

(₹ in crore)				
Nature of omission	Quantum of penalty leviable	Jurisdiction of Commercial Tax Officer	No. of cases	Amount of non-levy/short levy of penalty
Willful under-declaration of output tax/ excess ITC	100 <i>per cent</i> under Section 53(3)	Ananthapuramu-II, Aryapuram, Benz Circle, Dwarakanagar, Gajuwaka, Kurupam Market, Ongole-1, Suryabagh, Tirupati-I and Vizianagaram South	19	6.12
False/ fabricated declaration	200 <i>per cent</i> under Section 55(4)(b)	Kurupam Market, Park Road and Vuyyuru	3	1.04
Short payment of tax/ excess claim of input tax credit (ITC)	10/ 25 <i>per cent</i> under Section 53(1)	Alcot Gardens, Aryapuram, Kurupam Market, Nuzividu, Suryabagh and Vizianagaram South	10	0.49
Wrong claim of ITC on the basis of fake tax invoices	200 <i>per cent</i> under Section 55(2)	Rajam	2	0.12

<sup>78</sup> Sections 50, 53(1), 53(3), 55(2), 55(4)(b) of APVAT Act, 2005

Nature of omission	Quantum of penalty leviable	Jurisdiction of Commercial Tax Officer	No. of cases	Amount of non-levy/short levy of penalty
Late filing of tax returns	15 per cent under Section 50	Ananthapuramu-II	1	0.05
<b>Total</b>			<b>35</b>	<b>7.82</b>

In response, Government accepted/partially accepted (July 2022) the audit observation in 27 cases<sup>79</sup> having money value of ₹6.39 crore and stated that notices were issued to the taxpayers duly taking amounts to DMU. Of this an amount of ₹9.61 lakh was recovered. In three cases<sup>80</sup> taxpayers filed appeals and were pending at appellate authority. In one case of Suryabagh circle, Government contested that since the assessing authority not imposed penalty, revision could not be taken up. The reply is not acceptable. Revision can be taken up under Section 32 of APVAT Act though the penalty was not imposed by the AA at the time of assessment.

In three cases of Kurupam Market circle relevant documentary evidence (viz., orders of Appellate authority/revision orders) in support of Government's contention was not provided along with the reply; hence Audit could not verify the details. In the remaining one case of Vuyyuru circle specific reply was not furnished.

## 2.5 Short levy of tax due to application of incorrect rate of tax under CST Act

**Incorrect allowance of concessional rate/ application of incorrect rate of tax on interstate sales resulted in short levy of tax of ₹4.90 crore.**

As per Section 8(2) of the Central Sales Tax (CST) Act, 1956 read with Rule 12(1) of CST (Registration and Turnover) Rules, 1957, interstate sales not supported by 'C' declaration forms are liable to tax at the rate applicable to sale of such goods inside the appropriate State. Taxes on interstate sales supported by 'C' declaration forms are liable to tax at the rate of two *per cent* as per Section 8(1) of the Act. Under Section 4(3) of the APVAT Act, 2005, every VAT dealer shall pay tax on sale of taxable goods at the rates specified in the schedules to the Act.

Further, as per Rule 12(4) of CST (R&T) Rules 1957, dealers are required to submit a certificate in form 'E' for claiming exemption relating to interstate transfer of goods referred under Section 6(2) of CST Act.

During test check of CST records of 14 circles<sup>81</sup>, we observed<sup>82</sup> that 24 dealers had cleared commodities at concessional rate of tax on interstate sales on invalid

<sup>79</sup> Alcot Gardens, Ananthapuramu-II (2 cases), Aryapuram (3 cases), Benz Circle, Dwarakanagar (4 cases), Gajuwaka (2 cases), Kurupam Market (5 cases), Nuzividu, Ongole-I, Rajam (2 cases), Suryabagh (2 cases) and Vizianagaram South (3 cases)

<sup>80</sup> Dwarakanagar, Park Road and Tirupati-I

<sup>81</sup> Ananthapuramu-II, Aryapuram, Autonagar (4 cases), Chirala, Chittoor-II (2 cases), Gajuwaka, Kurupam Market, Ongole-I, Ongole-II, Park Road, Sithampuram (3 cases), Suryabagh (4 cases), Vizianagaram East and Vuyyuru (2 cases)

<sup>82</sup> between May 2019 and March 2020 for the period 2012-13 to 2017-18 (up to June 2017)

forms/ without supporting declaration forms. The AAs, however, levied tax at lesser rate of tax at two/ five/ 14.5 *per cent* instead of effective rate of five/ 14.5/ 70 *per cent*. This resulted in short levy of tax of ₹4.90 crore on interstate turnover of ₹46.51 crore.

Government in the reply (July 2022) accepted/ partially accepted the audit observation in 11 cases<sup>83</sup> having money value of ₹1.95 crore. Of this, an amount of ₹5.50 lakh was recovered in one case (Sitharampuram circle). In four cases<sup>84</sup> the taxpayers filed appeals and were pending at appellate authority. In another four cases<sup>85</sup>, relevant documentary evidence in support of Government's contention was not provided along with the reply; hence Audit could not verify the details.

In one case of Ongole-II circle, Government replied that the dealer, as per objection filed, was liable to pay tax at five *per cent* for the goods machinery spares and tools for tapping and drifting as per entries 102 (29), 103 (6) and 103 (19) of Schedule IV of APVAT Act. The reply is not acceptable as the earth moving equipment and spares dealt by the dealer are not fall under the above entries.

In one case of Sitharampuram circle, Government replied that the dealer was dealing with Machinery for Photography and chemical preparation for photographic uses which fall under entries 102(49) and 100(134) respectively and taxable at five *per cent*. It was also stated that the AA verified the purchase invoices and concluded that the dealer did business in the above said goods. The contention of the Government is not acceptable. The purchased goods can be used as inputs and the AA is to verify sale invoices to ascertain the taxability on outputs. Further, no documentary evidence in support of reply was furnished for verification along with reply.

In one case of Chirala specific reply was not furnished. The remaining two cases<sup>86</sup> were not finalized.

## 2.6 Works Contracts

### 2.6.1 Short levy of tax on works contracts in the cases of non-maintenance of detailed accounts

**Incorrect assessment of turnover in works contracts where detailed accounts were not maintained by contractors resulted in short levy of tax of ₹1.47 crore.**

As per Rule 17(1)(g) of APVAT Rules, 2005, if any works contractor did not maintain the detailed accounts to determine the correct value of the goods at the time of their incorporation, tax shall be levied at the rate of 14.5 *per cent* on the total consideration received, after allowing permissible deductions on percentage basis on the category of work executed. In such cases, the works contractor shall not be eligible to claim ITC.

<sup>83</sup> Ananthapuramu-II, Aryapuram, Autonagar (4 cases), Ongole-I, Sitharampuram, Suryabagh and Vuyyuru (2 cases)

<sup>84</sup> Park Road, Sitharampuram, Suryabagh and Vizianagaram East

<sup>85</sup> Chittoor-II, Kurupam Market and Suryabagh (2 cases)

<sup>86</sup> Chittoor-II and Gajuwaka

During test check of VAT assessment records in two circles<sup>87</sup>, we noticed that the turnover in two cases was assessed<sup>88</sup> according to the method prescribed for those who maintain detailed work accounts despite non-maintenance of the same by the dealers. Since the dealers did not maintain detailed work accounts, tax of ₹1.59 crore was leviable at 14.5 *per cent* on the turnover after allowing permissible deduction<sup>89</sup>, whereas the tax of ₹0.26 crore only was levied. This resulted in short levy of tax of ₹1.33 crore in two cases. Besides, ITC of ₹13.54 lakh was allowed to these dealers which was contrary to VAT rules.

In response, in one case relating to Dwarakanagar circle, Government accepted (July 2022) the audit observation and stated that demand has been raised for ₹1.34 crore. In the remaining one case of Kurupam Market circle, Government contested that the dealer had maintained all the books of accounts to ascertain the various items of expenditure deductible under Rule 17(1)(e) of APVAT Rules. The reply is not acceptable. As noticed from the assessment order, the AA allowed deduction based on the ratio of pure labour and work involving material component. Had the contractor maintained detailed accounts respective amounts would have been considered for deduction instead of ratios.

## 2.6.2 Non-payment of taxes by works contractors

**Contractors/ dealers had not paid tax of ₹43.52 lakh despite declaration of the same in their monthly returns.**

As per Section 4(7)(a) of APVAT Act, 2005 every dealer executing works contracts shall pay tax on the value of goods at the time of incorporation of such goods in the works executed at the rates applicable to the goods under the Act.

During test check of records in two circles<sup>90</sup>, we observed<sup>91</sup> from verification of records of tax paid particulars that three works contractors declared their turnover and tax thereon in the monthly returns. However, they have not paid the tax due of ₹43.52 lakh.

In response, Government accepted (July 2022) the audit observation in all the three cases and stated that the amounts were taken to DMU.

## 2.6.3 Short levy of tax due to incorrect determination of taxable turnover under works contract

**Incorrect determination of taxable turnover under works contract resulted in short levy of tax of ₹8.99 lakh.**

As per Section 4(7)(a) of the APVAT Act, 2005 every dealer executing works contract shall pay tax on the value of goods incorporated in the work, at the rates applicable to the goods under the Act. To arrive at the value of goods at the time of incorporation,

<sup>87</sup> Dwarakanagar and Kurupam Market

<sup>88</sup> assessment period October 2012 to June 2017

<sup>89</sup> by allowing deduction at 30 *per cent* on gross receipts

<sup>90</sup> Alcot Gardens (2 cases) and Kadapa-II

<sup>91</sup> between May and August 2019 for the period 2017-18 (up to June 2017)

the deductions prescribed under Rule 17(1)(e) of APVAT Rules, 2005, such as expenditure towards labour charges, hire charges etc., incurred by the contractor, are to be allowed as deductions from the total consideration and on the balance turnover, tax is to be levied at the same rates at which purchase of goods were made and in the same proportions.

During test check of the VAT assessment files of a dealer in the office of Gajuwaka circle, it was observed<sup>92</sup> that the AA, while finalising the assessment, had incorrectly determined the taxable turnover by allowing certain inadmissible deductions from the gross turnover. Besides this, expenditure and profit relating to labour was also incorrectly computed. This resulted in short levy of tax of ₹8.99 lakh.

In response, Government accepted (July 2022) the audit observation and stated that the amount was taken to DMU.

## 2.7 Input Tax Credit (ITC)

### 2.7.1 Incorrect allowance of ITC and non-forfeiture of excess tax collected by dealers

**Assessing Authorities had allowed ITC amounting to ₹1.25 crore to the dealers running eating houses who were not eligible to claim ITC as per the provisions of the Act. Further, excess tax of ₹88.38 lakh collected by the dealers was also not forfeited to Government.**

As per Section 4(9)(d) of APVAT Act, 2005 every dealer, other than those mentioned in clause (a) and clause (b) and whose annual total turnover is more than ₹7.50 lakh and less than ₹1.50 crore shall pay tax at the rate of five *per cent* of the taxable turnover of the sale or supply of goods, being food or any other article for human consumption or drink served in restaurants, sweet-stalls, clubs, any other eating houses or anywhere whether indoor or outdoor or by caterer. Section 4(9) has been replaced with new sub-section (9)<sup>93</sup> to levy uniform rate of tax at five *per cent* which came into force from July 2016. As per Section 13(5)(h) of the Act, such dealers are not entitled to claim ITC.

Further, as per Section 57(2) and (4) of the Act, no dealer shall collect tax exceeding the rate at which tax was liable to be paid under the provisions of the Act. Any such excess amount collected shall be forfeited to the Government.

During test check of VAT records in three circles<sup>94</sup>, we observed<sup>95</sup> that the AAs had allowed ITC of ₹1.25 crore against the provisions of Act to five dealers whose annual turnover ranged between ₹7.5 lakh and ₹1.50 crore. We also noticed that the dealers had collected tax at higher rate of 14.5 *per cent* instead of five *per cent* from the

<sup>92</sup> in June 2019 for the period from 2013-14 to 2016-17

<sup>93</sup> Act No.6 of 2017 AP Gazette Part IV-B Extraordinary

<sup>94</sup> Kurupam Market, Rajam and Suryabagh (3 cases)

<sup>95</sup> between June 2019 and March 2020 for the period 2013-14 to 2017-18 (up to June 2017)

customers. This resulted in excess collection of tax of ₹88.38 lakh and it required forfeiture to Government account.

In response, Government accepted (July 2022) the audit observation in one case of Rajam circle and collected part amount of ₹2.97 lakh.

In the case of Suryabagh circle, Government stated that the dealer purchased raw material from the VAT dealers for preparation of eatables and not claimed ITC. Further stated that the dealer claimed ITC on the items sold across the counter. In the remaining two cases of Suryabagh circle also Government contended that the assesses did not run hotel or clubs or other eating business with sitting provision and they did sales across the counter only. Hence, the charging Section in respect of the dealer does not fall under any clause of the Section 4(9) of the APVAT Act.

The replies are not acceptable, as the Act stipulated that the sale or supply of goods, being food or any other article for human consumption anywhere whether indoor or outdoor or by caterer liable to tax under Section 4(9)(d) of the Act and as per Section 13(5)(h) the dealers were not eligible for ITC.

In one case of Kurupam Market circle relevant documentary evidence relating to revision orders (June 2020) passed by Deputy Commissioner, (CT) Visakhapatnam was not provided along with the reply for verification.

## 2.7.2 Excess allowance of ITC due to incorrect/ non-restriction of exempt transactions

**ITC was not restricted/ restricted incorrectly by the Assessing Authorities on sale of exempt goods and exempt transactions resulted in excess allowance of ITC of ₹35.75 lakh.**

As per Section 13(5) of the APVAT Act, 2005, no ITC shall be allowed to any VAT dealer on sale of exempted goods (except in the course of export) and exempt sales. As per Section 13(6) of the Act, ITC for transfer of taxable goods outside the State (otherwise than by way of sale) shall be allowed for the amount of tax in excess of five *per cent*. Further, as per sub-rules (7) and (8) of Rule 20 of APVAT Rules, 2005 a dealer making taxable sales and exempt sales by using common inputs, shall restrict ITC as per the prescribed formula<sup>96</sup>.

During test check of records of four circles<sup>97</sup>, Audit observed<sup>98</sup> from the VAT records of four dealers that the dealers had dealt with sale of exempted goods/ exempt transactions of taxable goods along with sale of taxable goods by utilising common inputs. However, the ITC was not restricted by the AAs as per the relevant provisions, resulting in excess allowance of ITC of ₹35.75 lakh.

<sup>96</sup>  $A \times B/C$ , where A is the ITC for common inputs for each tax rate, B is the taxable turnover and C is the total turnover

<sup>97</sup> Alcot Gardens, Ananthapuramu-II, Nuzvidu and Tirupati-I

<sup>98</sup> between May 2019 and September 2019 for the period from 2014-15 to 2017-18 (up to June 2017)



In response, Government accepted (July 2022) the audit observation in one case of Ananthapuramu-II circle and partly collected an amount of ₹3.00 lakh against ₹28.94 lakh. In two cases<sup>99</sup> dealers filed appeals and were pending at appellate authority.

In remitting one case of Nuzvidu circle Government replied that the dealer neither involved in manufacturing of taxable and exempted goods nor did he dispatch goods to outside the State other than by way of sale using common inputs. Hence, in this case there is no need to restrict ITC.

The reply is not acceptable. It was observed from the turnover ledger that the dealer had purchased five/ 14.5 *per cent* taxable goods and claimed ITC. However, the dealer had made exempt sales of ₹77.48 lakh along with five/ 14.5 *per cent* taxable sales. Thus, ITC is to be restricted as per the provisions of 20(7) of APVAT Rules 2005, as the dealer has made exempt and taxable sales from the purchases of taxable goods on which ITC was claimed.

### 2.7.3 Incorrect allowance of ITC

**Allowing ITC based on records available without verifying the possession of tax invoice with the dealers resulted in excess allowance of ITC of ₹22.43 lakh.**

Sections 13(1) and 13(3)(a) of APVAT Act, 2005, stipulated that ITC shall be allowed to the VAT dealer for the tax charged on all purchases of taxable goods made by that dealer during the tax period, provided the dealer is in possession of valid tax invoice.

During test check of VAT records of two circles<sup>100</sup>, Audit observed<sup>101</sup> that the AAs had made assessments in three cases based on the records available with them citing that the dealers had not responded to the notices served/ whereabouts of the dealers not known. Scrutiny showed that the AAs, instead of disallowing, had allowed ITC without verifying possession of tax invoices with the dealers in these cases in contravention to the above provisions. The incorrect allowance of ITC in these cases amounted to ₹22.43 lakh.

In response, Government accepted (July 2022) the audit observation in all the three cases and stated that the amounts were taken to DMU. Of this, in one case of Sitharampuram circle, part amount of ₹1.35 lakh has been recovered from the dealer.

### 2.7.4 Excess allowance of ITC/ short levy of tax due to incorrect determination of turnover

**Adoption of excess turnover than the turnover in annual returns resulted in excess allowance of ITC of ₹18.78 lakh.**

Under Section 13(1) of APVAT Act, 2005, ITC shall be allowed to the VAT dealer for the tax charged in respect of all purchases of taxable goods, made by that dealer during

<sup>99</sup> Alcot Gardens and Tirupati-I

<sup>100</sup> Park Road (2 cases) and Sitharampuram

<sup>101</sup> between May and June 2019 for the period from 2014-15 to 2015-16

the tax period for use in the business of the VAT dealer. Further, Para 5.12 of VAT Audit Manual 2012 prescribed that the Audit Officer is required to verify the details declared by the dealer in VAT returns and to reconcile with those reported in certified annual accounts for that period.

During test check of VAT records of two circles<sup>102</sup> we noticed<sup>103</sup> that in one case in Tirupati-II circle, the AA had adopted excess purchase turnover of ₹2.27 crore for ITC than what was reported in relevant annual accounts. In other case AA, Alcot Gardens had not considered the receipts (job work and other income) included in the annual accounts while making assessment. This resulted in excess allowance of ITC/ short levy of tax of ₹18.78 lakh.

In response, Government accepted (July 2022) the audit observation in both the cases and stated that in one case of Alcot Gardens circle amount was taken to DMU. In the other case of Tirupati-II circle revision was pending.

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<sup>102</sup> Alcot Gardens and Tirupati-II

<sup>103</sup> between May 2019 and January 2020 covering the period from 2013-14 to 2016-17



*CHAPTER III*  
*REGISTRATION*  
*&*  
*STAMPS*



## CHAPTER III REGISTRATION & STAMPS

There are 321 auditable units in the Department of Registration & Stamps. Of these, audit test-checked records in 113 units (35.20 *per cent*) during 2019-21. Audit brought out instances of non-levy or short levy of duties/ fees, etc., in 479 cases involving an amount of ₹21.44 crore.

Significant cases of non-compliance with the provisions of the Acts/ Rules by the Registering Authorities (RA) as detailed in the following paragraphs resulted in short realisation of Stamp Duty and Registration Fees of ₹14.27 crore. The Department/ Government has accepted audit observations involving ₹11 lakh and recovered an amount of ₹5 lakh.

### 3.1 Short collection of Registration fee on instruments creating *Paripassu* charge

**Registration fee of ₹7.27 crore was not levied due to non-consideration of ‘*Paripassu*’ charge created on Deposit of Title Deeds (DoTD).**

As per definition of ‘Charge’ under Section 100 of Transfer of Property Act, 1882, where an immovable property of one person is shown as security for payment of money to another, the latter is said to have a charge on the property.

Government, in their orders<sup>104</sup> (August 2013) prescribed registration fee of 0.5 *per cent* on the amount of loan secured on instruments creating charge on ‘*Paripassu*’<sup>105</sup> basis. Commissioner and Inspector General of Registration and Stamps (CIGRS) in his proceedings<sup>106</sup>, clarified that the ‘*Paripassu*’ agreements come into existence when an industrial firm/ company obtains credit facilities from more than one financial institution by offering securities on ‘*Paripassu*’ basis in the form of ‘Simple Mortgage’, ‘Mortgage by DoTD’ and ‘Hypothecation of movable properties’.

Scrutiny of records (February and October 2018, March 2020) in four offices<sup>107</sup> revealed that in four cases the borrowers had deposited title deeds of immovable property in favour of different banks and secured loans by creating charge on ‘*Paripassu*’ basis on their properties. However, the registering authorities levied registration fee of ₹10,000 in two cases, ₹40,000 in one case and ₹60,000 in other case by treating the documents as DoTD instead of ‘*Paripassu*’ (charging fee at 0.5 *per cent* on the amount of loan secured) basis. This resulted in short collection of registration fee of ₹7.27 crore.

<sup>104</sup> G.O. Ms. No. 463 of Revenue (Regn-I) Department, dated 17 August 2013

<sup>105</sup> As per Companies Act, when a security is shared between two or more lenders in proportion to their outstanding loan amount it is called *Paripassu* charge

<sup>106</sup> CIGRS Proceedings No. S2/24846/82, dated 15 October 1982

<sup>107</sup> DR: Nellore, SRs: Jaggaiahpet, Kovvuru and Nakkapalli

The matter was referred to the Government (December 2020 and January 2021). Their reply has not been received (August 2022).

### 3.2 Short levy of duties and fees due to misclassification of transactions in registered documents

**Misclassification of transactions in 57 registered documents resulted in short levy of stamp duty and registration fee of ₹2.10 crore.**

Schedule I-A to the Indian Stamp Act, 1899 (IS Act) provides rates of duties and fees to be adopted based on classification of documents. Further, CIGRS had issued instructions<sup>108</sup> that the Sub-Registrars should scrutinise the recitals of the documents presented for registration so as to arrive at the correct classification of the document for adoption of the applicable rates of duties and fees.

Audit test-checked (between September 2018 and March 2020) the registered documents in nine District Registrar (DR) offices and 22 Sub-Registrar (SR) offices and noticed that in 57 registered documents, there was short levy of duties and fees due to misclassification of transactions, amounting to ₹2.10 crore as detailed in **Table-3.1**.

**Table-3.1: Misclassification of documents**

(₹ in lakh)

Sl. No.	Registering Authority	No. of cases	Details of transactions	Documents registered as	Documents actual classification	Stamp duty/ fee short levied
1	SR, Kothapeta SR, Samalkota SR, Kovvuru	1 1 1	Deeds containing features of gift deeds such as transfer of property from donor to donee voluntarily without any consideration	Settlement deed	Gift deed	10.72
2	DR, Machilipatnam	1	Misclassification of Settlement as Rectification deed	Rectification deed	Settlement	2.40
3	DR, Rajamahendravaram SR, Madhurawada SR, Penugonda	1 1 5	Misclassification of Sale deed as sale of undivided share of land and construction agreements	Sale of undivided share of land and construction agreements	Sale deed	53.40
4	DR, Bhimavaram	1	Misclassification of Conveyance as Gift deed	Gift deed	Conveyance	1.34

<sup>108</sup> vide Memo No. FR1/1A/4946/94, dated 16 October 2000

Sl. No.	Registering Authority	No. of cases	Details of transactions	Documents registered as	Documents actual classification	Stamp duty/ fee short levied
5	DR, Kurnool SR, Tenali	1 1	GPA among others misclassified as GPA among family members	GPA among family members	GPA among others	3.12
DR, Tenali in respect of transaction of SR, Tenali replied (July 2021) that since the principal was residing in USA, he executed the GPA in favour of the developer who was his son's father-in-law, to do some maintenance, repair or construct something in the structure with funds of the Principal. Hence, the case cannot be treated as power of attorney given for development and chargeable accordingly. The reply is not acceptable as the principal's son's father-in-law does not come under 'Family' as per the IS Act and which is the basic concept for charging stamp duty and registration fee. As per Article 6 of IS Act, the deed should have been got registered as power of attorney to other than family members and charged accordingly.						
6	SR, Sabbavaram	3	Misclassification of Settlement among others as settlement among family members	Settlement among family members	Settlement among others	1.24
7	DR, Visakhapatnam DR, Kurnool SR, Kadiri SR, Peddapuram	2 1 2 1	Gift deed to other than relatives misclassified as Gift to relatives	Gift to relatives	Gift to other than relatives	17.02
In response, DR, Visakhapatnam replied (August 2020) that the donee is the niece/ nephew of the donor and the relationship between donor and donee falls in the ambit of Section 56(2) of Income Tax Act, 1961 and duties were levied accordingly. The reply is not acceptable as the relationship is not listed out in the Section 56 (2) <i>ibid</i> . As such, the cases are to be treated as gift in favour of others and deficit duties to be collected accordingly.						
8	DR, Machilipatnam DR, Kurnool DR, Eluru DR, Hindupur DR, Guntur DR, Proddatur SR, Koretipadu SR, Kadiri SR, Mogaltur SR, Chodavaram SR, Adoni SR, Nunna SR, Gopalapatnam SR, Peddakakani SR, Mangalagiri SR, Addanki SR, Anandapuram SR, Tadepalligudem SR, Kothapeta SR, Pidimgoyya SR, Achanta	5 4 2 2 1 1 1 1 2 2 1 1 1 1 1 1 1 2 2 1 1	Transactions involved sharing of self acquired properties merging with ancestral property, not having co-ownership on the properties, sharing a portion of the property, etc., which were treated as Partition instead of Settlement deed	Partition deed	Settlement deed	120.29
SR, Nunna accepted (November 2020) the audit observation and assured to collect the amount in due course of time. DR, Guntur replied that (October 2020) the scheduled property was owned by all the four members jointly who became co-owners of the schedule property and are competent for partition of the property to be constructed proportionately as per their joint share in the property. The reply is not acceptable as 20 <i>per cent</i> of the property was sold out to other parties and 80 <i>per cent</i> of land was left with land owners. Thus, there was no point of co-ownership of both the parties on the 100 <i>per cent</i> land and treatment of the transaction as partition was irregular. In respect of SR Kothapeta and SR Pidimgoyya, the CIGRS accepted (October 2020) the audit observations and agreed to collect the deficit amounts.						

The matter was referred to the Government (March 2021). Their reply has not been received (August 2022).

### 3.3 Short levy of stamp duty on documents involving distinct matters<sup>109</sup>

**Stamp duty on distinct matters, i.e., having more than one transaction in a document amounting to ₹1.61 crore was short levied.**

Schedule I-A to the IS Act, provides the rates for levy of stamp duty based on the classification of transaction in the instruments. As per Section 5 of IS Act, any instrument comprising or relating to several distinct matters shall be chargeable with the aggregate amount of duties with which separate instruments would be chargeable under the Act.

As per CIGRS circular<sup>110</sup> (November 2001), if rights on terrace were exclusively given to the developer, the stamp duty shall be levied on 70 *per cent* of the site value corresponding to the area of open terrace.

During test check of records in seven District Registrar (DR) offices and 15 Sub-Registrar (SR) offices<sup>111</sup>, Audit observed<sup>112</sup> that 28 documents<sup>113</sup> contained distinct matters and details are given in **Appendix-3.1**. The registering officers did not take these into consideration for levy of duties as per the provisions, resulting in short levy of duties of ₹1.61 crore.

The matter was referred to the Government (April 2021). Their reply has not been received (August 2022).

### 3.4 Short levy of duties and fees due to undervaluation of properties

**Valuing the properties at lesser rate than applicable market rate, incorrect adoption of structure rates, considering acreage rate instead of sq. yd. rate/ lesser area of properties by the registering authorities resulted in short levy of duties of ₹1.10 crore.**

As per, the provisions of Article 47-A of Schedule I-A of IS Act, read with Government Order<sup>114</sup> (November 2014), stamp duty on sale deeds have to be charged at five *per cent* of market value of the property or consideration, whichever is higher and registration fee is to be levied at one *per cent* on the chargeable value. Further, transfer duty<sup>115</sup> at

<sup>109</sup> Transactions which were not interdependent and stand distinctly by themselves embodied in one document

<sup>110</sup> DIGRS Proceedings No. MV1/30324/2000, dated 02 November 2001

<sup>111</sup> DRs: Bhimavaram, Eluru, Hindupur, Kakinada, Kurnool, Machilipatnam and SPSR Nellore  
SRs: Addanki, Amalapuram, Anandapuram, Gopalapatnam, Kadiri, Koretipadu, Kovvuru, Kota, Mangalagiri, Pendurthi, Penugonda, Tadepalligudem, Undi, Vissannapeta and Vizianagaram West

<sup>112</sup> between May 2018 and March 2020

<sup>113</sup> registered between April 2016 and March 2019

<sup>114</sup> G.O. Ms. No. 394, Revenue (Registration 1) Department, dated 26 November 2014

<sup>115</sup> G.O. Ms. No. 150, 151, 152, 153 of Municipal Administration & Urban Development (TC) Department, dated 06 April 2013 and G.O. Ms. No. 226, Panchayati Raj & Rural Development (PTS-1) Department, dated 06 April 2013

1.5 *per cent* in respect of urban and rural properties and 0.5 *per cent*<sup>116</sup> on gift deeds in respect of rural areas is also to be levied.

Section 27 of IS Act stipulates that an instrument should contain details like consideration, market value (MV) of the property and all other facts and circumstances affecting the levy of duty on it without any suppression. Rule 7 of AP Revision of Market Value Guidelines Rules 1998, prescribed the formats for registers relating to market values fixed (in accordance with Rule 6) for urban properties (Form I and Form II) and rural properties (Form III and Form IV).

During test check<sup>117</sup> of records in the offices of four DR and 11 SR offices<sup>118</sup> we noticed that undervaluation of properties had taken place in 27 documents due to declaring the value of the properties at lesser rate than applicable market rate, incorrect adoption of structure rates, considering acreage rate instead of sq. yd. rate/ lesser area of the properties by the registering authorities as detailed in **Appendix-3.2**. Undervaluation of properties in these cases thus resulted in short levy of duties of ₹1.10 crore.

DR, Nellore accepted (November 2020) the audit observation and stated that notice would be served to collect the deficit duties.

DR, Chittoor replied (April 2021) that the location of the property was mistakenly entered as Industrial Estate and there were no commercial activities on the site. The SR and an inspecting officer inspected the site and concluded that it was residential property and thus, the rate for residential purpose is applicable in this case. The reply is not acceptable as no documentary evidence was furnished to audit to prove categorization of the land in question as residential.

SR, Nuzividu replied (September 2019) that the scheduled property in the document no.337/ 2018 RS No. 332 of Sinkollu village was not fixed with separate rate and is not included in Form IV by the market value committee in the year 2017. Hence, the document was registered by adopting the value of ₹9.00 lakh per acre as per Form III. The reply is not acceptable. As per classification of land (Form III), rate for land abutting to road was fixed at ₹18.50 lakh per acre and one of the boundaries to the property as observed from the recitals of the document, was Nuzividu – Mylavaram general road. Hence, the rate of ₹18.50 lakh per acre was applicable and duties to be levied accordingly.

The matter was referred to the Government (March, June 2021). Their reply has not been received (August 2022).

<sup>116</sup> G.O. Ms. No. 463, Panchayati Raj & Rural Development (PTS-1) Department, dated 19 December 2013

<sup>117</sup> between September 2018 and March 2020

<sup>118</sup> DRs: Bhimavaram, Chittoor, Kurnool and Nellore

SRs: Addanki, Adoni, Koritepadu, Madanapalle, Mogalthur, Nandigama, Nuzividu, Pamarru, Pedana, Penugonda and Vizianagaram West



### 3.5 Short levy of duties and fees due to non-inclusion of structure value

**Non-inclusion of value of structure by the registering authorities while computing the value of properties resulted in short levy of duties amounting to ₹92.39 lakh.**

Schedule I-A to IS Act provides the rates for levy of stamp duty based on the classification of transaction in the instruments. CIGRS in the circular memo<sup>119</sup> (October 2000) had instructed the registering authorities to verify the recitals of the document presented for registration so as to arrive at the correct classification of the document.

Under the provisions of Article 47-A of Schedule I-A, read with Government Order<sup>120</sup> (November 2014), instruments of stamp duty on sale deeds have to be charged at five *per cent* of the market value of the property or consideration whichever is higher, registration fee at one *per cent* and transfer duty at 1.5 *per cent* has to be levied on the chargeable value<sup>121</sup>.

As per provisions of Article 6(B) of Schedule I-A to IS Act, read with Government Order<sup>122</sup> (November 2013), stamp duty on Development Agreements-cum-General Power of Attorney (DGPA) has to be charged at one *per cent* of the market value of the property or consideration whichever is higher.

Scrutiny<sup>123</sup> of records in DR, Visakhapatnam and SR, Adoni offices revealed that in two<sup>124</sup> documents the registries had not included the structure value while computing the value of the properties which resulted in short levy of duties amounting to ₹92.39 lakh. In the case of DR, Visakhapatnam, it was observed that while determining the value of the property, the structure value of ₹12.05 crore was not included along with the value of undivided share of land (₹19.42 crore) for calculation of duty. This resulted in short levy of duty of ₹88.11 lakh<sup>125</sup>.

In the case of SR, Adoni, it was observed that the value of cost of property worked out to ₹5.67 crore (cost of land ₹2.42 crore and cost of structure: ₹3.25 crore) and duty to be levied at one *per cent* works out to ₹5.67 lakh whereas duty levied was ₹1.39 lakh only. This resulted in short levy of duty of ₹4.28 lakh.

In response, it was replied (August 2020) that DR, Visakhapatnam had issued<sup>126</sup> (September 2018) clarification regarding the chargeability of stamp duty wherein it was clarified that there was no need to levy stamp duty on the value of construction made by the vendee and hence, there was no short levy of stamp duty and registration fee in this case.

<sup>119</sup> Memo No. FR1/IA/4946/94 dated 16 October 2000

<sup>120</sup> G.O. Ms. No. 394, Revenue (Registration-I) Department, dated 26 November 2014

<sup>121</sup> chargeable value is the value taken for levying the stamp duty. The value taken for charging stamp duty shall be the value for registration fee.

<sup>122</sup> G.O. Ms. No. 581, Revenue (Registration-I) Department, dated 30 November 2013

<sup>123</sup> in the months of August and September 2019

<sup>124</sup> One Sale deed and one DGPA

<sup>125</sup> Leviable: (₹19.42 crore (land value) + ₹12.05 crore (structure value)) X 7.5 *per cent* = ₹2.36 crore  
Levied: ₹19.72 crore (land value as declared by the parties) X 7.5 *per cent* = ₹1.48 crore Short levied: ₹2.36 crore - ₹1.48 crore = ₹0.88 crore

<sup>126</sup> Memo no. G1/968/2018, dated 04 September 2018

The above clarification was, however, issued considering the Government memo<sup>127</sup> of December 2003 which is about payment of stamp duty and registration fee on the structures constructed by the societies/ members with their own funds/ loans/ advances from banks and financial institutions. As the instant case was not related to society/ members, the reply is not acceptable. In the other case it was replied (September 2019) that the matter would be examined and reply would be furnished at the earliest.

The matter was referred to the Government (March 2021). Their reply has not been received (August 2022).

### 3.6 Short levy of duties due to omission of joint share of property

**Non-inclusion of joint shares of properties by the registering authorities for arriving at the value of properties partitioned resulted in short levy of duties of ₹51.19 lakh.**

As per Article 6(B) of IS Act, read with Government Orders<sup>128</sup>, stamp duty shall be levied at one *per cent* on the market value of the property including cost of site and cost of construction made or proposed to be made in respect of documents relating to construction/ development of immovable properties combined with General Power of Attorney (GPA).

As per Article 40 of Schedule I-A to IS Act read with Government Order<sup>129</sup> (November 2014), stamp duty for partition<sup>130</sup> of immovable property among family members is to be charged at one *per cent* and for others at two *per cent* on the 'Value of Separated Share' (VSS). Further, as per Standing Orders<sup>131</sup>, properties set apart for common enjoyment, whether the respective shares are specified or not and whether agreed to be divided in future or not, have to be treated as one distinct share.

During the test check of records in one DR and seven SR offices<sup>132</sup>, it was noticed from the recitals of nine documents that joint shares of properties valuing ₹86.44 crore were not considered for arriving the cost of the properties partitioned. The omission to include the value of the joint shares of properties resulted in short levy of duties of ₹51.19 lakh.

Commissioner & Inspector General of Registration and Stamps replied (July 2022) that the deficit stamp duty of ₹4.78 lakh in the case of SR, Gopalapatnam, has been collected from the party.

<sup>127</sup> Memo No. 19659/Rgn-I (2)/2002, Revenue (Regn-I) Department, dated 08 December 2003

<sup>128</sup> G.O. Ms. No. 1481, Revenue (Registration-I) Department, dated 30 November 2007 and G.O. Ms. No. 581, Revenue (Registration-I) Department, dated 30 November 2013

<sup>129</sup> G.O. Ms. No. 395, Revenue (Registration-I) Department, dated 26 November 2014

<sup>130</sup> Section 2(15) of Indian Stamp Act, 1899 defines 'partition' as an instrument whereby co-owners of any property divide or agree to divide such property in severalty

<sup>131</sup> SO 405(g) of Andhra Pradesh Registration Manual S.No.W/7761/61, dated 19 March 1962, L.D is No.7354/61, dated 12 February 1962

<sup>132</sup> DR: Kurnool; SRs: Addanki, Bheemunipatnam, Gopalapatnam, Hindupur, Kothavalasa, Penugonda and Vinukonda

The matter was referred to the Government (January and June 2021). Their reply has not been received (August 2022).

### 3.7 Short levy of duties in lease deeds

**Registering authorities did not take into account the taxes payable by the lessee on behalf of the lessor for computation of average annual rent for levying stamp duty and registration fee which resulted in short levy of duties of ₹34.05 lakh.**

As per Article 31 of Schedule I-A to IS Act read with Government Orders<sup>133</sup> the rates of stamp duty on lease deeds are to be decided on the basis of tenure of lease and lease rentals. Further, as per explanation to the Article *ibid*, if the lessee undertakes to pay any recurring charge on behalf of the lessor including taxes/ fees due to the Government, it shall be taken to be part of the rent and duties levied accordingly. Besides stamp duty, registration fee is also to be levied at the rates applicable on the value of average annual rent (AAR) according to the provisions of Registration Act, 1908.

During test check of records, Audit observed<sup>134</sup> that in five lease deed cases relating to one DR and four SR offices<sup>135</sup>, the registering authorities did not take into account the taxes payable by the lessee on behalf of the lessor for computation of AAR for levying the stamp duty and registration fee which resulted in short levy of duties of ₹34.05 lakh.

The matter was referred to the Government (January and June 2021). Their reply has not been received (August 2022).

### 3.8 Short levy of duties in Deposit of Title Deeds/ Simple Mortgage transactions

**Registration authorities short levied stamp duty of ₹26.72 lakh in deposit of title deeds (DoTD)/ simple mortgage transactions.**

Section 58(a) of Transfer of Property Act, 1882 (TP Act) defined mortgage as the transfer of an interest in specific immovable property for the purpose of securing the payment of money advanced or to be advanced by way of loan, an existing or future debt, or the performance of an engagement which may give rise to a pecuniary liability. As per the provisions of Section 58(f) of the TP Act, where a person delivers to a creditor or his agent, documents of title to immovable property with an intent to create a security thereon, the transaction is called a mortgage by deposit of title deeds. Further, as per Section 96 of TP Act, the provision which applies to a simple mortgage shall also apply to a mortgage by DoTD.

As per Article 7(B)(ii) of Schedule I-A to IS Act stamp duty on DoTD is to be levied at the rate of 0.5 *per cent* of loan amount subject to a maximum of ₹50,000 and Registration fees at the rate of 0.1 *per cent* of the loan amount subject to a maximum

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<sup>133</sup> G.O. Ms. No. 588, Revenue (Registration-I) Department, dated 04 December 2013 and G.O. Ms. No. 463, Revenue (Registration-I) Department, dated 17 August 2013

<sup>134</sup> between October 2018 and September 2019

<sup>135</sup> DR: Kurnool; SRs: Anandapuram, Bheemunipatnam, Gudivada and Kadiri

of ₹10,000. However, if the loanee produces a ‘Small Scale Industry’ (SSI) certificate issued by the District Industrial Manager, stamp duty is to be levied at concessional rate of ₹1,000 only.

As per Article 35(b)(ii) of Schedule I-A to IS Act, read with Government order<sup>136</sup> (November 2013) a mortgage without possession is liable to levy stamp duty at 0.5 *per cent* on the loan amount secured and as per Government Order<sup>137</sup> (August 2013), registration fee at 0.1 *per cent* is leviable on the chargeable value.

During test check of records in three DR and five SR offices<sup>138</sup>, Audit observed<sup>139</sup> short levy of duties amounting to ₹26.72 lakh in 31 transactions due to (i) misclassification of simple mortgage as DoTD, (ii) incorrect adoption of chargeable value in mortgage without possession, (iii) incorrect SSI exemption from stamp duties to industrial units and (iv) incorrect levy of duties in simple mortgage.

The matter was referred to the Government (January and June 2021). Their reply has not been received (August 2022).

### 3.9 Non-levy of stamp duty and registration fees on conveyance in DGPA agreement

**Non-inclusion of the cancelled DGPA agreement for construction and sale of flats, in which some flats were sold, while entering into a subsequent DGPA agreement resulted in non-levy of conveyance of ₹7.97 lakh.**

Section 2(10) of IS Act states that conveyance includes every instrument by which property, whether movable or immovable, is transferred *inter vivos* (*i.e.*, between living people) and which is not specifically provided for by Schedule I, I-A as the case may be. As per Article 20 of Schedule I-A, stamp duty at four *per cent* and registration fee at 0.5 *per cent* is to be charged on conveyance.

During test-check (May 2019) of records in DR, Kakinada office, we observed that a DGPA agreement<sup>140</sup> between land owners and a developer was concluded in February 2014 according to which 64 flats in four blocks (16 flats per block) were to be constructed in an area of 2,792.70 sq. yd. The agreement was, however, cancelled<sup>141</sup> (September 2018) due to non-completion of flats as per agreed DGPA. On the same day the land owners concluded another DGPA agreement with another developer wherein it was mentioned that 13 (out of 64) flats were sold by previous developer to the prospective buyers and the remaining 51 flats were to be constructed as per previously approved plan.

<sup>136</sup> G.O. Ms. No. 583, Revenue (Regn.I) Department, dated 30 November 2013

<sup>137</sup> G.O. Ms. No. 463, Revenue (Regn.I) Department, dated 17 August 2013

<sup>138</sup> DRs: Ananthapuramu, Kakinada and Proddatur

SRs: Gopalapatnam, Jaggaiahpet, Penugonda, Pidimgoyya and Samalkota

<sup>139</sup> between August 2018 and March 2020

<sup>140</sup> vide document No. 370/2014 of SR, Razole

<sup>141</sup> vide document No. 9386/2018, Joint Sub-Registrar, Kakinada

However, the fact of the sale of flats was not disclosed in the cancellation deed. As per the recitals of the cancellation deed, all aspects in the previous DGPA were cancelled. Thus, the sale transactions of 13 flats by previous developer were to be treated as conveyance as the right of the developer's share was extinguished due to non-completion of construction. This had resulted in non-levy of duty on the conveyance amounting to ₹7.97 lakh.

The matter was referred to the Government (June 2021). Their reply has not been received (August 2022).

### **3.10 Short levy of duties in rectification deed**

**Considering lesser area of 7,588.36 sq. yd. against total land of 14,520 sq. yd. in rectification deed resulted in short levy of duties amounting to ₹6.92 lakh.**

A document which purports to be a deed of rectification to a previously registered document creates rights and if it is an instrument of the kind mentioned in Schedule I or Schedule I-A, it should be chargeable under the concerned Article of the Schedule. Further, if there is change in market value, the difference in value should be charged with duty.

During test check of records in DR, Kurnool office, Audit observed (August 2019) that a deed was executed in 2018 for rectification of acreage rate adopted in a sale deed registered in 2008. In the earlier sale deed, registration was done for 3.00 acres of land. In the rectification deed, registration was done for 7,588.36 sq. yd. and accordingly the registry had levied applicable duties. However, as the rectification deed was for rectification of acreage rate adopted, the rate was to be considered for entire 3.00 acres (14,520 sq. yd.)<sup>142</sup> of land which was not done. Thus, non-inclusion of balance 6,931.64 sq. yd. in the rectification deed had resulted in short levy of duties of ₹6.92 lakh.

The matter was referred to the Government (January, June 2021). Their reply has not been received (August 2022).

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<sup>142</sup> 3 acres X 4,840 sq. yd./acre = 14,520 sq. yd.

*CHAPTER IV*

*CHIEF*

*COMMISSIONER OF*

*LAND*

*ADMINISTRATION*





## CHAPTER IV

### CHIEF COMMISSIONER OF LAND ADMINISTRATION

Test check of records in 63 out of 742 offices (8.49 *per cent*) to verify compliance to the Rules and provisions relating to Land Revenue revealed underassessment of tax and other irregularities involving ₹67.70 crore in 391 cases.

Significant cases of non-compliance with the provisions of the Acts/ Rules amounting to ₹2.14 crore are discussed in the succeeding paragraphs.

The Department/ Government has accepted audit observations involving ₹0.95 crore.

#### 4.1 Non-realisation of cost of alienation of land

**Non-finalization of land alienation process for the land given to Regional Passport Office, Visakhapatnam even after a lapse of six years resulted in non-realisation of balance land cost of ₹1.19 crore.**

As per Revenue Board's Standing Orders (BSO) No. 24, alienation of Government land to a company, institution or private individuals for any public purpose will normally be on collection of its market value and subject to the terms and conditions prescribed in the BSO. The BSO allows the competent authorities to permit possession of the land in advance by the applicant in the event of any emergent circumstances pending formal approval of the alienation proposal.

Scrutiny (May 2016) of records in the office of Collector, Visakhapatnam revealed that Revenue Department had given (May 2006) advance possession of land admeasuring 1,413 sq. yd. in Survey No. 113 (p) of Murrupalem in Visakhapatnam city to Regional Passport Office for construction of passport office building. Pending finalization of the alienation proposals, the Passport office remitted an amount of ₹1.08 crore in the year 2006 towards probable land cost. According to the Government orders<sup>143</sup> (February 2008), the land was to be alienated on payment of market value at ₹13,000 per sq. yd. Further, at the request of the Passport office, advance possession of additional land to the extent of 131 sq. yd. in the same survey number was given in November 2008. However, Passport office requested (March 2009) for alienation of total 1,741.19 sq. yd. land after revising the layout and building plans as per suggestions given by Greater Visakhapatnam Municipal Corporation and assured for payment of land cost on receipt of demand. The Department, without considering the requisition, issued (November 2009) demand note to the Passport office to remit balance land cost for 1,544 sq. yd. only. To verify the actual extent of the land occupied by the Passport office, Joint Collector, Visakhapatnam inspected (February 2015)<sup>144</sup> the land and found

<sup>143</sup> G.O. Ms. No. 174, Revenue (Assignment-I) Department, dated 18 February 2008

<sup>144</sup> During the period 2010 to 2013 correspondence was made about alienation of land at concessional rate at ₹6,375 per sq.yd., requisition for additional land to an extent of 328.19 sq. yd., etc. There was no evidence about pursuance of the matter during the period March 2013 to February 2015

that the building of Passport office was constructed in an extent of 1,741.19 sq. yd. (against the advance possession of 1,544 sq. yd.) of land. However, the land alienation process was yet to be finalised (January 2021). The remaining amount payable (after adjusting amount already paid) worked out to ₹1.19 crore<sup>145</sup>.

The District Collector, Visakhapatnam replied (January 2021) that the Tahsildar, Visakhapatnam Urban was requested (December 2016) for submission of land alienation proposals for 328.19 sq. yd. and the same were awaited. From the records it was, however, observed that land alienation process for the entire extent of land, *i.e.*, 1,741.19 sq. yd. has not yet been completed (January 2021) and as a result, realization of balance amount of ₹1.19 crore has been pending for over six years.

The matter was reported to the Government (June 2021). Their reply has not been received (August 2022).

## 4.2 Short levy of conversion tax

### Adoption of lesser rate for land conversion tax resulted in short levy of conversion tax of ₹47.81 lakh.

As per Section 3(1) of AP Agricultural Land (Conversion for Non-agricultural Purposes) Act, 2006, no agricultural land in the State should be put to non-agricultural purpose, without the prior permission of the competent authority. Section 4(1) prescribes that every owner<sup>146</sup> or occupier of agricultural land should pay conversion tax at the rate of nine *per cent*/ three *per cent*<sup>147</sup> of the basic value<sup>148</sup> of the land converted for non-agricultural purposes. If any agricultural land has been put to non-agricultural purpose without obtaining permission, the competent authority (Revenue Divisional Officer (RDO)) should impose a penalty of 50 *per cent* of the conversion tax under Section 6(2). As per Rule 6(i) of AP Agricultural Land (Conversion for Non-agricultural Purposes) Rules, 2006, for the purpose of calculation of conversion tax, the basic value notified by Government, for the land as on the date of application should be taken into account.

During test check of records in four RDOs<sup>149</sup>, we observed<sup>150</sup> that while converting agricultural land to non-agricultural purposes, in two cases<sup>151</sup> pertaining to two offices<sup>152</sup>, the competent authority wrongly adopted basic value of the land. In five other cases<sup>153</sup> pertaining to three offices<sup>154</sup>, the competent authority collected

<sup>145</sup> (1,741.19 sq. yd. X ₹13,000) - ₹1,07,53,230 (amount already paid in 2006) = ₹1,18,82,240

<sup>146</sup> As per Section 2(m) of the Act, 'owner' includes any lessee/ local authority to whom lands have been leased out by State Government or the Central Government

<sup>147</sup> As per Act 13 of 2018 conversion tax reduced to three *per cent* w.e.f. 12 January 2018

<sup>148</sup> Basic value means the land value entered in the Basic Value Register notified by Government from time to time and maintained by the Sub-Registrar

<sup>149</sup> Ananthapuramu, Gudur, Kavali and Tirupati

<sup>150</sup> between August 2019 and February 2020

<sup>151</sup> received applications for conversion in 2016 and March 2018

<sup>152</sup> Ananthapuramu and Tirupati

<sup>153</sup> received applications for conversion in July 2017 and December 2017

<sup>154</sup> Gudur (1), Kavali (3) and Tirupati (1)

conversion tax at lesser rates (*i.e.*, at three *per cent*/ five *per cent*) instead of nine *per cent* which had resulted in short levy of conversion tax of ₹47.81 lakh.

RDO Kavali replied (December 2019) that as per Chief Commissioner of Land Administration's circular<sup>155</sup> (March 2016), conversion fee shall be paid at the rate of nine *per cent* on the basic value in urban agglomeration and five *per cent* on basic value in rural areas. In the said case, the land applied by the applicant for conversion falls in rural areas. Accordingly, the applicants had paid at five *per cent* on the total value of the land. The reply is not acceptable as the rate notified in the said circular were meant for the conversion of land used for industrial purpose only while in other cases uniform rate of nine *per cent* was effective till notification of Act No. 13 of 2018 by which uniform rate was reduced from nine *per cent* to three *per cent*.

Government replied (February 2021) that the Collectors of respective districts had instructed the Tahsildars concerned to collect the deficit tax amount from the individuals and a detailed reply would be furnished in due course.

### 4.3 Non-levy of interest on arrears of Water Tax

**Interest on arrears of Water Tax amounting to ₹30.31 lakh was not collected from ayacutdars.**

As per Section 3 of Water Tax Act, 1988, Government is entitled to levy and collect water tax in respect of every land receiving water for irrigation purposes from any Government source of irrigation notified under Section 4 of the Act for each *fasli year*<sup>156</sup> at the rates specified in the schedule to the Act. As per Section 8 of AP Water Tax Act, 1988, water tax payable by a landowner in respect of any land shall be deemed to be public revenue due upon the land and provisions of AP Revenue Recovery Act (APRR), 1864 shall also apply. Further, under Section 7 of APRR Act, arrears of revenue shall bear interest at the rate of six *per cent* per annum.

During test check of records in nine Tahsildar offices<sup>157</sup> (between May 2018 and March 2020), we observed that arrears of land revenue towards water tax amounting to ₹5.17 crore was collected for the *fasli years* 1415 to 1428<sup>158</sup> without levying interest. The interest of ₹30.31 lakh leviable under Section 7 of APRR Act was not collected.

Government replied (February 2021) that the Collectors of respective districts had instructed the Tahsildars concerned to collect the interest on arrears of water tax from the ayacutdars.

<sup>155</sup> No. LR1(1)/441/2015, dated 03 March 2016

<sup>156</sup> Fasli year means the period of 12 months from 1 July to 30 June. By adding 590 to fasli year one can get the corresponding calendar year

<sup>157</sup> Chennur, Jaggaiahpet, Jaggampet, Kovur, Ungutur, Venkatagiri, Vissannapeta, Yemmiganur and Yerpedu

<sup>158</sup> Pertaining the period 01 July 2005 to 30 June 2019

#### 4.4 Non-levy of road cess in command areas of irrigation projects

**Road cess amounting to ₹16.74 lakh was not collected for the *fasli* years 1415 to 1427 in contravention to Government instructions.**

Under Section 27 of Andhra Pradesh Irrigation, Utilisation and Command Area Development Act 1984, a road cess in the form of a tax shall be collected on lands in the Command Areas of Nagarjuna Sagar Right Canal, Left canal, Sri Ram Sagar Project and Tungabhadra Project from the beneficiaries of schemes undertaken under the Act for the purpose of laying out roads and their proper upkeep and maintenance.

Government in their notifications<sup>159</sup> specified that Land Revenue Authorities have to collect the road cess from all *ayacutdars*<sup>160</sup> at the rate of ₹12.35 per hectare per annum.

During scrutiny (November 2019 to January 2020) of jamabandi<sup>161</sup> records in four Tahsildar offices<sup>162</sup> we noticed that road cess was not collected from ayacutdars for the *fasli* years 1415 to 1427<sup>163</sup>. The road cess collectable from the above projects worked out to ₹16.74 lakh.

Government replied (February 2021) that the Collectors of respective districts had instructed the Mandal and Village level revenue officials concerned to collect the pending road cess amount from the ayacutdars.

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<sup>159</sup> G.O. Ms. No. 48, Irrigation & Command Area Development, dated 25 June 1986; G.O. Ms. No. 299, Irrigation & Command Area Development, dated 07 September 1988

<sup>160</sup> Ayacutdar means 'owner of the land in command areas of irrigation projects' (Ayacut)

<sup>161</sup> Jamabandi means finalisation of village accounts

<sup>162</sup> Chilakaluripet, Darsi, Jaggaiahpet and Khajipet

<sup>163</sup> Fasli years 1415 to 1427 i.e., 01 July 2005 to 30 June 2018

*CHAPTER V*  
*TRANSPORT*



# CHAPTER V

## TRANSPORT

The IT application, ‘Citizen Friendly Services in Transport Department’ (CFST), of Transport Department encompasses the core functions of the department such as issue of driving licenses/ fitness certificates, registration of vehicles, granting of permits, checks of motor vehicles, etc., duly collecting fee at specified rates and penalty wherever applicable.

Audit teams analysed the data for the years 2019-20 and 2020-21 provided by the Transport Commissioner from the CFST system and also test-checked records of APSRTC to ensure whether they complied with the relevant provisions of the Act/ Rules/ Codes in realization of revenue as per applicable rates of tax.

Significant cases of non-compliance with the provisions of the Acts/ Rules amounting to ₹28.16 crore are discussed in the succeeding paragraphs. The Department/ Government has accepted audit observations involving ₹22.13 crore.

### 5.1 Non-realisation of quarterly tax and penalty on transport vehicles

**Quarterly tax and penalty was not realised from the owners of transport vehicles within the prescribed time resulting in non-realisation of revenue of ₹7.62 crore.**

Section 3 of Andhra Pradesh Motor Vehicles Taxation (APMVT) Act 1963, stipulates that tax should be levied on motor vehicles used or kept for use at rates specified by Government from time to time. Section 4 of the Act read with Government Order (May 1993)<sup>164</sup>, specifies that tax should be paid in advance either quarterly, half yearly or annually within one month from the commencement of quarter.

As per Section 6 of the Act, read with Rule 13 of APMVT Rules, 1963, and Government Order (November 2008)<sup>165</sup>, penalty for belated payment of tax beyond two months from the beginning of the quarter shall be leviable at twice the rate of quarterly tax if detected and at 50 *per cent* on voluntary payments.

The Transport Department of Andhra Pradesh uses an IT application ‘Citizen Friendly Services in Transport Department’ (CFST) for providing online services to the public.

Our analysis of the data provided by Transport department for the two-year period 2019-21 revealed that quarterly tax amounting to ₹5.08 crore was not paid by 5,151<sup>166</sup> vehicle owners. In addition, penalty in these cases worked out to ₹2.54 crore.

Government replied (April 2022) that an amount of ₹3.31 crore was realized in respect of 2,347 vehicles towards tax and penalty. Of the remaining 2,804 vehicles with a collectable amount of ₹4.31 crore, it was stated that ‘No Objection Certificates’ (NOCs) for 585 vehicles were issued for other RTA regions; registrations of 545 vehicles were

<sup>164</sup> G.O. Ms. No. 96, Transport, Road & Buildings (Tr. II) Department, dated 21 May 1993  
<sup>165</sup> G.O. Ms. No. 318, Transport, Road & Buildings (Tr. II) Department, dated 03 November 2008  
<sup>166</sup> 2019-20: 2,206 vehicles; 2020-21: 2,945 vehicles



cancelled; and show cause notices issued in respect of 1,433 vehicles. Further progress in respect of remaining vehicles is awaited.

It is pertinent to mention that this issue was brought to notice of the Government repeatedly through the earlier Audit Reports for the years ended March 2014-2019 which indicates lack of mechanism for checking and sending alerts to vehicle owners for timely payment of tax.

## 5.2 Non-levy of compounding fee at revised rates

**Levy of compounding fee for offences at old rate instead of revised rate resulted in short realization of ₹6.03 crore.**

Section 200 of Motor Vehicle Act 1988, deals with composition of certain offences under various sections of the Act and stipulated that the punishable offences may be compounded for such amount as notified by the State Government. Government of Andhra Pradesh had revised<sup>167</sup> (October 2020) the fee with regard to compounding of offences duly issuing Gazette notification. As per the notification, the compounding fee shall not be less than the rates specified in the schedule.

Our analysis of Vehicle Check Reports (VCR) data for the year 2020-21 provided by Transport Department and random test check of records at RTOs revealed that in 3,176 offence cases relating to 'Excess Load Projections (Front/ Rear)', compounding fee was levied at old rate<sup>168</sup> (₹1,000 in each case) instead of revised rate<sup>167</sup> (₹20,000 in each case) which resulted in short realization of compounding fee of ₹6.03 crore.

In response, Government replied (April 2022) that action for recovery of compounding fee was initiated. Further progress is awaited.

## 5.3 Non-monitoring of renewal of Fitness Certificates

**Non-renewal of Fitness Certificate for vehicles whose status is active, besides non-realisation of fitness fee of ₹5.99 crore, is likely to jeopardise road safety.**

Section 56 of the Motor Vehicles (MV) Act 1988, stipulates that registration of a transport vehicle shall not be deemed to be invalid unless it carries a Certificate of Fitness (FC) issued by the prescribed authority. As per Rule 62 of the Central Motor Vehicles (CMV) Rules 1989, the FC in respect of the transport vehicles shall be renewed every year on payment of fee prescribed therefor.

As per Rule 12(A) of APMVT Rules 1963, a motor vehicle shall be deemed to be kept for use and is liable to pay tax unless the registered owner intimates in writing to the licensing officer before commencement of the quarter for which tax is due and the motor vehicle shall not be used after expiry of the period for which tax has already been paid.

Analysis of the data provided by Transport Department for the two-year period 2019-21 revealed that the validity in respect of 1,18,399<sup>169</sup> vehicles, though indicating their status as 'active' in the Department's database, had expired and remained

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<sup>167</sup> G.O.M.S. No. 21, Transport, Roads & Buildings (Transport I) Department, dated 21 October 2020

<sup>168</sup> G.O.M.S. No. 108, Transport, Roads & Buildings (Transport I) Department, dated 18 August 2011

<sup>169</sup> 2019-20: 76,397 vehicles; 2020-21: 42,002 vehicles

un-renewed. This resulted in non-realisation of FC fee of ₹5.99 crore. Allowing vehicles without fitness certificate to ply not only affects revenue but also impacts road safety and environment adversely.

In response, Government replied (April 2022) that there is no provision in the MV Act to issue notices for non-renewal of FCs. However, whenever the registered owner of a vehicle approaches the Transport office for any purpose, system calculates and collects FC fee also along with other dues. Further, it was added that the list of vehicles in default was being communicated to all the executive staff for initiating action against the vehicles and a total fee of ₹7.46 crore (including service fee and late fee) was collected pertaining to 37,938 (32 *per cent*) vehicles towards renewal fee. Further progress in respect of remaining vehicles is awaited from the Department.

#### 5.4 Non-collection of Green Tax

**Green Tax amounting to ₹1.53 crore not collected while renewing the registration/ issuing fitness certificate of non-transport and transport vehicles.**

As per Government Order<sup>170</sup> (November 2006) Green Tax at the stipulated rates shall be levied on transport vehicles and non-transport vehicles that have completed seven years and 15 years of age respectively, from the date of registration.

Our analysis of the data of the motor vehicles provided by Transport Department for the two-year period 2019-21 revealed that Green Tax amounting to ₹1.53 crore was not levied on 75,621<sup>171</sup> transport vehicles and 406<sup>172</sup> non-transport vehicles. These vehicles need to be checked for their fitness to ply on the roads and their validity renewed. Lack of process control on alerting the vehicle owners for payment has led to loss of revenue in the form of Green Tax.

In response, Government replied (April 2022) that whenever any vehicle owner approaches the transport office for any transaction, Green Tax is collected, as the departmental software is so designed to prompt. It was further stated that special drive was conducted during the years 2019-20 and 2020-21 and an amount of ₹1.25 crore was collected against 52,876 transport and non-transport vehicles and the collected amount includes the vehicles pointed out by Audit. Further progress in respect of remaining vehicles is awaited.

#### 5.5 Short levy of life tax on registration of second and subsequent vehicles

**Levy of life tax payable on vehicles registered under the category of second and subsequent vehicles for personal use at 12 *per cent* instead of 14 *per cent* resulted in short levy of tax of ₹1.25 crore.**

As per seventh schedule to the APMVT Act 1963, amended vide Act 11/ 2010, life tax payable in respect of vehicles registered under the category of second and subsequent vehicles for personal use (non-transport vehicles) having seating capacity up to 10 in all, shall be levied at 14 *per cent* on invoice price of the vehicle.

<sup>170</sup> G.O. Ms. No. 238, Transport, Roads & Buildings (Transport I) Department, dated 23 November 2006

<sup>171</sup> 2019-20: 36,123 vehicles; 2020-21: 39,498 vehicles

<sup>172</sup> 2019-20: 223 vehicles; 2020-21: 183 vehicles

Our analysis of the data provided by Transport department for the two-year period 2019-21 revealed that life tax in respect of 1,179<sup>173</sup> vehicles having invoice value of ₹20.64 crore was levied at a rate lesser than prescribed rate resulting in short levy of life tax by ₹1.25 crore.

In response, Government replied (April 2022) that action for recovery of the tax was initiated and an amount of ₹66.24 lakh was realized in respect of 840 vehicles. Show cause notices were issued in respect of 265 vehicles involving collectable amount of ₹21.47 lakh. Further progress is awaited.

## **5.6 Loss of revenue due to failure in modification in the software towards collection of GST**

**Loss of ₹3.25 crore due to failure of the Corporation to timely collect GST on all components of AC bus fare from passengers and delay in modifications in Online Ticket Accounting System/ Central Information System module with consequent payment of GST retrospectively with interest and penalty.**

Andhra Pradesh State Road Transport Corporation (Corporation) operates both AC and Non-AC passenger bus services<sup>174</sup>. The components of bus fare included basic fare, reservation fee, service fee, toll fee and the Corporation levies Cess, Goods and Service Tax (GST), passenger information system (PIS) tax, insurance and others, as required under the provisions of Acts/ Government orders. As per the provisions of Section 15(2) of AP GST Act, 2017, GST is payable on the total value of the services *i.e.*, on all components of the bus fare, whereas the Corporation was collecting GST only on the basic fare as per existing bus ticketing system. On recognizing the need for collecting and remitting GST on all components of bus fare, the Corporation initiated (October 2019) action to make necessary modifications in the Ticket Issuing Machines/ Online Ticket Accounting System/ Central Information System module to levy GST on all components of fare and the same was completed in February 2020. In the meanwhile, the Corporation received (28 November 2019) a notice from State Tax Department, Government of Andhra Pradesh (GoAP) stating that the Corporation was not remitting GST on reservation fee, service fee, toll fee, Cess and PIS fee.

The Corporation paid (March 2020) total GST amounting to ₹2.66 crore on value of other components of the bus fare (*i.e.*, other than basic fare) for the period from July 2017 to February 2020. In addition, it also paid interest amounting to ₹44.24 lakh and penalty of ₹14.59 lakh on the shortfall in GST amount paid to the Government during the above period.

In this connection, we observed the Corporation failed to timely recognise the applicability of GST on AC bus fares after introduction of GST effective from 1 July 2017, despite engaging a specialized private agency. Further, modifications in software modules were made (February 2020) belatedly due to lack of coordination between IT and Accounts Departments within the Corporation. Though Accounts Department

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<sup>173</sup> 2019-20: 644 vehicles; 2020-21: 535 vehicles

<sup>174</sup> Air-conditioned (AC) and Non-AC bus (passenger) services: Amaravati, Vennela, Night Rider, Garuda Plus, Indra, Super Luxury, Ultra Deluxe/ Deluxe, Express, Saptagiri Luxury, Saptagiri Express, Metro Express, Metro Luxury, Metro Deluxe, Pallevelugu, City Ordinary etc.

instructed the IT Department in October 2019 to carry out modifications in software modules, the latter started seeking clarifications from former only in January 2020 and finally changes were made in February 2020.

In view of the above, the Corporation suffered total financial loss of ₹3.25 crore (including GST of ₹2.66 crore, which could not be collected from passengers for retrospective period and interest of ₹44.24 lakh and penalty of ₹14.59 lakh respectively due to delays in remitting GST to the Government).

Government stated (March 2022) that upon receiving instructions from Accounts Department, detailed discussions were held on various models for collecting GST on AC fares, as it would have impact on the total fare and on the passenger patronage for Corporation buses. It also stated that after examining all the models necessary changes were made in the software modules (like TIMS, CIS and OPRS).

The reply is not acceptable. The Corporation's failure to initially assess the impact of the provisions of the GST Act on its operations despite engaging a private agency to deal with statutory payments coupled with delays in carrying out modifications in software due to lack of effective coordination resulted in payment of GST retrospectively along with avoidable payment of interest and penalty for the delays.

### **5.7 Infructuous expenditure in implementation of live television (TV) system in Amaravati buses**

#### **Infructuous expenditure of ₹2.49 crore due to failure of the Corporation to carry out due diligence in implementation of Live TV System in Amaravati buses**

Andhra Pradesh State Road Transport Corporation (Corporation) decided (November 2015) to provide live television (TV) system (project) in high-end buses, together with set-top boxes and electronically powered/ motorized antenna fixed on the bus roof with a view to enhancing services to passengers thereby increasing passenger patronage and improving the occupancy ratio and revenues.

The Corporation, after ascertaining the implementation of the system in other State Road Transport Corporations<sup>175</sup>, consulted a private Party<sup>176</sup> and also deployed (November 2015) its staff to study the system in KSTRC. The Corporation introduced (January 2016) high-end buses, branded as 'Amaravati' for operating in Vijayawada-Hyderabad route and decided to implement the live TV project in 'Amaravati' buses.

Based on the quotation<sup>177</sup> submitted (29 March 2016) by the Party, the Corporation issued (5 April 2016) work order on nomination basis and entered (18 April 2016) into an agreement with the Party for installation of live TVs in 15 Amaravati buses. As per the agreement, 15 buses were required to be delivered in a phased manner (four buses each in three phases and three buses in last phase) for installation of the live TVs. The cost of supply, installation and yearly subscription for video signals (with Airtel for five

<sup>175</sup> Karnataka State RTC (KSRTC) implemented the project in buses operated in Bangalore-Pune, Bangalore-Mysore, Bangalore-Chennai, Bangalore-Ernakulam and Bangalore-Tirupati routes. Rajasthan State RTC implemented the project in buses operated in Delhi-Jaipur route

<sup>176</sup> M/s. Integrated Live TV Services Private Limited (ICS)

<sup>177</sup> Cost of project: Live TV sets = ₹20.00 lakh plus taxes extra per bus with 49 seats. Airtel subscription: ₹3,000 per set-top box per annum (₹250 x 12 months).

years) was ₹29.15 lakh per bus. Total contractual value (including annual maintenance contract for four years) was ₹5.06 crore. The Party completed the installation of live TVs and antennae in eight buses in two phases of four each, by July 2016 and February 2017 respectively. Corporation paid ₹1.74 crore between May 2016 to March 2017 to the Party for the eight buses.

Subsequently, Corporation decided (6 March 2017) to study the functioning of live TVs installed in the eight buses through a Committee, which submitted (April 2017) study report pointing out several functional problems. Accordingly, the Corporation decided (30 May 2017) to discontinue the live TV operations in the buses and issued (10 July 2017) termination orders to the Party to remove the live TVs from the buses and also to stop installation of live TVs in remaining seven buses. Aggrieved by this decision of the Corporation, the party claimed (4 September 2017) ₹1.85 crore due to breach of contract and cost of the equipment already supplied for remaining seven buses also. The party also filed (21 February 2018) an arbitration case in the High Court. After negotiations, the Corporation agreed for ₹75.00 lakh as final payment and paid (4 October 2018) the said amount accordingly. Thus, the total amount paid to the private party was ₹2.49 crore.

In this connection, we observed the following:

- The Corporation did not follow tendering process to ensure competitive price for the project.
- The Corporation neither conducted any feasibility study considering the limitations (such as receipt of poor signal by antenna, disruption of service due to heavy rains, tunnels, flyovers, high rise building in the city) identified during study on the project in KSRTC buses nor did it assess the performance of live TVs installed during first phase (July 2016). Only at a later stage, it realized that the measure intended as a value addition failed to appeal the passengers and such installations added an element of discomfort.
- As there was no clause in the agreement for termination for any reason mutually acceptable or against unsatisfactory performance, the Corporation had to pay for live TV equipment supplied against remaining seven (out of 15) buses also, though not installed as the project was discontinued. In addition, the TVs removed from the eight buses were lying in the stores of the Corporation for the last five years without any further use.

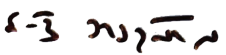
Thus, the Corporation implemented the project without conducting proper feasibility study and considering the limitations identified during the study of project in other RTC buses resulting in wasteful expenditure of ₹2.49 crore.

Government in reply stated (March 2022) that keeping in view the trends of new products in AC segment; importance in public transport market, Amaravati bus was introduced and in order to improve occupancy of the Amaravati buses, the live TV project was introduced. It also stated that Corporation has paid lumpsum amount of ₹75.00 lakh as a settlement out of court and not against the cost of Live TV sets for seven buses. It further stated that the project was implemented as an experiment on

special products like Amaravati buses to be active in the competitive market in comparison to private buses.

The reply is not acceptable. The Corporation failed to carry out proper due diligence before undertaking the project on experimental basis. Instead of assessing the performance of the project in the first phase itself, it waited till completion of second phase and even made payments before reviewing project performance.

Vijayawada  
The 24 JAN 2023

  
(INDU AGRAWAL)  
Principal Accountant General (Audit)  
Andhra Pradesh

Countersigned

New Delhi  
The 30 JAN 2023

  
(GIRISH CHANDRA MURMU)  
Comptroller and Auditor General of India





*APPENDICES*  
*&*  
*GLOSSARY*



**Appendix – 2.1**  
**(Reference to paragraph 2.1.5; Page 14)**

**List of Refund cases in which delay in issue of acknowledgement and deficiency memo was noticed (pre-automation)**

Sl. No.	Name of the division	Name of the circle	Name of the assessee	GSTIN No.	ARN No.	Date of filing Refund Application	Date of issue of acknowledgment in Form GST RFD-02/ RFD-03	Refund amount claimed (in ₹)	Period of delay (in days)
1	Kakinada	Amalapuram	Naga Surya Medicals	37ASWPK6601M2Z0	AA3703190097516	14-03-2019	26-10-2019	17,868	211
2	Ananthapur	Ananthapuramu-II	Siflon Drugs	37AAKFS9713J1ZM	AA371117357871Y	24-10-2018	20-11-2018	45,50,532	12
3	Vijaywada-2	Autonagar & LTU Vijayawada-2	ZuaryAgro Chemicals Ltd.	37AAACZ3924H1Z7	AA370817390411Y	27-05-2019	19-06-2019	2,24,76,400	8
4	West Godavari	Bhimavaram	Suryamitra Exim Pvt. Ltd.	37AAJCS6258G1ZY	AA370318502740D	12-09-2018	15-10-2018	55,99,599	18
5	West Godavari	Bhimavaram	Suryamitra Exim Pvt. Ltd.	37AAJCS6258G1ZY	AA3712174158533	12-09-2018	15-10-2018	75,66,496	18
6	Narasaraopet	Chilakaluripet	Idupulapadu Cotton Mills Pvt. Ltd.	37AAACI4789F2ZA	AA370119001591I	03-01-2019	21-09-2019 (RFD-03)	13,45,200	246
7	Narasaraopet	Chilakaluripet	Sri Venkateswara Spintex Pvt. Ltd.	37AAOCS1158G1Z4	AA370318009108B	26-01-2019	14-08-2019	29,42,592	185
8	Narasaraopet	Chilakaluripet	Sri Venkateswara Spintex Pvt. Ltd.	37AAOCS1158G1Z4	AA370618015908R	26-01-2019	20-02-2019	7,04,796	10
9	Narasaraopet	Chilakaluripet	Krishna Ganga Spinning Mills Pvt. Ltd.	37AAACK9373P1ZQ	AA370918038915J	31-01-2019	20-02-2019	30,08,808	5
10	Chittoor	Chittoor-II	Rajyog Granite Import And Export Pvt. Ltd.	37AADCP4229L1Z5	AA370918022811I	10-01-2019	18-03-2019	33,41,049	52
11	Chittoor	Chittoor-II	RMM Food Products Ltd.	37AAFFR9963E1ZR	AA3711118257798J	15-04-2019	10-06-2019	84,86,614	41
12	Chittoor	Chittoor-II	SAM Agri Ventures Ltd.	37AASCS4453J1ZP	AA370818344437O	22-11-2018	14-12-2018	40,18,736	7
13	Visakhapatnam	Dwarakanagar	Grow Green Technologies	37ENIPS1549K1ZC	AA370319013215G	28-03-2019	17-04-2019	40,000	5
14	Visakhapatnam	Gajuwaka	KK Enterprises	37AADFK5675L1ZS	AA370318500888T	03-09-2018	16-11-2018	1,06,18,129	59
15			Power Cons	37AHEPC1107F1Z2	AA371118001620	02-11-2018	03-12-2018	91,045	16

Sl. No.	Name of the division	Name of the circle	Name of the assessee	GSTIN No.	ARN No.	Date of filing Refund Application	Date of issue of acknowledgment in Form GST RFD-02/ RFD-03	Refund amount claimed (in ₹)	Period of delay (in days)
16	Vijayawada-1	Gudivada	Sri Rama Raw & Par Boiled Rice Mill Peyyeru	37AAIFS2632J1Z0	AA370619006997J	12-06-2019	05-07-2019	11,27,468	8
17	Nellore	Gudur	Sub Lime Mica Exports	37AAQFS1540P1ZJ	AA370819015842V	21-08-2019	09-09-2019 (RFD-03)	9,61,606	4
18	Ananthapur	Hindupur	Roja Filling Station	37AAIFR3860K1ZR	AA371018131711I	15-11-2018	20-12-2018	1,03,028	20
19	Vijayawada-1	Ibrahimpattanam	Inventaa Industries Pvt. Ltd.	37AAACI4539B1ZV	AA370917445364R	12-10-2018	16-03-2019	67,38,177	140
20	Vijayawada-1	Ibrahimpattanam	Inventaa Industries Pvt. Ltd.	37AAACI4539B1ZV	AA370218341738V	13-10-2018	04-12-2018 (RFD-03)	51,47,510	37
21	Vijayawada-1	Ibrahimpattanam	Inventaa Industries Pvt. Ltd.	37AAACI4539B1ZV	AA370518342552Z	13-10-2018	04-12-2018 (RFD-03)	34,95,644	37
22	Vijayawada-1	Ibrahimpattanam	Inventaa Industries Pvt. Ltd.	37AAACI4539B1ZV	AA370618485042Z	13-10-2018	04-12-2018 (RFD-03)	72,37,605	37
23	Vijayawada-1	Ibrahimpattanam	Inventaa Industries Pvt. Ltd.	37AAACI4539B1ZV	AA370718336935K	13-10-2018	04-12-2018 (RFD-03)	1,80,83,287	37
24	Vijayawada-1	Ibrahimpattanam	Inventaa Industries Pvt. Ltd.	37AAACI4539B1ZV	AA3710173486913	13-10-2018	10-12-2018 (RFD-03)	51,36,651	43
25	Vijayawada-1	Ibrahimpattanam	Inventaa Industries Pvt. Ltd.	37AAACI4539B1ZV	AA3712174190759	13-10-2018	24-03-2019	69,58,244	147
26	Vijayawada-1	Ibrahimpattanam	Inventaa Industries Pvt. Ltd.	37AAACI4539B1ZV	AA370318510469Z	23-10-2018	16-03-2019	35,91,022	129
27	Vijayawada-1	Ibrahimpattanam	Inventaa Industries Pvt. Ltd.	37AAACI4539B1ZV	AA370718340058Y	23-10-2018	21-02-2019	35,32,989	121
28	Vijayawada-1	Ibrahimpattanam	Inventaa Industries Pvt. Ltd.	37AAACI4539B1ZV	AA370818314563X	23-10-2018	16-03-2019	32,42,418	129
29	Vijayawada-1	Ibrahimpattanam	Inventaa Industries Pvt. Ltd.	37AAACI4539B1ZV	AA371117357780I	23-10-2018	04-12-2018 (RFD-03)	60,46,131	27
30	Vijayawada-1	Ibrahimpattanam	Inventaa Industries Pvt. Ltd.	37AAACI4539B1ZV	AA371217420104N	23-10-2018	04-12-2018 (RFD-03)	26,02,956	27
31	Eluru	Jangareddygudem	Kottedi Balaji	37AXFPK9974K1ZM	AA3711180078917	12-11-2018	15-03-2019	14,000	108
32	Nellore	Markapur	Kathyani Travels & Logistics	37AATFK0667L1ZM	AA370618015998I	27-01-2019	17-05-2019	42,895	95
33	Nellore	Markapur	Kathyani Travels & Logistics	37AATFK0667L1ZM	AA370718009834U	27-01-2019	17-05-2019	28,851	95

Sl. No.	Name of the division	Name of the circle	Name of the assessee	GSTIN No.	ARN No.	Date of filing Refund Application	Date of issue of acknowledgment in Form GST RFD-02/ RFD-03	Refund amount claimed (in ₹)	Period of delay (in days)
34	Nellore	Nellore-III	Sai Lakshmi Constructions	37AAPFS3420B1ZE	AA370119017532E	24-01-2019	18-02-2019 (RFD-03)	1,19,610	10
35	Nellore	Ongole-I	Mehr Rasheed Engineers	37ARKPA0839J1ZR	AA370318007808Z	21-01-2019	18-02-2019	6,78,354	13
36	Nellore	Ongole-I	Venkata Sri Balaji Exports	37ABAFM6229L1ZZ	AA3712186334337	29-03-2019	09-05-2019	66,06,294	26
37	Nellore	Ongole-I	Venkata Sri Balaji Exports	37ABAFM6229L1ZZ	AA371218633475Z	29-03-2019	09-05-2019	6,92,685	26
38	Nellore	Ongole-II	Golden Global Enterprises	37AAKFG4027F1ZI	AA370318522795U	06-12-2018	08-02-2019	38,18,302	49
39	Nellore	Ongole-II	Indian Minerals And Granite Company	37AAAFI3356D1ZO	AA370318003880B	05-01-2019	08-02-2019	6,60,000	19
40	Nellore	Ongole-II	Hind Granites Pvt. Ltd.	37AADCH8796E1Z4	AA370819019940T	16-09-2019	28-10-2019	74,24,897	27
41	Nellore	Ongole-II	Sri Thirumalaraya Wooden Packers	37AERPS2879A1Z0	AA3709190017033	04-09-2019	28-10-2019	1,40,392	39
42	Nellore	Ongole-II	Sri Vasavi Granites	37AATFS1890H1ZK	AA3709190030936	06-09-2019	28-10-2019	75,20,451	37
43	Nellore	Ongole-II	Cs Rao Koduri Team Leader	37ALKPK1259N1ZL	AA370919004239V	07-09-2019	28-10-2019	16,888	36
44	Vijayawada-2	Patamata	Advanced Aqua Bio Technologies	37AKJPP5165E1ZX	AA370717000019D	15-12-2018	04-02-2019	6,750	36
45	Vijayawada-2	Patamata	Venkateswara Engineering	37AATFS5150N1ZE	AA371218640550A	01-04-2019	20-04-2019	22,22,000	4
46	Vijayawada-2	Patamata	Abhinay Industries	37AAIFA8693F1Z2	AA3703185200885	19-11-2018	21-12-2018	6,75,960	17
47	Narsaraopet	Sattenapalli	Bhavanam Spinning Mills Pvt. Ltd.	37AACCB6454C1ZW	AA370918059709B	24-03-2019	06-05-2019	68,08,279	28
48	Narsaraopet	Sattenapalli	Jocil Ltd.	37AAACJ5606L1ZF	AA370619018950X	28-06-2019	05-08-2019	32,56,659	23
49	Vijayawada-2	Sithampuram	Sanjew Kumar Singh	37BGOPS8153D1ZX	AA370219017101P	24-04-2019	24-05-2019	25,832	15
50	Vijayawada-2	Sithampuram	Prime Medical Systems	37ARQPM5704Q1ZX	AA3709190017124	04-09-2019	20-09-2019 (RFD-03)	1,58,286	1
51	Visakhapatnam	Steel Plant	Akshaya Lab Products	37AAUFA4486C1Z5	AA3708180122935	24-01-2019	24-04-2019	6,36,813	75

Sl. No.	Name of the division	Name of the circle	Name of the assessee	GSTIN No.	ARN No.	Date of filing Refund Application	Date of issue of acknowledgment in Form GST RFD-02/ RFD-03	Refund amount claimed (in ₹)	Period of delay (in days)
52	Visakhapatnam	Steel Plant	Jeylakshmi Sivaraman	37EEBPS8729P1ZG	AA3707190120385	16-07-2019	17-09-2019	8,42,248	48
53	Visakhapatnam	Steel Plant	SVR Drugs	37AAOCS6986L1Z7	AA3702193037149	21-03-2019	17-08-2019	21,16,800	134
54	Visakhapatnam	Steel Plant	Mahidara Chemicals Pvt. Ltd.	37AABCM3630N1ZB	AA3707190202282	26-07-2019	03-10-2019	24,44,132	54
55	Visakhapatnam	Steel Plant	Natsol Laboratories Pvt. Ltd.	37AADCN0951D1ZR	AA370819017745P	23-08-2019	17-09-2019	45,70,509	10
56	Chittoor	Tirupati-II	Meloy Metals Pvt. Ltd.	37AADCV6747K1ZQ	AA370619018771X	28-06-2019	27-07-2019	26,50,598	14
57	Vijayawada-1	Vuyyuru	Gosta Foods Pvt. Ltd.	37AAF CG9432J1Z9	AA371218002418C	04-12-2018	18-05-2019	88,793	150
58	Vijayawada-1	Vuyyuru	M/S Harsha Liners Pvt. Ltd.	37AACCH5065P1Z2	AA370718007000N	11-01-2019	05-02-2019 (RFD-03)	34,33,457	10

## Appendix – 2.1A

(Reference to paragraph 2.1.5; Page 14)

## List of Refund cases in which delay in issue of acknowledgement and deficiency memo was noticed (post-automation)

Sl. No.	Name of the division	Name of the circle	Name of the assessee	GSTN No.	ARN No.	ARN Date	Date of issue of acknowledgement in Form GST RFD-02	Refund amount claimed (in ₹)	Period of delay
1	Nellore	Addanki	IFB Agro Industries Ltd.	37AAACI6487L1ZZ	AA371019000247J	01-10-2019	19-10-2019	43,59,503	3
2	Visakhapatnam	Anakapalli	M/S Uniparts India Ltd.	37AAACU0454D1ZP	AA371119008007H	11-11-2019	23-01-2020	6,39,799	58
3	Visakhapatnam	Anakapalli	M/S Uniparts India Ltd.	37AAACU0454D1ZP	AA371119007996T	11-11-2019	23-01-2020	41,87,855	58
4	Visakhapatnam	Anakapalli	M/S Uniparts India Ltd.	37AAACU0454D1ZP	AA371119008022P	11-11-2019	23-01-2020	11,29,444	58
5	Vijayawada-2	Benz Circle	Thatavarthi Apparels Pvt. Ltd.	37AABCT7937P1ZI	AA371019018051O	22-10-2019	23-12-2019	5,67,819	47
6	Vijayawada-1	Bhavanipuram	Fx Pu Footwear Industries	37AYEPN1543M1Z5	AA371119023582A	27-11-2019	28-12-2019	2,33,078	16
7	Eluru	Bhimavaram	Sun Bitess	37ADOF6439A1ZU	AA371119021011V	25-11-2019	13-12-2019	21,67,190	3
8	Chittoor	Chittoor-II	M/S Rathna Mineral Enterprises	37AACFR8435L1ZQ	AA370120016648H	20-01-2020	06-02-2020	18,10,880	2
9	Chittoor	Chittoor-II	M/S Rathna Mineral Enterprises	37AACFR8435L1ZQ	AA370120016715O	20-01-2020	06-02-2020	29,65,515	2
10	Chittoor	Chittoor-II	M/S Rathna Mineral Enterprises	37AACFR8435L1ZQ	AA370120016732S	20-01-2020	06-02-2020	22,09,590	2
11	Visakhapatnam	Gajuwaka	H V S Tooling Solutions	37AIBPL2506R1ZZ	AA371019002082R	03-10-2019	19-10-2019	1,52,689	1
12	Guntur	Morrispet	Sudha Industries	37ABRPG3459M1ZZ	AA370220021153I	25-02-2020	23-03-2020	4,36,531	12
13	Chittoor	Puttur	Vishnu Barium Pvt. Ltd.	37AAGCS0968L1ZT	AA371219018977O	21-12-2019	03-02-2020	14,92,012	29
14	Vijayawada-2	Sithampuram	Sarada Industries	37ABGPN1212L1ZQ	AA371119026190I	29-11-2019	29-01-2020	2,94,385	46
15	Vijayawada-2	Sithampuram	Paduka Agenices	37ARNPS4186M1ZS	AA371219010084J	12-12-2019	29-01-2020	5,59,814	33
16	Visakhapatnam	Steel Plant	Biocon Ltd.	37AAACB7461R1Z2	AA371019025766O	31-10-2019	12-12-2019	61,90,261	27
17	Visakhapatnam	Steel Plant	Seva Industries	37ANQPJ4563N1Z7	AA371119002270Q	04-11-2019	28-11-2019	1,28,83,199	9
18	Visakhapatnam	Steel Plant	Mylan Laboratories Ltd.	37AADCM3491M2ZZ	AA371219017325A	20-12-2019	07-02-2020	17,08,456	34
19	Visakhapatnam	Steel Plant	Mylan Laboratories Ltd.	37AADCM3491M2ZZ	AA371219019979J	23-12-2019	23-01-2020	13,42,28,360	16
20	Visakhapatnam	Steel Plant	Seva Industries	37ANQPJ4563N1Z7	AA370120002040F	03-01-2020	23-01-2020	5,89,77,370	5
21	Visakhapatnam	Steel Plant	Seva Industries	37ANQPJ4563N1Z7	AA370220006115O	07-02-2020	02-03-2020	2,04,61,538	9



Sl. No.	Name of the division	Name of the circle	Name of the assessee	GSTN No.	ARN No.	ARN Date	Date of issue of acknowledgment in Form GST RFD-02	Refund amount claimed (in ₹)	Period of delay
22	Visakhapatnam	Steel Plant	Mahidhara Chemicals Pvt. Ltd.	37AABCM3630N1ZB	AA370220019883E	24-02-2020	12-03-2020	72,74,164	2
23	Visakhapatnam	Steel Plant	Mylan Laboratories Ltd.	37AADCM3491M2ZZ	AA370220020985F	25-02-2020	03-04-2020	44,17,356	23
24	Vijayawada-2	Suryaraopet	Venkat Footwear	37AFXPV9664F1ZA	AA371119005307E	07-11-2019	04-03-2020	10,41,732	103
25	Chittoor	Tirupati-II	Durfrut Asea Pvt. Ltd.	37AABCD9125D1ZV	AA370120015575N	18-01-2020	06-02-2020	13,05,605	4
26	Chittoor	Tirupati-II	Durfrut Asea Pvt. Ltd.	37AABCD9125D1ZV	AA370120015598F	18-01-2020	06-02-2020	12,14,264	4

## Appendix - 2.2

(Reference to paragraph 2.1.6; Page 15)

## List of Refund cases in which delay in disposal of claim was noticed (pre-automation)

Sl. No.	Name of the division	Name of the circle	Name of the assessee	GSTIN No	ARN No.	Date of filing Refund Application in case of manual filing	Date of issue of acknowledgment in Form GST RFD-02	Date of order in Form GST RFD-06	Refund amount claimed (in ₹)	Refund amount sanctioned (in ₹) in RFD-06	Period of delay (in days)	Interest due not paid (in ₹)
1	Kakinada	Amalapuram	Naga Surya Medicals	37ASWPK6601M2Z0	AA3703190097516	14-03-2019	26-10-2019	26-10-2019	17,868	Rejected	166	Not applicable
2	Vijayawada-2	Autonagar & LTU Vijayawada-2	K J Systems (India) Pvt. Ltd.	37AAFCK7707A1ZQ	AA370819004628S	06-08-2019	18-01-2020	24-09-2020	52,74,591	4,10,870	199	13,441
3	Vijayawada-1	Autonagar & LTU Vijayawada-2	ZuuryAgro Chemicals Ltd.	37AAACZ3924H1Z7	AA370817390411Y	17-05-2019	19-06-2019	14-08-2019	2,24,76,400	Rejected	29	Not applicable
4	Vijayawada-1	Bhavanipuram	Transasia Bio Medicals Ltd.	37AAACT2038C1ZS	AA370319026883W	31-03-2019	10-05-2019	28-08-2019	11,09,069	Rejected	90	Not applicable
5	West Godavari	Bhimavaram	Suryamitra Exim Pvt. Ltd.	37AAJCS6258G1ZY	AA370318502740D	12-09-2018	15-10-2018	01-12-2018	55,99,599	5,59,961	20	1,841
6	West Godavari	Bhimavaram	Suryamitra Exim Pvt. Ltd.	37AAJCS6258G1ZY	AA3712174158533	12-09-2018	15-10-2018	01-12-2018	75,66,496	7,56,649	20	2,488
7	Narasaraopet	Chilakaluripet	Idupulapadu Cotton Mills Pvt. Ltd.	37AAACI4789F2ZA	AA370119001591I	03-01-2019	23-09-2019	30-09-2019	13,45,200	Rejected	210	Not applicable

Sl. No.	Name of the division	Name of the circle	Name of the assessee	GSTIN No	ARN No.	Date of filing Refund Application in case of manual filing	Date of issue of acknowledge-ment in Form GST RFD-02	Date of order in Form GST RFD-06	Refund amount claimed (in ₹)	Refund amount sanctioned (in ₹) in RFD-06	Period of delay (in days)	Interest due not paid (in ₹)
8	Narasaraopet	Chilakaluripet	Sri Venkateswara Spintex Pvt. Ltd.	37AAOCS1158G1Z4	AA370318009108B	26-01-2019	14-08-2019	13-09-2019	29,42,592	29,42,592	170	82,231
9	Narasaraopet	Chilakaluripet	Sri Venkateswara Spintex Pvt. Ltd.	37AAOCS1158G1Z4	AA370618015908R	26-01-2019	20-02-2019	29-04-2019	7,04,796	70,480	33	382
10	Narasaraopet	Chilakaluripet	Krishna Ganga Spinning Mills Pvt. Ltd.	37AAACK9373P1ZQ	AA370918038915J	31-01-2019	20-02-2019	15-04-2019	30,08,808	30,08,808	14	6,924
11	Chittoor	Chittoor-II	Rajyog Granite Import And Export Pvt. Ltd.	37AADCP4229L1Z5	AA3709180228111	10-01-2019	18-03-2019	01-04-2019	33,41,049	33,41,049	21	11,533
12	Visakhapatnam	Dwarakanagar	Grow Green Technologies	37ENIPS1549K1ZC	AA370319013215G	28-03-2019	17-04-2019	07-06-2019	40,000	40,000	11	72
13	Visakhapatnam	Gajuwaka	KK Enterprises	37AADFK5675L1ZS	AA370318500888T	03-09-2018	16-11-2018	04-01-2019	1,06,18,129	10,61,813	63	10,996
14	Kakinada	Jagannaikpur	Rizana Global Pvt. Ltd.	37AAHCR0043E1ZQ	AA3703180006231	18-12-2018	28-01-2019	25-03-2019	44,59,820	4,45,982	37	2,713
15	Eluru	Jangareddy-gudem	Kotteddi Balaji	37AXFPK9974K1ZM	AA3711180078917	12-11-2018	15-03-2019	15-03-2019	14,000	14,000	63	145
16	Vijayawada-1	Ibrahimpattam	Inventaa Industries Pvt. Ltd.	37AAACI4539B1ZV	AA370917445364R	12-10-2018	16-03-2019	02-05-2019	67,38,177	10,46,704	142	24,433
17	Vijayawada-1	Ibrahimpattam	Inventaa Industries Pvt. Ltd.	37AAACI4539B1ZV	AA370218341738V	13-10-2018	04-12-2018 (RFD-03)	02-05-2019	51,47,510	12,49,872	51	10,478
18	Vijayawada-1	Ibrahimpattam	Inventaa Industries Pvt. Ltd.	37AAACI4539B1ZV	AA3705183425522	13-10-2018	04-12-2018 (RFD-03)	28-05-2019	34,95,644	0	98	Not applicable

Sl. No.	Name of the division	Name of the circle	Name of the assessee	GSTIN No	ARN No.	Date of filing Refund Application in case of manual filing	Date of issue of acknowledge-ment in Form GST RFD-02	Date of order in Form GST RFD-06	Refund amount claimed (in ₹)	Refund amount sanctioned (in ₹) in RFD-06	Period of delay (in days)	Interest due not paid (in ₹)
19	Vijayawada-1	Ibrahimpattanam	Inventaa Industries Pvt. Ltd.	37AAACI4539B1ZV	AA370618485042Z	13-10-2018	04-12-2018 (RFD-03)	15-05-2019	72,37,605	0	85	Not applicable
20	Vijayawada-1	Ibrahimpattanam	Inventaa Industries Pvt. Ltd.	37AAACI4539B1ZV	AA370718336935K	13-10-2018	04-12-2018 (RFD-03)	18-05-2019	1,80,83,287	2,14,536	88	3,103
21	Vijayawada-1	Ibrahimpattanam	Inventaa Industries Pvt. Ltd.	37AAACI4539B1ZV	AA3710173486913	13-10-2018	10-12-2018 (RFD-03)	02-05-2019	51,36,651	13,48,434	86	19,063
22	Vijayawada-1	Ibrahimpattanam	Inventaa Industries Pvt. Ltd.	37AAACI4539B1ZV	AA3712174190759	13-10-2018	24-03-2019	02-05-2019	69,58,244	11,92,959	141	27,651
23	Vijayawada-1	Ibrahimpattanam	Inventaa Industries Pvt. Ltd.	37AAACI4539B1ZV	AA370318510469Z	23-10-2018	16-03-2019	15-05-2019	35,91,022	0	144	Not applicable
24	Vijayawada-1	Ibrahimpattanam	Inventaa Industries Pvt. Ltd.	37AAACI4539B1ZV	AA370718340058Y	23-10-2018	21-02-2019	15-05-2019	35,32,989	0	144	Not applicable
25	Vijayawada-1	Ibrahimpattanam	Inventaa Industries Pvt. Ltd.	37AAACI4539B1ZV	AA370818314563X	23-10-2018	16-03-2019	02-05-2019	32,42,418	10,22,741	131	22,024
26	Vijayawada-1	Ibrahimpattanam	Inventaa Industries Pvt. Ltd.	37AAACI4539B1ZV	AA3711173577801	13-10-2018	04-12-2018	15-05-2019	60,46,131	0	85	Not applicable
27	Vijayawada-1	Ibrahimpattanam	Inventaa Industries Pvt. Ltd.	37AAACI4539B1ZV	AA371217420104N	23-10-2018	04-12-2018	15-05-2019	26,02,956	0	85	Not applicable
28	Vijayawada-1	Ibrahimpattanam	Inventaa Industries Pvt. Ltd.	37AAACI4539B1ZV	AA371018285627S	23-11-2018	20-02-2019	28-05-2019	32,66,356	0	58	Not applicable
29	Nellore	Kavali	Siemens Gamesa Renewable Power Pvt. Ltd.	37AACCG6027C1ZY	AA370819020847O	27-08-2019	18-01-2020	27-03-2020	4,54,02,616	Rejected	24	Not applicable

Sl. No.	Name of the division	Name of the circle	Name of the assessee	GSTIN No	ARN No.	Date of filing Refund Application in case of manual filing	Date of issue of acknowledge-ment in Form GST RFD-02	Date of order in Form GST RFD-06	Refund amount claimed (in ₹)	Refund amount sanctioned (in ₹) in RFD-06	Period of delay (in days)	Interest due not paid (in ₹)
30	Nellore	Ongole-I	Mehr Rasheed Engineers	37ARKPA0839J1ZR	AA370318007808Z	21-01-2019	18-02-2019	08-04-2019	6,78,354	67,835	17	190
31	Nellore	Ongole-I	Venkata Sri Balaji Exports	37ABAFM6229L1ZZ	AA3712186334337	29-03-2019	09-05-2019	20-06-2019	66,06,294	6,60,630	23	2,498
32	Nellore	Ongole-I	Venkata Sri Balaji Exports	37ABAFM6229L1ZZ	AA371218633475Z	29-03-2019	09-05-2019	20-06-2019	6,92,685	69,270	23	262
33	Nellore	Ongole-I	Southern Rocks & Minerals Pvt. Ltd.	37AADCS1378K1Z0	AA370719021892U	29-07-2019	05-08-2019	15-10-2019	39,04,607	31,13,046	18	9,211
34	Nellore	Ongole-I	Southern Rocks & Minerals Pvt. Ltd.	37AADCS1378K1Z0	AA370719021988H	29-07-2019	05-08-2019	15-10-2019	1,15,06,431	89,89,495	18	26,599
35	Nellore	Ongole-I	Venkata Sri Balaji Exports	37ABAFM6229L1ZZ	AA370919005320B	09-09-2019	24-09-2019	21-11-2019	62,11,704	36,76,002	13	7,856
36	Nellore	Ongole-II	Golden Global Enterprises	37AAKFG4027F1ZI	AA370318522795U	06-12-2018	08-02-2019	20-03-2019	38,18,302	15,27,320	44	11,047
37	Nellore	Ongole-II	Indian Minerals And Granite Company	37AAAFI3356D1ZO	AA370318003880B	05-01-2019	08-02-2019	20-03-2019	6,60,000	2,64,000	14	608
38	Vijayawada-2	Patamata	Advanced Aqua Bio Technologies	37AKJPP5165E1ZX	AA370717000019D	15-12-2018	04-02-2019	20-04-2019	6,750	675	66	7
39	Vijayawada- I	Samarangam Chowk	Sri Nakoda Enterprises	37CGWPS3580D1ZR	AA370419017898K	23-04-2019	18-10-2019	19-10-2019	47,364	Rejected	119	Not applicable

Sl. No.	Name of the division	Name of the circle	Name of the assessee	GSTIN No	ARN No.	Date of filing Refund Application in case of manual filing	Date of issue of acknowledge-ment in Form GST RFD-02	Date of order in Form GST RFD-06	Refund amount claimed (in ₹)	Refund amount sanctioned (in ₹) in RFD-06	Period of delay (in days)	Interest due not paid (in ₹)
40	Narsaraopet	Sattenapalli	Bhavanam Spinning Mills Pvt. Ltd.	37AACCB6454C1ZW	AA370918059709B	24-03-2019	06-05-2019	25-05-2019	68,08,279	68,08,279	2	2,238
41	Narsaraopet	Sattenapalli	Jocil Ltd.	37AAACJ5606L1ZF	AA370619018950X	28-06-2019	05-08-2019	17-09-2019	32,56,659	3,25,666	21	1,124
42	Visakhapatnam	Steel Plant	Akshaya Lab Products	37AAUFA4486C1Z5	AA3708180122935	24-01-2019	24-04-2019	10-06-2019	6,36,813	5,09,451	77	6,448
43	Visakhapatnam	Steel Plant	Jeylakshmi Sivaraman	37EEBPS8729P1ZG	AA3707190120385	16-07-2019	17-09-2019	21-10-2019	8,42,248	3,36,901	37	2,049
44	Visakhapatnam	Steel Plant	SVR Drugs	37AAOCS6986L1Z7	AA3702193037149	21-03-2019	17-08-2019	17-08-2019	21,16,800	21,16,800	89	30,969
45	Visakhapatnam	Steel Plant	Phalanx Labs	37AAFCEP9117K1Z0	AA370118353368Y	01-12-2018	06-12-2018	04-02-2019	37,89,759	3,78,975	5	311
46	Visakhapatnam	Steel Plant	Mahidara Chemicals Pvt. Ltd.	37AABCM3630N1ZB	AA3707190202282	26-07-2019	03-10-2019	25-02-2020	24,44,132	9,77,653	154	24,749
47	Visakhapatnam	Steel Plant	Natsol Laboratories Pvt. Ltd.	37AADCN0951D1ZR	AA370819017745P	23-08-2019	17-09-2019	21-12-2019	45,70,509	16,94,903	60	16,717
48	Visakhapatnam	Steel Plant	Mylan Laboratories	37AADCM3491M1Z0	AA371118176876L	24-12-2018	08-01-2019	09-03-2019	12,14,29,405	1,21,42,940	15	29,941
49	Vijayawada-2	Suryaraopet	Inspirisys Solutions Ltd.	37AAACA5622M2ZL	AA370719013360B	18-07-2019	26-10-2019	15-02-2020	10,20,350	10,20,350	62	10,399
50	Vizianagaram	Vizianagaram (West)	Chettinad Morimura Semi Conductor Material Pvt. Ltd.	37AAACC2461Q1ZD	AA3703180154962	07-03-2019	21-03-2019	13-05-2019	3,27,556	1,31,024	7	151

Sl. No.	Name of the division	Name of the circle	Name of the assessee	GSTIN No	ARN No.	Date of filing Refund Application in case of manual filing	Date of issue of acknowledge-ment in Form GST RFD-02	Date of order in Form GST RFD-06	Refund amount claimed (in ₹)	Refund amount sanctioned (in ₹) in RFD-06	Period of delay (in days)	Interest due not paid (in ₹)
51	Vijayawada-2	Vuyyuru	Gosta Foods Pvt. Ltd.	37AAFCG9432J1Z9	AA371218002418C	04-12-2018	18-05-2019	18-05-2019	88,793	Rejected	105	Not applicable
52	Vijayawada-2	Vuyyuru	M/S Harsha Liners Pvt. Ltd.	37AACCH5065P1Z2	AA370718007000N	11-01-2019	04-08-2020	NA	34,33,457	Application not disposed as on date of audit i.e., 29-12-2020 (delay calculated from the date of acknowledgement to date of audit - 45 days)	102	Not applicable
53	Vijayawada-2	Vuyyuru	M/S Andhra Medi Pharma India Pvt. Ltd.	37AAICA0961D1ZX	AA371218593806L	18-02-2019	28-02-2019	23-04-2019	2,86,69,241	23,48,309	4	1,544
54	Vijayawada-2	Vuyyuru	M/S Harsha Liners Pvt. Ltd.	37AACCH5065P1Z2	AA370119395048U	06-06-2019	19-06-2019	14-08-2019	33,78,442	3,37,845	9	500
55	Vijayawada-2	Vuyyuru	M/S Harsha Liners Pvt. Ltd.	37AACCH5065P1Z2	AA370819014958H	20-08-2019	04-09-2019	22-11-2019	16,83,125	1,68,312	34	941
56	Vijayawada-2	Vuyyuru	M/S Harsha Liners Pvt. Ltd.	37AACCH5065P1Z2	AA370819015047I	20-08-2019	04-09-2019	22-11-2019	24,87,423	2,48,742	34	1,390
	Total											4,27,268

## Appendix – 2.2A

(Reference to paragraph 2.1.6; Page 15)

## List of Refund cases in which delay in disposal of claim was noticed (post-automation)

Sl. No.	Name of the division	Name of the circle	Name of the assessee	GSTN No	ARN No.	ARN Date	Date of issue of acknowledgment in For GST RFD-02	Date of order in Form GST RFD-06	Refund amount claimed (in ₹)	Refund amount sanctioned (in ₹)	Period of delay (in days)	Interest due not paid
1	Nellore	Addanki	IFB Agro Industries Ltd.	37AAACI6487L1ZZ	AA371019000247J	01-10-2019	19-10-2019	25-01-2020	43,59,503	43,43,978	56	39,988
2	Visakhapatnam	Anakapalli	Uniparts India Ltd.	37AAACU0454D1ZP	AA370919019973I	26-09-2019	10-11-2019	05-08-2020	1,60,624	1,60,624	254	6,707
3	Visakhapatnam	Anakapalli		37AAACU0454D1ZP	AA371119007996T	11-11-2019	23-01-2020	25-08-2020	41,87,855	41,87,855	228	1,56,959
4	Visakhapatnam	Anakapalli		37AAACU0454D1ZP	AA371119008007H	11-11-2019	23-01-2020	05-08-2020	6,39,799	6,39,799	208	21,876
5	Visakhapatnam	Anakapalli		37AAACU0454D1ZP	AA371119008022P	11-11-2019	23-01-2020	25-08-2020	11,29,444	11,29,444	228	42,331
6	Visakhapatnam	Anakapalli	Deccan Fine Chemicals (India) Pvt. Ltd.	37AACCD9205D1ZX	AA3712190023588	04-12-2019	13-12-2019	24-02-2020	12,29,04,579	9,45,23,394	22	3,41,838
7	Vijayawada-2	Autonagar	Thirumala Cabs	37AGOPM6239K3ZO	AA3712190276517	31-12-2019	31-12-2019	25-04-2020	10,20,870	10,20,870	56	9,398
8	Vijayawada-2	Benz Circle	Thatavarthi Apparels Pvt. Ltd.	37AABCT7937P1ZI	AA371019018051O	22-10-2019	23-12-2019	18-01-2020	5,67,819	5,67,078	28	2,610
9	Eluru	Bhimavaram	Sun Bitess	37ADOF6439A1ZU	AA371119021011V	25-11-2019	13-12-2019	12-02-2020	21,67,190	16,25,392	19	5,077
10	Chittoor	Chittoor-I	Tasa Foods Pvt. Ltd. Chittoor	37AABCT0621Q1Z5	AA370120009990L	11-01-2020	25-01-2020	23-03-2020	41,46,839	26,99,785	12	5,326
11	Chittoor	Chittoor-II	Shahi Exports Pvt. Ltd.	37AAJCS1175L2ZW	AA3701200015117	03-01-2020	17-01-2020	05-05-2020	39,95,036	3,82,709	63	3,963
12	Visakhapatnam	Dwarakanagar	Lumen Engineerinsag Associates	37AFPPD5570E1ZD	AA371219010202R	12-12-2019	12-12-2019	29-04-2020	96,434	96,434	79	1,252
13	Kakinada	Kakinada	Prajna Traders And Logistics	37AARFP9712F1ZS	AA3711190071589	10-11-2019	19-11-2019	06-02-2020	41,61,948	16,64,779	28	7,663
14	Kakinada	Kakinada	Manasa Quality Enterprises Ltd.	37AAICM0563B1ZR	AA3711190098161	13-11-2019	27-11-2019	22-04-2020	18,43,992	9,11,378	101	15,131



Sl. No.	Name of the division	Name of the circle	Name of the assessee	GSTN No	ARN No.	ARN Date	Date of issue of acknowledgment in For GST RFD-02	Date of order in Form GST RFD-06	Refund amount claimed (in ₹)	Refund amount sanctioned (in ₹)	Period of delay (in days)	Interest due not paid
15	Kakinada	Kakinada	Elite Instruments	37ABPFS1668C1ZW	AA3712190018068	03-12-2019	16-12-2019	12-02-2020	21,79,519	8,48,738	11	1,535
16	Nellore	Nellore-1	Emami Agrotech Ltd.	37AABCN7953M1ZU	AA3710190178345	22-10-2019	06-11-2019	03-01-2020	19,82,29,280	19,76,74,380	13	4,22,427
17	Nellore	Ongole-I	Southern Rocks & Minerals Pvt. Ltd.	37AADCS1378K1Z0	AA3710190017759	03-10-2019	17-10-2019	11-03-2020	62,23,032	49,78,426	100	81,837
18	Nellore	Ongole-I	BVL Infrastructure Pvt. Ltd.	37AADCB1966E1ZS	AA371119007852	11-11-2019	25-11-2019	25-02-2020	15,48,058	9,28,834	46	7,024
19	Nellore	Ongole-I	Southern Rocks & Minerals Pvt. Ltd.	37AADCS1378K1Z0	AA371219027270F	31-12-2019	13-01-2020	22-04-2020	1,17,19,591	81,67,119	53	71,155
20	Nellore	Ongole-II	Hind Granites Pvt. Ltd.	37AADCH8796E1Z4	AA371219016060N	19-12-2019	02-01-2020	22-04-2020	1,18,57,123	50,44,794	65	53,903
21	Nellore	Ongole-II	Avinash Tobaccos	37AIYPP2654B1ZW	AA371219016719W	20-12-2019	03-01-2020	12-03-2020	50,68,133	36,48,309	23	13,794
22	Chittoor	Puttur	Vishnu Barium Pvt. Ltd.	37AAGCS0968L1ZT	AA371219018977O	21-12-2019	03-02-2020	22-04-2020	14,92,012	1,49,201	63	1,545
23	Chittoor	Puttur	S R G Fashions	37AARFS2907F1ZY	AA371019002436G	04-10-2019	25-11-2019	22-02-2020	3,72,900	3,72,900	81	4,965
24	Vijayawada-1	Samarangam Chowk	Gagan Impex Pvt. Ltd.	37AABCG5408Q1Z7	AA370120002865N	04-01-2020	01-10-2020	21-04-2020	4,42,942	3,98,648	48	3,145
25	Vijayawada-1	Samarangam Chowk		37AABCG5408Q1Z7	AA370120002937K	04-01-2020	17-01-2020	21-04-2020	28,79,964	25,91,968	48	20,452
26	Vijayawada-1	Samarangam Chowk		37AABCG5408Q1Z7	AA370120003245O	04-01-2020	17-01-2020	06-06-2020	1,51,26,293	1,23,78,186	94	1,91,268
27	Vijayawada-2	Sitharampuram	Sarada Industries	37ABGPN1212L1ZQ	AA371119026190I	29-11-2019	29-01-2020	06-03-2020	2,94,385	2,44,166	38	1,525
28	Vijayawada-2	Sitharampuram	Paduka Agenices	37ARNPS4186M1ZS	AA371219010084J	12-12-2019	29-01-2020	03-03-2020	5,59,814	3,90,633	22	1,413

Sl. No.	Name of the division	Name of the circle	Name of the assessee	GSTN No	ARN No.	ARN Date	Date of issue of acknowledgment in For GST RFD-02	Date of order in Form GST RFD-06	Refund amount claimed (in ₹)	Refund amount sanctioned (in ₹)	Period of delay (in days)	Interest due not paid
29	Visakhapatnam	Steel Plant	Mylan Laboratories Ltd.	37AADCM3491M1Z0	AA371019016057E	21-10-2019	02-11-2019	10-01-2020	11,09,28,867	11,09,28,867	21	3,82,933
30	Visakhapatnam	Steel Plant	SVR Drugs Pvt. Ltd.	37AAOCS6986L1Z7	AA3710190177272	22-10-2019	04-11-2019	10-01-2020	33,62,400	33,62,400	20	11,054
31	Visakhapatnam	Steel Plant	Suven Life Sciences Ltd.	37AADCS4044C1ZO	AA371019021078D	25-10-2019	04-11-2019	14-05-2020	2,37,96,039	1,05,53,292	142	2,46,340
32	Visakhapatnam	Steel Plant	Biocon Ltd.	37AAACB7461R1Z2	AA3710190257660	31-10-2019	12-12-2019	26-06-2020	61,90,261	61,76,610	179	1,81,745
33	Visakhapatnam	Steel Plant	Seva Industries	37ANQPJ4563N1Z7	AA371119002270Q	04-11-2019	28-11-2019	12-02-2020	1,28,83,199	1,10,91,286	40	72,929
34	Visakhapatnam	Steel Plant	Mylan Laboratories Ltd.	37AADCM3491M2ZZ	AA371219017325A	20-12-2019	07-02-2020	30-06-2020	17,08,456	6,83,382	133	14,941
35	Visakhapatnam	Steel Plant		37AADCM3491M2ZZ	AA371219019979J	23-12-2019	23-01-2020	12-03-2020	13,42,28,360	13,42,28,360	20	4,41,299
36	Visakhapatnam	Suryabagh	Touchstone Enterprises	37AEHPN6414N1Z1	AA371219011133N	13-12-2019	13-12-2019	16-03-2020	19,073	19,073	34	107
37	Visakhapatnam	Suryabagh		37AEHPN6414N1Z1	AA3711190077561	11-11-2019	11-11-2019	16-03-2020	2,42,181	2,42,181	66	2,627
38	Vijayawada-2	Suryaraopet	Venkat Footwear	37AFXPV9664F1ZA	AA371119005307E	07-11-2019	03-04-2020	26-05-2020	10,41,732	5,82,743	141	13,507
<b>Total</b>											<b>29,03,587</b>	

**Appendix – 2.3****(Reference to paragraph 2.1.7; Page 16)****List of Refund cases in which delay in sanction of provisional refund in the cases of zero-rated supplies was noticed (pre-automation)**

Sl. No.	Name of the division	Name of the circle	Name of the assessee	GSTIN No	ARN No.	Date of filing Refund Application in case of manual filing	Date of issue of acknowledgment in For GST RFD-02	Date of provisional refund in Form GST RFD-04	Refund amount claimed (in ₹)	Provisional Refund amount sanctioned (in ₹)	Period of delay
1	Ananthapur	Ananthapuramu-II	Siflon Drugs	37AAKFS9713J1ZM	AA371117357871Y	24-10-2018	20-11-2018	05-12-2018	45,50,532	40,95,480	8
2	Ananthapur	Ananthapuramu-II	Siflon Drugs	37AAKFS9713J1ZM	AA371218588955D	14-02-2019	28-02-2019	14-03-2019	1,37,41,236	1,23,67,112	7

Sl. No.	Name of the division	Name of the circle	Name of the assessee	GSTIN No	ARN No.	Date of filing Refund Application in case of manual filing	Date of issue of acknowledgment in For GST RFD-02	Date of provisional refund in Form GST RFD-04	Refund amount claimed (in ₹)	Provisional Refund amount sanctioned (in ₹)	Period of delay
3	Ananthapur	Ananthapuramu-II	Siflon Drugs	37AAKFS9713J1ZM	AA370219320979O	23-03-2019	03-04-2019	16-04-2019	36,40,497	32,76,446	6
4	Vijayawada-2	Patamata	Advanced Aqua Bio Technologies	37AKJPP5165E1ZX	AA370717000019D	15-12-2018	04-02-2019	14-02-2019	6,750	6,075	3
5	Vijayawada-2	Patamata	Kaizen Bio Sciences	37AARFK2176N1ZK	AA370118010931H	20-05-2019	22-05-2019	01-06-2019	4,63,462	4,17,114	3
6	Narasaraopet	Sattenapalli	Jocil Ltd.	37AAACJ5606L1ZF	AA370619018950X	28-06-2019	05-08-2019	06-09-2019	32,56,659	29,30,993	25
7	Eluru	Tanuku-I	The Andhra Sugars Ltd.	37AAACT6357Q1ZL	AA370819020059Z	03-09-2019	05-10-2019	18-10-2019	84,32,269	16,86,453	6
8	Vijayawada-2	Vuyyuru	M/S Harsha Liners Pvt. Ltd.	37AACCH5065P1Z2	AA370819014958H	20-08-2019	04-09-2019	03-10-2019	16,83,125	15,14,812	22
9	Vijayawada-2	Vuyyuru	M/S Harsha Liners Pvt. Ltd.	37AACCH5065P1Z2	AA3708190150471	20-08-2019	04-09-2019	03-10-2019	24,87,423	22,38,680	22

### Appendix – 2.3A

(Reference to paragraph 2.1.7; Page 16)

#### List of Refund cases in which delay in sanction of provisional refund in the cases of zero-rated supplies was noticed (post-automation)

Sl. No.	Name of the division	Name of the circle	Name of the assessee	GSTN No	ARN No.	ARN Date	Date of issue of acknowledgment in For GST RFD-02	Date of provisional refund in Form GST RFD-04	Refund amount claimed (in ₹)	Provisional Refund amount sanctioned (in ₹)	Period of delay
1	Nellore	Addanki	IFB Agro Industries Ltd.	37AAACI6487L1ZZ	AA371019000247J	01-10-2019	19-10-2019	23-01-2020	43,59,503	39,23,553	88
2	Visakhapatnam	Anakapalli	Deccan Fine Chemicals (India) Pvt. Ltd.	37AACCD9205D1ZX	AA3712190023588	04-12-2019	13-12-2019	23-12-2019	12,29,04,579	2,45,80,915	3
3	Anathapur	Ananthapuramu-II	Mudar India Exports	37ACAPM9587E1Z8	AA370220010893M	13-02-2020	26-02-2020	24-03-2020	11,67,432	1,16,743	20

Sl. No.	Name of the division	Name of the circle	Name of the assessee	GSTN No	ARN No.	ARN Date	Date of issue of acknowledgment in For GST RFD-02	Date of provisional refund in Form GST RFD-04	Refund amount claimed (in ₹)	Provisional Refund amount sanctioned (in ₹)	Period of delay
4	Anathapur	Ananthapuramu-II	Mudar India Exports	37ACAPM9587E1Z8	AA37022001289M	03-02-2020	26-02-2020	24-03-2020	10,87,676	1,08,768	20
5	Kadapa	Kadapa-II	Bharathi Cement Corporation Pvt. Ltd.	37AADCR3079G1Z8	AA371119025461E	29-11-2019	09-12-2019	26-12-2019	1,20,25,363	72,15,218	10
6	Kakinada	Kakinada	Manasa Quality Enterprises Ltd.	37AAICM0563B1ZR	AA3711190098161	13-11-2019	27-11-2019	19-02-2020	18,43,992	7,37,596	77
7	Kakinada	Peddapuram	Ceramin India Pvt. Ltd.	37AADCR0974Q1ZP	AA3703200049788	07-03-2020	12-03-2020	09-06-2020	69,89,680	62,90,712	82
8	Chittoor	Puttur	Vishnu Barium Pvt. Ltd.	37AAGCS0968L1ZT	AA371219018977O	21-12-2019	03-02-2020	20-03-2020	14,92,012	13,42,810	39
9	Visakhapatnam	Steel Plant	Suven Life Sciences Ltd.	37AADCS4044C1ZO	AA371019021078D	25-10-2019	04-11-2019	12-11-2019	2,37,96,039	1,32,42,746	1
10	Visakhapatnam	Steel Plant	Seva Industries	37ANQPJ4563N1Z7	AA371119002270Q	04-11-2019	28-11-2019	12-12-2019	1,28,83,199	17,91,913	7
11	Visakhapatnam	Steel Plant	Mylan Laboratories Ltd.	37AADCM3491M2ZZ	AA371219017325A	20-12-2019	07-02-2020	19-02-2020	17,08,456	10,25,074	5
12	Visakhapatnam	Steel Plant	Mahidhara Chemicals Pvt. Ltd.	37AABCM3630N1ZB	AA370220019883E	24-02-2020	12-03-2020	03-04-2020	72,74,164	14,54,832	15
13	Visakhapatnam	Steel Plant	Mylan Laboratories Ltd.	37AADCM3491M2ZZ	AA370220020985F	25-02-2020	03-04-2020	14-05-2020	44,17,356	19,87,811	34

**Appendix – 2.4**  
**(Reference to paragraph 2.1.9.1; Page 18)**  
**Excess refund due to Turnover variation in Zero-rated Turnover**

<b>Name of the Division</b>	Eluru
<b>Name of the circle</b>	Tanuku-I
<b>Name of the taxpayer</b>	WANBURY LTD.
<b>GSTIN</b>	37AABCP5939P1ZO

(amount in ₹)

Sl. No.	ARN	Date	T.O. of zero-rated supply of goods and service (GSTR-3B)	Zero-rated Turnover actually considered for refund	Adjusted total turnover (GSTR 3B)	Net input tax credit Available	Maximum refund amount to be claimed (4*7/6)	Refund amount sanctioned (RFD-06)	Excess refund allowed (9 - 8)
1	2	3	4	5	6	7	8	9	10
1	AA370719009196W	12-07-2019	7,13,51,978	7,13,95,853	11,94,46,526	1,45,03,437	86,63,700	86,68,000	4,300
2	AA370118010783C	13-05-2019	7,22,27,376	7,65,30,636	11,09,93,079	91,15,179	59,31,590	62,84,000	3,52,410
3	AA3712170183758	13-05-2019	7,43,51,082	7,90,31,634	14,53,36,102	1,41,06,734	72,16,727	76,00,000	3,83,273
4	AA371117003924C	27-02-2019	6,64,91,515	6,72,30,795	14,23,18,629	1,35,49,563	63,30,380	64,00,000	69,620

## Appendix - 2.5

(Reference to paragraph 2.1.9.2; Page 18)

## List of Refund cases in which deficiency noticed (Refund amount included ITC availed on capital goods)

Name of the assessee	BELMAK ENTERPRISES	POPULAR EXPORTS
Name of Division	Nellore	Nellore
Name of the Circle	Ongole-II	Nellore-III
GSTIN No	37AAMFB3751B1ZO	37ABWPD3364K1Z5
ARN No. & Date	AA370318516198Y (15-11-2018)	AA3709180689369 (31-03-2019)
Date of order in Form GST RFD-06	30-11-2018	18-04-2019

(amount in ₹)

Sl. No.	Details	Department adopted figures for computation of eligible refund	Actual figures to be taken for computation	Department adopted figures for computation of eligible refund	Actual figures to be taken for computation
1	Turnover of zero-rated supply of goods and services	2,98,65,316	2,98,65,316	5,36,89,428	5,36,89,428
2	Adjusted total turnover	3,74,69,935	3,74,69,935	5,36,89,428	5,36,89,428
3	Net input tax credit (adopted by department)	37,56,658	37,56,658	45,37,142	45,37,142
4	value of capital goods	0	23,10,000	0	3,01,400
5	Net ITC after deducting value of capital goods (3-4)	37,56,658	14,46,658	45,37,142	42,35,742
6	Maximum refund amount to be claimed (1 X 5)/2	29,94,235	11,53,055	45,37,142	42,35,742
7	Amount sanctioned (RFD-06)		27,34,978		45,37,142
8	Ineligible amount (7 – 6)		15,81,923		3,01,400
	<b>Total excess refund sanctioned</b>				<b>18,83,323</b>

**Appendix – 2.6**  
**(Reference to paragraph 2.1.9.3; Page 19)**  
**Excess refund due to variation in adjusted total turnover**

<b>Name of the Circle</b>	Vizianagaram East	Tanuku-I
<b>Name of the taxpayer and GSTIN No.</b>	Sarada Metals & Alloys Ltd. 37AAMCS6664B1Z3	The Andhra Sugars Ltd. 37AAACT6357Q1ZL
<b>ARN</b>	AA370219378712U	AA370819020059Z
<b>Tax period</b>	February 2019	June 2019
<b>Refund reason</b>	ITC for compensation cess paid on coal	On account of Supplies made to SEZ (without Payment of Tax)

(amount in ₹)

Sl. No.	Details	Department adopted figures for computation of eligible refund	Actual figures to be taken for computation	Department adopted figures for computation of eligible refund	Actual figures to be taken for computation
1	Turnover of zero-rated supply of goods and service	38,26,36,512	38,26,36,512	12,05,54,486	12,05,54,486
2	Adjusted total turnover	38,26,36,512	62,31,38,462	12,05,54,486	97,27,42,330
3	Net input tax credit available	1,94,88,309	1,94,88,309	84,32,269	84,32,269
4	Maximum refund amount to be claimed (1 X 3/2)	1,94,88,309	1,19,66,744	84,32,269	10,45,033
5	Refund amount sanctioned (RFD-06)		1,94,88,309		84,32,269
	<b>Excess refund allowed</b>		<b>75,21,565</b>		<b>73,87,236</b>



**Appendix - 2.7****(Reference to paragraph 2.1.10.1(A); Page 21)****Excess refund due to inflated turnover in claims relating to inverted duty structure**

<b>Name of the Division</b>	Vijayawada-2	Vijayawada-2
<b>Name of the Circle</b>	Sitharampuram	Sitharampuram
<b>Name of the taxpayer</b>	PADUKA AGENICES	BHAGATH TRADERS
<b>GSTIN</b>	37ARNPS4186M1ZS	37CAGPD6171F1ZT
<b>ARN</b>	AA371219010084J	AA370320010831U
<b>Tax period</b>	July 2017 to March 2018	July 2017 to March 2018
<b>Two-year period from the relevant date</b>	20-08-2019 (eligible invoices period: November 17 to March 18)	20-08-2019 (eligible invoices period: February 18 to March 18)
<b>Date of filing of refund application</b>	12.12.2019	14.03.2020

(amount in ₹)

Sl. No.	Details	Department adopted figures for computation of eligible refund	Actual figures to be taken for computation (Statement of invoices/ GSTR-3B)	Department adopted figures for computation of eligible refund	Actual figures to be taken for computation (Statement of invoices/ GSTR-3B)
1	Turnover of zero-rated supply of goods and service	1,13,82,817	73,51,277	1,14,36,467	25,89,291
2	Tax payable on such inverted supply of goods and services	5,69,141	3,67,564	5,71,818	1,29,464
3	Adjusted total turnover	1,13,82,817	91,70,639	1,14,36,467	27,76,436
4	Net input tax credit available	12,19,524	6,68,414	12,09,683	2,67,492
5	Maximum refund amount to be claimed ((1 X 4)/3)-2	6,50,383	1,68,243	6,37,865	1,19,998
6	Refund amount sanctioned (RFD-06)		3,90,633		5,15,013
	<b>Excess refund allowed</b>		<b>2,22,390</b>		<b>3,95,015</b>

**Appendix – 2.8**  
**(Reference to paragraph 2.1.10.4(E); Page 26)**  
**Cases in which SEZ endorsements have not been obtained**

(amount in ₹)

Sl. No.	Name of dealer	Circle	GSTN	ARN	Tax Period	Sanctioned amount
1	M/s Anjani Stones crushers	Gajuwaka	37AEVPM6588A1ZW	AA3708190118213	Nov-18	5,02,075
2	M/s Anjani Stones crushers	Gajuwaka	37AEVPM6588A1ZW	AA370819011852Y	Dec-18	8,00,965
3	M/s Anjani Stones crushers	Gajuwaka	37AEVPM6588A1ZW	AA370819011877M	Jan-19 to Mar-19	11,65,134
4	M/s HVS Tooling Solutions	Gajuwaka	37AJBPL2506R1ZZ	AA371019002082R	Jan-19	1,22,151
5	M/s SVR Drugs	Steel Plant	37AAOCS6986L1Z7	AA3702193037149	Feb-19	21,16,800
6	M/s Mylan Laboratories	Steel Plant	37AADCM3491M1Z0	AA370319481993I	Mar-19	15,87,98,707
7	M/s Mylan Laboratories	Steel Plant	37AADCM3491M1Z1	AA3706190134627	May-19	19,75,56,303
8	M/s Mylan Laboratories	Steel Plant	37AADCM3491M1Z2	AA370719016925Q	Jun-19	15,45,11,065
9	M/s Mylan Laboratories	Steel Plant	37AADCM3491M1Z3	AA371118176876L	Nov-18	12,14,29,405
10	M/s Air & Sea Trading Company	Chittoor-II	37AAAAA1406D27I	AA371117004978Y	July-17 to Nov-17	4,68,861
					<b>Total</b>	<b>63,74,71,466</b>

**Appendix - 2.9**

**(Reference to Paragraph 2.2.7.1(a); Page 33)**

**Net credit carried forward (NCCF) amount claimed in excess than available credit**

Sl. No.	GSTIN	TIN	Circle	Name of the dealer	Tran claim date	ITC as per June-17 return	Tran amount (in ₹)	Eligible Amount (in ₹)	Inadmissible amount (in ₹)
1	37BHRPS1012D1ZG	37455273098	Addanki	S A Granites	26-08-2017	51,548	5,21,655	51,548	4,70,107
2	37AJLPB1590N1ZV	37520290983	Adoni-I	S R Trading Company	21-10-2017	36,58,921	42,63,300	27,78,940	14,84,360
3	37AAMCA3380Q1ZZ	37174722711	Anakapalli	Assurgen Pharma Pvt. Ltd.	27-12-2017	7,76,888	14,47,254	8,49,655	5,97,599
4	37ABHFS1247B1ZF	37439163479	Anakapalli	Sri Lakshmi Prasanna Food Products	27-12-2017	21,852	7,23,599	1,72,242	5,51,357
5	37AADCF0368E2ZT	37412474778	Bhavanipuram	Forte Furniture Products India Pvt. Ltd.	27-12-2017	0	7,44,613	0	7,44,613
6	37AATCS4511N1ZP	37752749570	Chilakaluripet	Sadasiva Stones Pvt. Ltd.	27-12-2017	5,780	7,19,230	8,191	7,11,039
7	37AAACJ5628A1ZW	37260158619	Chinawaltair	Jayalakshmi Sea Foods Pvt. Ltd.	22-12-2017	7,65,684	17,48,169	7,65,684	9,82,485
8	37AAVCS9878E1ZA	37721315117	Chinawaltair	Safah Multitrade Pvt. Ltd.	28-08-2017	20,08,364	27,69,137	19,16,685	8,52,452
9	37AAKCS5353H1Z1	37681884121	Chinawaltair	Sree Krishna Automotives Hyderabad Pvt. Ltd.	27-12-2017	0	3,16,799	0	3,16,799
10	37AAPCS9414E1Z0	37245073534	Chinawaltair	SVK Profiles Pvt. Ltd.	24-08-2017	2,42,925	5,31,366	8,703	5,22,663
11	37AAACD4999A2ZL	37605581128	Chinawaltair	Pradhama Multi Speciality Hospitals & Research Institute	26-12-2017	3,82,011	5,46,971	3,82,011	1,64,960

Sl. No.	GSTIN	TIN	Circle	Name of the dealer	Tran claim date	ITC as per June-17 return	Tran amount (in ₹)	Eligible Amount (in ₹)	Inadmissible amount (in ₹)
12	37AABCL5967D1ZD	37628323425	Daba Gardens	L&T Hydrocarbon Engineering Ltd.	27-12-2017	1,87,500	5,58,12,432	1,87,500	5,56,24,932
13	37AANFP6480E1ZV	37571100096	Daba Gardens	Powertech Industries Ltd.	27-12-2017	0	20,73,280	0	20,73,280
14	37AGPPK8967K1ZC	37050207611	Daba Gardens	Murali Krishna Associates	29-10-2017	0	10,21,124	0	10,21,124
15	37AABCU7504M1ZO	37626306893	Daba Gardens	Great Unison Contractors India Pvt. Ltd.	27-12-2017	0	9,76,428	0	9,76,428
16	37AAEFP7474R1Z9	37460142090	Daba Gardens	Patelply Lam	27-12-2017	0	3,13,773	0	3,13,773
17	37AAFCT1064P1ZW	37405887933	Daba Gardens	TGS Minmet India Pvt. Ltd.	27-10-2017	4,30,952	6,43,577	4,30,952	2,12,625
18	37AADCK0785C1ZO	37475540754	Daba Gardens	KMV Projects Ltd.	27-12-2017	0	51,86,557	7,86,624	43,99,933
19	37AAQFR2340N1ZO	37961418387	Dwarakanagar	Ruchira Associates	24-08-2017	0	30,48,741	0	30,48,741
20	37AACCB4167A2Z1	37980129301	Dwarakanagar	BVSR Construction Pvt. Ltd.	27-12-2017	0	14,65,308	1,31,966	13,33,342
21	37ACXPG7435Q1ZJ	37130131722	Eluru	Sri Raghavendra Manures And General Merchants	08-09-2017	7,30,353	11,75,460	7,30,353	4,45,107
22	37ACCFS5099M1ZD	37614932801	Gajuwaka	Sri Bhavani Wire Industries	16-09-2017	0	9,34,898	0	9,34,898
23	37AAACT3198F1Z7	37981643180	Gajuwaka	Tata International Ltd.	27-12-2017	4,78,525	10,98,318	4,78,525	6,19,793
24	37AAACV7326F1ZB	37960130110	Gajuwaka	Visakha Wire Ropes Ltd.	23-08-2017	16,78,263	17,88,908	16,78,263	1,10,645

Sl. No.	GSTIN	TIN	Circle	Name of the dealer	Tran claim date	ITC as per June-17 return	Tran amount (in ₹)	Eligible Amount (in ₹)	Inadmissible amount (in ₹)
25	37AAHCA7377E2ZF	37784476740	Gudur (Nayudupeta)	Sai Hemaja Aerobricks Pvt. Ltd.	06-11-2017	0	74,74,217	72,94,476	1,79,741
26	37AAJCM1778R1Z1	37379013718	Indrakeeladri	Meenakshi Commodities Pvt. Ltd.	27-12-2017	3,62,653	4,53,672	362,653	91,019
27	37AATFA7900J1Z2	37881221104	Kasibugga	Adithya Stone Industries	01-11-2017	8,73,552	11,72,945	873,552	2,99,393
28	37AAATT2432R1Z0	37690207137	Kavali	Vavveru Co. Op. Rural Bank Ltd.	26-08-2017	0	3,09,194	0	3,09,194
29	37AAGCR6775C1Z4	37936760687	Krishnalanka	Rent Alpha Pvt. Ltd.	21-09-2017	8,26,478	9,82,985	8,53,583	1,29,402
30	37AB IPL1556B1ZW	37433912997	Kurnool-I	Sreeram Trans	24-08-2017	0	68,724	0	34,362 (an amount of ₹34,362 was reversed by the taxpayer)
31	37ACWPT0419L1ZV	37518084854	Kurupam Market	Sri Brahamari Enterprises	31-08-2017	0	6,91,395	0	6,91,395
32	37AIMPB2153P1ZZ	37421410334	Kurupam Market	Winner Enterprises	27-12-2017	0	5,06,308	0	5,06,308
33	37ATCPV7936M1ZS	37192302833	Madanapalli	Sree Sai Chaitanya Agri Solutions	11-12-2017	10,96,425	16,34,451	10,96,425	5,38,026
34	37AAZPC9525H1Z5	37849651731	Mandapeta	Sri Laxmi Enterprises	27-12-2017	1,35,729	3,62,995	1,35,729	2,27,266
35	37AAFCB3231Q1ZF	37689365285	Nandyal-I	Pavani Polymers Pvt. Ltd.	22-12-2017	56,61,077	56,19,359	55,21,199	98,160
36	37AATPM6574E1Z4	37060115105	Nandyal-I	Sri Venkata Ramana Cotton Mills	14-12-2017	30,55,116	26,59,950	19,71,108	6,88,842

Sl. No.	GSTIN	TIN	Circle	Name of the dealer	Tran claim date	ITC as per June-17 return	Tran amount (in ₹)	Eligible Amount (in ₹)	Inadmissible amount (in ₹)
37	37ACMPD4468K1Z6	37470118551	Nellore-III	Sri Srinivasa Fertilizers	18-10-2017	6,27,359	7,84,097	6,27,359	1,56,738
38	37AAACI1772Q1Z3	37302369765	Parvathipuram	IWL India Ltd.	18-09-2017	76,350	7,20,547	90,655	6,29,892
39	37AAGCM7444M1ZW	37627367744	Parvathipuram	MDA Mineral Dhatu Ap Pvt. Ltd.	12-09-2017	2,32,003	7,98,982	2,32,003	5,66,979
40	37BKRPK0217K1ZX	37409636396	Patamata	Priya Enterprises	18-11-2017	2,43,139	8,98,208	2,43,139	6,55,069
41	37ALWPK9015A1ZY	37371209578	Patamata	Ajay Kumar	18-12-2017	4,649	5,85,278	4,649	5,80,629
42	37AADCP8329B1ZH	37882605635	Patamata	Pai International Electronics Ltd.	27-12-2017	0	4,18,457	0	4,18,457
43	37AANFA8917D1ZA	37454499104	Patamata	Aurobindo Drugs	27-12-2017	0	5,29,703	0	5,29,703
44	37AADCV3470H1Z7	37884184745	Peddapuram	Veekay Smelters Pvt. Ltd.	18-09-2017	0	5,56,523	0	5,56,523
45	37AECPT0461N2Z4	37817364666/ 37776205764	Piduguralla	Radha Enter Prises/ T K Industries	10-11-2017	986	3,18,548	986	3,17,562
46	37AAACG7284R1ZS	37020162119	Puttur	Green Ply Industries Ltd.	25-12-2017	0	1,00,20,119	76,819	99,43,300
47	37AACCN9505A1ZQ	37959936196	Puttur	NTPC BHEL Power Projects Pvt. Ltd.	28-08-2017	9,01,883	14,86,732	9,53,588	5,33,144
48	37AAECP4284E1ZC	37824050402	Rajam	VKT Pharma	11-09-2017	27,39,538	27,39,538	16,23,822	11,15,716
49	37CXGPK5874D1Z7	37354581518	Ramachandra Puram	Madhavi Karri	17-10-2017	2,80,298	3,06,284	33,838	2,72,446
50	37AAFCP9117K1Z0	37275257603	Steel Plant	Phalanx Labs Pvt. Ltd.	23-10-2017	28,28,121	1,11,65,797	28,28,121	83,37,676
51	37AABCL9353P1ZS	37249778239	Steel Plant	Lohitha Life Sciences Pvt. Ltd.	26-12-2017	77,024	36,26,551	35,49,527	77,024
52	37AAJCS9451K1ZO	37804154222	Steel Plant	Som Projects Pvt. Ltd.	27-12-2017	1,25,030	8,52,894	5,72,219	2,80,675

Sl. No.	GSTIN	TIN	Circle	Name of the dealer	Tran claim date	ITC as per June-17 return	Tran amount (in ₹)	Eligible Amount (in ₹)	Inadmissible amount (in ₹)
53	37AEQPD8703F1ZF	37820151002	Suryabagh	Visakha Marketing	23-12-2017	4,64,844	25,,06,335	10,09,316	14,97,019
54	37ACAPP9700E1ZQ	37150149828	Tirupati-II	Triven Kumar Steel And Cement	20-11-2017	2,13,562	6,48,784	2,13,562	4,35,222
55	37AAACC4214B1ZD	37510128767	Tirupati-II	Consolidated Construction Consortium Ltd.	27-12-2017	0	29,12,911	27,82,911	1,30,000
56	37AALCS9872Q2Z0	37507993786	Vizianagaram South	Jaya Lakshmi Ferro Alloys Pvt. Ltd.	27-12-2017	10,05,657	83,62,118	10,05,657	73,56,461
57	37AANCA9100F1ZR	37817913570	Mangalagiri	Anika Motors Pvt. Ltd.	08-11-2017	0	10,27,802	0	10,27,802
58	37AQUPS4829F1Z4	37907576802	Vizianagaram West	Kesav Agencies	23-08-2017	34,383	3,18,828	39,533	2,79,295
								<b>Total</b>	<b>11,80,03,495</b>

#### Appendix - 2.10

(Reference to Paragraph 2.2.7.1(b); Page 34)

#### 28 Provisional NCCF Credit carry forwarded as ITC in Tran-1

Sl. No.	GSTIN	TIN	Circle	Name of the dealer	Tran claim date	ITC as per June-17 return	Tran amount (in ₹)	Eligible amount (in ₹)	Inadmissible amount (in ₹)
1	37AMBPK0216B1ZU	37650227282	Addanki	Srinivasa Granites	14-09-2017	8,34,105	15,32,094	8,30,213	7,01,881
2	37AACHR2070M1ZX	37550193885	Addanki	Anjaneya Traders	27-12-2017	2,98,360	9,01,185	3,00,706	6,00,479
3	37ASSPM9550D1Z8	37642187899	Addanki	Gowtham Exports	25-12-2017	2,98,173	6,76,436	2,98,173	3,78,263
4	37AXYPK5373R1Z4	37825581741	Addanki	Sri Vighneswara Industries	21-11-2017	9,13,162	12,63,653	10,60,886	2,02,767
5	37AALFC5884F1Z2	37450243644	Addanki	Chandra Granite Industries	25-12-2017	0	3,03,358	0	3,03,358
6	37AYTPD8874C1ZX	37312009626	Addanki	Vedha Varshitha Granites	25-12-2017	2,45,199	5,48,065	2,45,199	3,02,866
7	37CLTPK4527J1ZH	37315033213	Addanki	Sri Prasananjaneya Granites	25-12-2017	1,44,530	4,27,760	1,67,346	2,60,414



Sl. No.	GSTIN	TIN	Circle	Name of the dealer	Tran claim date	ITC as per June-17 return	Tran amount (in ₹)	Eligible amount (in ₹)	Inadmissible amount (in ₹)
8	37BKJPB3074K1Z1	37332626756	Addanki	Reshma Granites	25-12-2017	2,90,175	5,53,559	2,96,198	2,57,361
9	37CSCPK9797A1ZD	37933229565	Addanki	Hema Sai Granites	25-12-2017	2,13,040	4,59,690	2,13,040	2,46,650
10	37AAACJ5601P1ZC	37180277091	Addanki	Jagadguru Cotton Mills Ltd.	01-09-2017	2,81,433	5,14,322	2,54,980	2,59,342
11	37APVPP6733M1ZU	37815046560	Addanki	Sri Ayyappa Exports	25-12-2017	4,26,520	6,19,778	4,44,443	1,75,335
12	37ACPPK4553R1ZO	37340201749	Addanki	Sri Padma Fertilisers And Pesticides	25-08-2017	3,82,400	5,47,632	3,82,400	1,65,232
13	37AAKFV8166A1ZX	37597870899	Addanki	Vijaya Sree Granites	25-12-2017	5,33,429	6,71,435	5,33,429	1,38,006
14	37AALFR4001R1ZR	37123984724	Addanki	Ramani Exports	25-12-2017	2,11,211	3,24,053	2,11,211	1,12,842
15	37AAIFC2767L1Z0	37414643215	Addanki	Chandra Granite Stones	25-12-2017	2,94,224	4,00,515	2,94,224	1,06,291
16	37AANCS5494G1ZQ	37387518878	Anakapalli	Sarojini Ferro Alloys Pvt. Ltd.	19-12-2017	30,51,602	1,39,26,175	3051,602	1,08,74,573
17	37AELPP7300M1Z2	37199576513	Anakapalli	Sitarama Traders	16-12-2017	26,20,222	34,73,067	23,77,022	10,96,045
18	37AAUPV2635G1Z4	37220130749	Anakapalli	Sri Satyanarayana Cement N Fertilisers	21-09-2017	60,317	3,78,774	60,317	3,18,457
19	37BDNPK5557P1ZL	37844920168	Brodipet	Sree Lakshmi Ganapathi Cotton Mills	26-12-2017	0	29,68,385	0	29,68,385
20	37AHXPA6884E1ZT	37309538647	Brodipet	Viswa Vijetha Agros	30-10-2017	0	10,50,779	0	10,50,779
21	37AHEPS0997H1ZU	37680140854	Chilakaluripet	Sri Srinivasa Trading Company	10-11-2017	25,47,923	25,47,923	24,88,168	59,755
22	37AAEHD2630R1Z1	37777357166	Chinawaltair	Vardhaman Enterprises	23-08-2017	0	4,06,860	0	4,06,860
23	37AABFL2147G1ZJ	37750272804	Dwarakanagar	Lalitha Constructions	25-12-2017	0	92,48,370	0	51,72,338 (balance amount of ₹40,76,032 relate to TDS)
24	37APQPN2901L1ZH	37537032344	Ibrahimpattam	Sri Sai Brick Industry	27-12-2017	21,398	3,69,517	21,398	3,48,119
25	37AYUPS2192K1ZH	37526239023	Mangalagiri	Fathima Battery Industry	20-09-2017	6,39,089	7,53,801	6,39,089	1,14,712

Sl. No.	GSTIN	TIN	Circle	Name of the dealer	Tran claim date	ITC as per June-17 return	Tran amount (in ₹)	Eligible amount (in ₹)	Inadmissible amount (in ₹)
26	37AALCS1090G1Z8	37121572431	Piduguralla	Susaah Laboratories Pvt. Ltd.	27-12-2017	50,486	23,82,487	50,486	23,32,001
27	37AHMPA5291L1ZY	37219776511	Rajam	Sai Teja Granites	27-12-2017	4,23,431	8,67,042	4,23,431	4,43,611
28	37BAEPK5879E1ZE	37655165261	Rajam	Tulasi Granites	09-11-2017	2,61,166	4,14,209	2,61,166	1,53,043
								<b>Total</b>	<b>2,95,49,765</b>

### Appendix - 2.11

(Reference to Paragraph 2.2.7.1(c); Page 35)

**TDS (Tax deducted at Source) amount carry forwarded as ITC in Tran-1**

Sl. No.	GSTIN	TIN	Circle	Name of the dealer	Tran claim date	ITC as per June-17 return	Tran amount (in ₹)	Eligible Amount (in ₹)	Inadmissible amount (in ₹)
1	37AAKCA9344G1ZE	37199100623	Alcot Gardens	A Purshottam Constructions Pvt. Ltd.	26-08-2017	0	12,67,077	0	12,67,077
2	37AAACE1662P1ZC	37230242622	Anakapalli	East Coast Constructions & Industries Ltd.	31-08-2017	0	5,61,903	0	5,61,903
3	37AACCS8242F1ZB	37690289102	Autonagar	Soma Enterprise Ltd.	27-12-2017	0	1,04,69,646	0	1,04,69,646
4	37AAFFL7365J2ZT	37664618202	Benz Circle	Lotus Constructions Corporation	27-12-2017	0	23,81,023	1,53,529	22,27,494
5	37AAACT3910D1ZR	37240134014	Bhavanipuram	Thermax Ltd.	26-12-2017	0	63,76,013	0	63,76,013
6	37AAACH1118B1ZB	37790125395	Chinawaltair	HPCL	29-09-2017	0	39,13,146	0	39,13,146
7	37AABCH3275Q1Z1	37160134146	Chinawaltair	Haigreeva Infratech Projects Ltd.	26-08-2017	0	24,17,588	0	24,17,588
8	37AMKPJ7526L1ZI	37773649632	Chinawaltair	JVJ Engineering	23-12-2017	0	8,21,792	0	8,21,792
9	37AARFA1757H1Z6	37332084002	Chinawaltair	Applied Electricals	01-12-2017	0	5,19,501	0	5,19,501
10	37AAFFJ1537N1Z2	37595897225	Daba Gardens	JD Construction	20-10-2017	0	73,56,294	0	73,56,294

Sl. No.	GSTIN	TIN	Circle	Name of the dealer	Tran claim date	ITC as per June-17 return	Tran amount (in ₹)	Eligible Amount (in ₹)	Inadmissible amount (in ₹)
11	37AAMPB5359D1ZR	37320141157	Daba Gardens	Bhuvaneswari Electrical Works	20-10-2017	0	4,37,383	0	4,37,383
12	37AABFL2147G1ZJ	37750272804	Dwarakanagar	Lalitha Constructions	25-12-2017	0	92,48,370	0	40,76,032
13	37AAFCT3638M1ZU	37321833967	Dwarakanagar	Team Work Glass Solutions Pvt. Ltd.	15-11-2017	0	15,04,756	0	15,04,756
14	37ABXPC6456A1ZJ	37030274671	Dwarakanagar	Modern Electronics	10-11-2017	0	10,68,975	0	10,68,975
15	37AACCC9009Q1Z5	37639327271	Gajuwaka	C S Construction Company Pvt. Ltd.	11-11-2017	0	2,16,80,890	0	2,16,80,890
16	37AANFM1608F2ZB	37826238121	Gajuwaka	Sai Lakshmi Enterprises	17-12-2017	3,44,975	71,74,868	3,44,975	68,29,893
17	37AABCJ8612K1ZC	37864641545	Gudur (Naidupeta)	Softbank Telecom India Pvt. Ltd.	22-12-2017	0	37,93,775	0	37,93,775
18	37AAOCS9992C1ZM	37705728409	Kadapa-I	Shirdi Sai Electricals Ltd.	27-12-2017	0	5,66,12,058	0	5,66,12,058
19	37AACCS9854P1ZE	37156945842	Kadapa-I	S M S Ltd.	28-09-2017	0	1,10,29,339	0	1,10,29,339
20	37AOUPB8286P1ZT	37891323936	Kadapa-I	SN Constructions	20-12-2017	0	14,02,643	0	14,02,643
21	37AAACI7067A1ZS	37070211361	Mangalagiri	IJM India Infrastructure Ltd.	26-12-2017	0	6,52,035	0	6,52,035
22	37AAECR3311A1Z0	37639150767	Nellore-I	Reeca Infrastructure Pvt. Ltd.	27-12-2017	0	52,19,314	0	52,19,314
23	37AALCS0886Q1ZD	37822980589	Nuzvidu	Sri Vijetha Engineers And Infrastructure Pvt. Ltd.	25-11-2017	0	8,81,154	0	8,81,154
24	37AABCL6747M1ZY	37514487697	Proddutur-I	Lakshmi Transcon Pvt. Ltd.	27-12-2017	0	69,67,190	2,43,283	67,23,907
25	37AAACT1426A1ZY	37690167658	Sitharampuram	ITD Cementation India Ltd.	26-12-2017	0	5,87,52,706	0	5,87,52,706
26	37ABCFS5166Q1ZF	37653606010	Steel Plant	Shri Ganesh Constructions	17-12-2017	11,504	33,22,059	15,11,747	18,10,312

Sl. No.	GSTIN	TIN	Circle	Name of the dealer	Tran claim date	ITC as per June-17 return	Tran amount (in ₹)	Eligible Amount (in ₹)	Inadmissible amount (in ₹)
27	37AIZPR9613H1ZC	37048467129	Steel Plant	RPV Srinivas	07-10-2017	0	6,22,594	0	6,22,594
28	37ABFPN8231L1ZA	37899246916	Steel Plant	Lakshmi Electrical Works	19-10-2017	0	4,21,362	0	4,21,362
29	37AABPJ7710M1ZK	37729053881	Steel Plant	Salasar Exterior	25-09-2017	0	3,93,414	0	3,93,414
								<b>Total</b>	<b>21,98,42,996</b>

#### Appendix - 2.12

(Reference to Paragraph 2.2.7.2; Page 37)

#### Inadmissible claim of transitional credit due to non-disclosing of pending statutory forms

Sl. No.	TIN	Circle	Name of the dealer	Tran claim date	Tran amount (in ₹)	Differential tax of pending statutory forms (in ₹)	Ineligible tran claim (in ₹)
1	37410172388	Anakapalli	Vijaya Lakshmi Steel Traders	18-10-2017	75,70,938	1,56,647	1,56,647
2	37250182061	Anakapalli	Sun Food Corporation	27-12-2017	28,72,106	13,562	13,562
3	37721315117	Chinawaltair	Safah Multitrade Pvt. Ltd.	28-08-2017	27,69,137	21,84,367	21,84,367
4	37405887933	Daba Gardens	TGS Minmint India Pvt. Ltd.	27-10-2017	6,43,577	4,78,81,666	6,43,577
5	37600299581	Dwarakanagar	Vijaya Engineering Works	10-11-2017	53,53,673	98,81,778	53,53,673
6	37174625666	Dwarakanagar	Sree Equipment Finance Ltd.	25-10-2017	56,25,205	8,25,212	8,25,212
7	37139947831 37761852578 37500187808 37800297602 37061908732	Gajuwaka	Bharath Heavy Plates And Vessels	27-12-2017	18,26,350	35,41,264	18,26,350

Sl. No.	TIN	Circle	Name of the dealer	Tran claim date	Tran amount (in ₹)	Differential tax of pending statutory forms (in ₹)	Ineligible tran claim (in ₹)
8	37981643180	Gajuwaka	Tata International Ltd.	27-12-2017	10,98,318	13,30,40,416	10,98,318
9	37960130110	Gajuwaka	Visakha Wire Ropes Ltd.	23-08-2017	17,88,908	30,31,339	17,88,908
10	37171730482	Kasibugga	S S S International Expo Pvt. Ltd.	31-10-2017	4,65,760	4,05,484	4,05,484
11	37518084854	Kurupam Market	Sri Brahamari Enterprises	31-08-2017	6,91,395	2,92,417	2,92,417
12	37421410334	Kurupam Market	Winner Enterprises	27-12-2017	5,06,308	66,071	66,071
13	37294327666	Lalapet	Rama Satyadeva Chillies	24-10-2017	21,11,684	18,15,666	18,15,666
14	37345336010	Narasannapet	Ganapathi Granites	01-12-2017	23,95,436	25,349	25,349
15	37608532062	Narasannapet	Vedanth Granites	04-12-2017	20,13,810	62,094	62,094
16	37409636396	Patamata	Priya Enterprises	18-11-2017	8,98,208	15,84,112	8,98,208
17	37454499104	Patamata	Aurobindo Drugs	27-12-2017	5,29,703	5,803	5,803
18	37121572431	Piduguralla	Susaah Laboratories Pvt. Ltd.	27-12-2017	23,82,487	3,46,221	3,46,221
19	37959936196	Puttur	NTPC BHEL Power Projects Pvt. Ltd.	28-08-2017	14,86,732	51,36,39,373	14,86,732
20	37730181366	Puttur	Vishnu Barium Pvt. Ltd.	27-12-2017	83,65,536	5,29,464	5,29,464
21	37655165261	Rajam	Tulasi Granites	09-11-2017	4,14,209	77,770	77,770
22	37936962791	Srikakulam	Trimax Sand Pvt. Ltd.	26/12/2017	9,89,691	15,84,112	9,89,691
23	37720163389	Steel Plant	Metrochem Api Pvt. Ltd.	26-08-2017	54,29,602	4,97,701	4,97,701
24	37625575766	Steel Plant	Visakha Solvents Ltd.	29-09-2017	24,48,844	1,35,137	1,35,137
25	37330185906	Steel Plant	Thirupati Fuels Pvt. Ltd.	22-12-2017	23,62,552	20,01,995	20,01,995
26	37137119408	Suryabagh	Chandra Electricals Pvt. Ltd.	06-10-2017	11,74,908	4,37,093	4,37,093
27	37901390668	Suryabagh	Sai Maruthi Overseas Traders	01-09-2017	46,84,231	17,64,622	17,64,622
28	37420166406	Suryabagh	Ricoh Paints	27-12-2017	29,31,456	10,61,501	10,61,501
			<b>Total</b>		<b>7,18,30,764</b>	<b>72,68,88,236</b>	<b>2,67,89,633</b>

**Appendix – 2.13**  
**(Reference to Paragraph 2.2.7.3; Page 38)**  
**Claiming of transitional credit despite having VAT/ CST demands and DMU arrears**

Sl. No.	GSTIN	TIN	Circle	Name of the taxpayer	Tran claim date	Tran amount (in ₹)	VAT /CST Demand (in ₹)	Irregular Tran claim (in ₹)
1	37AABFV4158R1ZF	37410172388	Anakapalli	Vijaya Lakshmi Steel Traders	18-10-2017	75,70,938	13,06,872	13,06,872
2	37AELPP7300M1Z2	37199576513	Anakapalli	Sitarama Traders	16-12-2017	34,73,067	2,43,200	2,43,200
3	37AASPV1815A2ZL	37369857290	Benz Circle	Vemuri Steels Tiruvuru	23-12-2017	4,71,754	5,63,893	4,71,754
4	37AAFCA0796B1ZV	37650259583	Chinawaltair	AS Steel Traders Vsp. Pvt. Ltd.	15-06-2019	30,11,325	21,20,015	21,20,015
5	37AADCK0785C1ZO	37475540754	Daba Gardens	KMV Projects Ltd.	27-12-2017	51,86,557	2,61,39,004	51,86,557
6	37AAICM8873E1Z0	37607592113	Dwarakanagar	Mandeo Motors India Pvt. Ltd.	28-11-2017	4,81,959	89,465	89,465
7	37AIMPB2153P1ZZ	37421410334	Kurupam Market	Winner Enterprises	27-12-2017	5,06,308	1,97,324	1,97,324
8	37ABNFS5580K1ZE	37632335707	Ongole-II	Sri Vasavi Dhall Mill	22-10-2017	3,84,986	3,84,987	3,84,986
9	37AAACI5472K1ZA	37386741908	Parvathipuram	Impex Metal and Ferro alloys	17-11-2017	1,19,60,536	1,44,60,425	1,19,60,536
10	37AABCE3846Q1Z3	37936962791	Srikakulam	Trimax Sand Pvt. Ltd.	26-12-2017	9,89,691	1,08,06,918	9,89,691
11	37AAACV9857D1ZZ	37390187262	Steel Plant	Vasudha Pharma Chem Ltd.	30-08-2017	48,72,792	13,04,072	13,04,072
12	37AABCT8836F1Z3	37330185906	Steel Plant	Thirupati Fuels Pvt. Ltd.	22-12-2017	23,62,552	8,45,897	8,45,897
13	37AADCC8724B1ZV	37137119408	Suryabagh	Chandra Electricals Pvt. Ltd.	06-10-2017	11,74,908	5,67,268	5,67,268
14	37AQUPS4829F1Z4	37907576802	Vizianagaram West	Kesav Agencies	23-08-2017	3,18,828	4,56,212	3,18,828
						<b>Total</b>	<b>5,94,85,552</b>	<b>2,59,86,465</b>

**Appendix - 2.14**

**(Reference to Paragraph 2.2.7.4; Page 38)**

**Sanction of transitional credit in the absence of submission of mandatory VAT 200B returns**

Sl. No.	GSTIN	TIN	Circle	Name of the taxpayer	Tran claim date	Tran amount (in ₹)	Ineligible tran claim (in ₹)
1	37AAFFL7365J2ZT	37664618202	Benz Circle	Lotus Constructions Corporation	27-12-2017	23,81,023	23,81,023
2	37AAACH1118B1ZB	37790125395	Chinawaltair	HPCL	29-09-2017	39,13,146	39,13,146
3	37AAACJ5628A1ZW	37260158619	Chinawaltair	Jayalakshmi Sea Foods Pvt. Ltd.	22-12-2017	17,48,169	17,48,169
4	37AABCL5967D1ZD	37628323425	Daba Gardens	L&T Hydrocarbon Engineering Limited	27-12-2017	5,63,37,432	5,63,37,432
5	37AAFFJ1537N1Z2	37595897225	Daba Gardens	JD Construction	20-10-2017	73,56,294	73,56,294
6	37AAFCT1064P1ZW	37405887933	Daba Gardens	TGS Minmint India Pvt. Ltd.	27-10-2017	6,43,577	6,43,577
7	37AADCK0785C1ZO	37475540754	Daba Gardens	KMV Projects Limited	27-12-2017	51,86,557	51,86,557
8	37AABFL2147G1ZJ	37750272804	Dwarakanagar	Lalitha Constructions	25-12-2017	92,48,370	92,48,370
9	37AACCB4167A2Z1	37980129301	Dwarakanagar	BVSR Construction Pvt. Ltd.	27-12-2017	14,65,308	14,65,308
10	37ACFFS9340A1Z7	37808743197	Kurupam Market	Satya Narayana & Co.	23-09-2017	1,18,10,593	1,18,10,593
11	37ALWPK9015A1ZY	37371209578	Patamata	Ajay Kumar	18-12-2017	5,85,278	5,85,278
12	37AAACG7284R1ZS	37020162119	Puttur	Green Ply Industries Limited	25-12-2017	1,00,20,119	1,00,20,119
13	37AACCN9505A1ZQ	37959936196	Puttur	NTPC BHEL Power Projects Pvt. Ltd.	28-08-2017	14,86,732	14,86,732
14	37AADCV9495L1ZD	37817579232	Rajam	Vijayanagar Food & Nutraceuticals Pvt. Ltd.	13-12-2017	21,85,709	21,85,709
15	37AAFCP9117K1Z0	37275257603	Steel Plant	Phalanx Labs Pvt. Ltd.	23-10-2017	1,11,65,797	1,11,65,797
16	37AADCV0069J1Z5	37625575766	Steel Plant	Visakha Solvents Ltd.	29-09-2017	24,48,844	24,48,844
17	37AADCC8724B1ZV	37137119408	Suryabagh	Chandra Electricals Pvt. Ltd.	06-10-2017	11,74,908	11,74,908
18	37ACQFS7938H1ZA	37901390668	Suryabagh	Sai Maruthi Overseas Traders	01-09-2017	46,84,231	46,84,231
19	37AAACC4214B1ZD	37510128767	Tirupati-II	Consolidated Construction Consortium Ltd.	27-12-2017	29,12,911	29,12,911
20	37AABCA9265F1ZL	37430113476	Tirupati-II	Amararaja Power Systems Limited	23-12-2017	26,59,083	26,59,083
					<b>Total</b>	<b>13,94,14,081</b>	<b>13,94,14,081</b>

**Appendix - 2.15**  
**(Reference to Paragraph 2.2.7.5; Page 40)**  
**Claiming of transitional credit on stock without furnishing supporting invoices**

Sl. No.	GSTIN	TIN	Circle	Name of the dealer	Tran claim date	Tran amount (in ₹)	ITC claimed under Table-7c/7b without supporting documents (in ₹)
1	37AABCL5967D1ZD	37628323425	Daba Gardens	L&T Hydrocarbon Engineering Ltd.	27-12-2017	5,63,37,432	5,25,000
2	37AADCK0785C1ZO	37475540754	Daba Gardens	KMV Projects Ltd.	27-12-2017	51,86,557	7,86,624
3	37AACCB4167A2Z1	37980129301	Dwarakanagar	BVSR Construction Pvt. Ltd.	27-12-2017	14,65,308	1,31,966
4	37AACAT0265F1ZN	37730735818	Nellore-II	The Nellore Dist. Cooperative Marketing Society	08-12-2017	99,05,163	50,31,830
5	37AADCP8329B1ZH	37882605635	Patamata	Pai International Electronics Ltd.	27-12-2017	15,81,385	11,62,928
6	37AGUPG1246J1Z3	37670138785	Sattenapalli	Sri Ramanjaneya Fertilisers	27-12-2017	5,05,938	5,05,938
7	37AAKCA2311H1ZZ	37629065328	Sitharampuram	Ola Fleet Technologies	16-11-2017	41,10,112	59,524
8	37ADQPM1686B2ZB	37642807969	Tirupati-II	M N M Krishnaswamy Mudaliar Distributors	25-08-2017	10,99,847	9,54,930
9	37ABRFS3207R1ZC	37421413729	Tirupati-II	Royal Barium Salts	25-08-2017	21,53,558	50,944
				<b>Total</b>			<b>92,09,684</b>



**Appendix - 2.16**  
**(Reference to Paragraph 2.2.7.7; Page 42)**

**Non-levy of interest and penalty in the cases where excess transitional credit was availed**

Sl. No.	GSTIN	TIN	Circle	Name of the dealer	Tran claim date	Tran amount	Ineligible Tran claim (in ₹)	Reversed amount (in ₹)	Reversal date	Interest*	Penalty (in ₹)
<b>Penalty leviable under Section 73 of APGST Act 2017</b>											
1	37AAFCS1732H1ZF	377151793822	Ananthapuramu-II	Siddhartha Civil Works Pvt. Ltd.	07-11-2017	24,04,255	24,04,255	24,04,255	31-08-2018	A	NA
2	37AAPFM9832K1ZH	37530865643	Benz circle	MP Construction	27-12-2017	2,57,64,490	2,57,64,490	2,57,64,490	Sep-18 return	NA	25,76,449
3	37AGDPR3802L1Z7	37433599656	Chittoor-I	Shri Ram Tyres	03-09-2017	5,56,406	5,45,663	5,45,663	20-10-2018	A	54,566
4	37ACJPR8704M1ZW	37670260229	Daba Gardens	Rameshram Ram	20-10-2017	2,20,215	2,20,215	2,20,215	19-08-2018	A	22,021
5	37AAACC7024R1ZA	37380128642	Gajuwaka	Coromandal Paints Pvt. Ltd.	19-12-2017	8,18,285	6,65,968	6,65,968	May and June 2020 returns	A	NA
6	37AALFR9930R1Z3	37181554969	Gajuwaka	Ramyasri Electrical Automation	27-10-2017	10,52,340	1,23,414	1,23,414	27-10-2020	A	12,341
7	37AACCB0899F1ZL	37650134453	Gandhi Chowk	B Srinivasarao Power Constructions Pvt. Ltd.	29-11-2017	1,20,91,168	86,62,871	86,62,871	19-03-2019	NA	8,66,287
8	37AAHCA7377E2ZF	37784476740	Gudur (Naidupeta)	Sai Hemaja Aerobricks Pvt. Ltd.	06-11-2017	74,74,217	74,74,217	72,94,476	08-10-2020	A	7,29,448
9	37AABCF2029A1ZA	37586410226/ 37700116862	Krishnalanka	Fusion Voice Solutions India Pvt. Ltd.	28-09-2017	6,41,785	5,61,200	5,61,200	30-09-2020	A	NA
10	37ABLFS9384F1ZH	37833748376	Patnam Bazar	Sri Lakshmi Cotton Ginning Mill	26-12-2017	55,362	5,53,616	5,53,616	26-06-2019	A	55,362
11	37AAPCS6500H1Z5	37173886623	Puttur	Sai Lakshmi Balaji Infrastructure	26-09-2017	3,24,214	3,24,214	3,24,214	10-08-2021	NA	32,421
12	37AAGFR8353P1ZD	37130125708	Srikakulam	Rama Krishan Electronics and Electricals	28-12-2017	10,08,569	10,08,569	10,08,569	06-10-2018	NA	1,00,857

Sl. No.	GSTIN	TIN	Circle	Name of the dealer	Tran claim date	Tran amount	Ineligible Tran claim (in ₹)	Reversed amount (in ₹)	Reversal date	Interest*	Penalty (in ₹)
13	37ABCF5166Q1ZF	37653606010	Steel Plant	Shri Ganesh Constructions	17-12-2017	33,22,059	24,94,945	1500243	12-07-2021	A	NA
14	37AADCG2903L1ZL	37768767126	Ongole-I	GMS Pharmaceuticals Pvt. Ltd.	18-09-2017	7,78,540	3,45,063	Not reversed	-	-	34,506
15	37APMPS1610M1Z1	37390247208	Ongole-I	Sahasra Rocks	27-12-2017	3,43,422	2,46,782	Not reversed	-	-	24,678
16	37ACGPT4536N1ZX	37397471768	Ongole-I	Sri Lakshmi Vallabha Granite	27-12-2017	4,51,970	2,20,158	Not reversed	-	-	22,016
17	37AADFM5722G1ZD	37950203798	Ongole-I	Marvel Granites	27-12-2017	4,08,517	2,33,980	Not reversed	-	-	23,398
18	37AOQPS0085M1Z5	37530116900	Ongole-I	Sri Sai Teja Enterprises	27-12-2017	3,71,518	1,52,255	Not reversed	-	-	15,226
<b>Penalty leviable under Section 74 of APGST Act 2017</b>											
1	37AAQFR9213E1ZX	37620530740	Daba Gardens	Royal Infra Projects Ltd.	27-12-2017	35,65,693	35,65,693	35,65,693	06-03-2019	NA	5,34,854
2	37AAACI5785R1ZO	37680131833	Patamata	INCAP Ltd.	30-11-2017	13,73,53,820	13,73,53,820	13,73,53,820	17-08-2018	NA	2,06,03,073
3	37AATFS5150N1ZE	37020192286	Patamata	Sri Venkateswara Engineering	22-12-2017	10,43,594	10,43,594	10,43,594	07-09-2018	A	1,56,539
4	37AABCL9353P1ZS	37249778239	Steel Plant	Lohitha Life Sciences Pvt. Ltd.	26-12-2017	36,26,551	35,49,527	35,49,527	21-06-2019	A	3,54,953
5	37ACEFS1922P1ZP	37150703800	Steel Plant	Sai Ram Chemicals	27-09-2017	8,73,100	8,73,100	8,73,100	29-08-2020	A	1,30,965
6	37AAJCS9451K1ZO	37804154222	Steel Plant	Som Projects Pvt. Ltd.	27-12-2017	8,52,894	7,27,864	4,47,189	May-18 return	A	67,078
7	37AGGPK4015K1ZE	37327288990	Suryabagh	Grade A Paints	27-12-2017	15,63,701	14,18,720	14,18,720	06-02-2019	NA	3,54,680
8	37AAACC4214B1ZD	37510128767	Tirupati-II	Consolidated Construction Consortium Ltd.	27-12-2017	29,12,911	29,12,911	11,16,555 16,66,356	19-08-2018 19-09-2018	A	4,17,437
9	37AABHB7520F1ZO	37090228400	Nandyal-II	Anjaneya Swamy Cotton Company	20-10-2017	3,65,996	1,14,807	1,14,807	21-06-2019	A	17,221
10	37AACCE3369H1ZJ	37798665992	Nellore-I	East Coast Logistics Pvt. Ltd.	24-10-2017	13,69,242	10,87,604	10,87,604	In September 2018	A	1,63,141
										<b>Total</b>	<b>2,73,69,516</b>

\*Applicability of interest is considered in the cases where excess availed credit was utilised.

**Appendix - 2.17**  
**(Reference to Paragraph 2.2.7.8(A); Page 43)**  
**Claiming of transitional credit without filing of preceding six months returns**

Sl. No.	GSTN	TIN	Circle	Name of the dealer	Tran date	Ineligible Tran claim (in ₹)
1	37AAYFA6769L1ZC	37468938875	Kakinada	Aeron Constructions	19-12-2017	8,36,883
2	37ACWPT0419L1ZV	37518084854	Kurupam Market	Sri Brahamari Enterprises	31-08-2017	6,91,395
3	37AAZFM7288F1ZC	37749361399	Patamata	Moksha Enterprises	27-10-2017	4,83,742
					<b>Total</b>	<b>20,12,020</b>

**Appendix - 2.18**  
**(Reference to Paragraph 2.2.7.8(B); Page 43)**  
**Claiming of transitional credit despite assessment or adjudication proceedings initiated (disputed credit)**

Sl. No.	GSTIN	TIN	Circle	Name of the dealer	Tran claim date	ITC as per June 2017 return	Tran amount (in ₹)	Disputed credit	Ineligible portion of tran claim (in ₹)
1	37AANFP6480E1ZV	37571100096	Daba Gardens	Powertech Industries Ltd.	27-12-2017	0	20,73,280	31,63,184	20,73,280
2	37ACFFS9340A1Z7	37808743197	Kurupam Market	Satyanarayana & Co.	23-09-2017	0	1,18,10,593	67,04,869	67,04,869
3	37AAECP4284E1ZC	37824050402	Rajam	VKT Pharma	11-09-2017	27,39,538	27,39,538	10,41,787	10,41,787
							<b>Total</b>		<b>98,19,936</b>

**Appendix - 2.19**  
**(Reference to Paragraph 2.2.7.8(D); Page 44)**  
**Claiming of transitional credit twice**

Sl. No.	GSTIN	TIN	Circle	Name of the Dealer	Tran claim date	Tran claim under 5 (c) (in ₹)	Tran claim under 7 (c) (in ₹)
1	37AAECV7369J1ZN	37909681482	Chittoor-II	Vaishnavi Trading India Pvt. Ltd.	05-09-2017	7,16,687	7,16,687
2	37AJFPV2443J1ZV	37825180511	Dwarakanagar	Sagar Enterprises	27-12-2017	1,56,287	1,56,287
3	37AEQPD8703F1ZF	37820151002	Suryabagh	Visakha Marketing	23-12-2017	19,61,863	19,61,863
						<b>Total</b>	<b>28,34,837</b>

**Appendix - 3.1**  
**(Reference to para 3.3; Page 60)**  
**Short levy of duty in the documents involving distinct matters**

Sl. No.	Name of the office	Document No./ Year (nature of document)	Nature of Distinct matter	Value of distinct matter/ property (in ₹)	Duties leviable @ 1 per cent/2 per cent/3 per cent/4 per cent/5 per cent/7.5 per cent (in ₹)	Duties levied (value '0' indicates non-levy of duty on the value of distinct matter)	Short levy of duty (₹ in lakh)
1	DR, Bhimavaram	5928/2018 (Partition Deed)	Partition-cum-Release	4,38,87,000 (SD @3 %)	13,16,610	0	13.17
2	DR, Eluru	7940/2018 (Sale Agreement with power of attorney)	Missing partition deed	1,81,91,000 (SD @4 %)	7,27,640	0	7.28
3	DR, Hindupur	6065/2018 (Sale Deed)	Conveyance due to inclusion of family members as co-owners who received consideration despite not having right on the property	44,50,000 (SD @4 % + RF 0.5 %)	2,00,250	0	2.00
4	DR, Kakinada	6486/2018 (Partition Deed)	Partition-cum-Settlement	14,03,48,380 (SD @2 %) + 8,40,52,640 (SD @1 %)	36,47,494	20,99,600	15.48
5	DR, Kurnool	2975/ 2019 (Partition Deed)	Partition-cum-Release	33,28,250 (SD @3 %)	33,28,250 (value of extra share released to other co-owners) * 3 % + 2 % on VSS of ₹1,41,23,250+ RF ₹1,000 = 3,83,313	2,57,150	1.26
		356/2019 (DGPA)	Terrace rights	68,60,000 (SD @1 %)	68,600	0	0.69
6	DR, Machilipatnam	4657/2018 (Development Agreement)	Settlement among others	53,76,000 (SD @ 3 %)	1,61,280	0	1.61
7	DR, Nellore	10905/2018 (Partition Deed)	Partition-cum- Release	29,92,416 (SD @3 %)	89,772	0	0.90
8	SR, Addanki	2890/2018 (Partition Deed)	Excess share (Release) and omission of joint share	1,37,18,770 (SD @3 %)	4,11,560	0	4.12
9	SR, Anandapuram	1481/2019 (Partition Deed)	Partition - cum – Release	74,21,500 (SD @3 %)	74,21,500 (value of extra share released to other co-owner) *3 % + 2 % on VSS of ₹2,22,74,500 = 6,68,135	2,96,960	3.71

Sl. No.	Name of the office	Document No./ Year (nature of document)	Nature of Distinct matter	Value of distinct matter/ property (in ₹)	Duties leviable @ 1 per cent/2 per cent/3 per cent/4 per cent/5 per cent/7.5 per cent (in ₹)	Duties levied (value '0' indicates non-levy of duty on the value of distinct matter)	Short levy of duty (₹ in lakh)
10	SR, Amalapuram	8388/2018 (GPA)	Conveyance due to transfer of absolute right	40,80,000 (SD @4 %)	1,63,200	0	1.63
11	SR, Gopalapatnam	1970/2017 (DGPA)	Conveyance of land	1,36,75,000 (SD @4 %+ RF 0.5 %)	6,15,375	0	6.15
12	SR, Kadiri	2828/2016 (Sale Deed)	Non-registration of compulsory registerable document	48,60,000 (SD @0.5 % and RF @0.5 % max-20,000)	44,300	0	0.44
13	SR, Koritepadu	5630/2018 (Partition Deed)	Partition-cum-Release	Cost of Release = 154.5 sq yds * ₹23,000 = 35,53,500 (SD @ 3 %)	1,06,605	0	1.07
14	SR, Kota	1212/2018 (DGPA)	Non-refundable advance	SD @1 % on ₹2,00,00,000 (Non-refundable advance)	SD @1 % on ((Non-refundable advance ₹2,00,00,000)+(property value 3,11,67,000)) + RF ₹20,000 = 5,31,670	1,76,635	3.55
15	SR, Kovvuru	3195/2018 (Settlement Deed)	Settlement-cum-Settlement	90,00,000 (SD @2 %+ 2 %)	3,60,000	1,80,000	1.80
		6178/2018 (Settlement Deed)	Settlement-cum-Settlement	52,15,050 (SD @2 %+ 2 %)	2,08,600	1,04,500	1.04
16	SR, Mangalagiri	8493/2018 (DGPA - irrevocable)	Sale due to conveyance of absolute ownership on 41% land	6,72,09,660 (SD @7.5 %)	50,40,725	6,80,297	43.60
		7480 /2018 (Partition Deed)	Conveyance of properties to a favour of unspecified firm	5,00,00,000 (SD @4 % + RF 0.5 %)	22,50,000	0	22.50
		22965/2018 (Settlement Deed)	Settlement-cum-settlement	98,00,000 (SD @2 %+ 2 %)	3,92,000	1,96,550	1.95
17	SR, Pendurthi	1128/2018 (DGPA)	Non-refundable advance	24,00,000 (SD @4 %)	(₹24,00,000 SD @4 %+ ₹2,96,96,000 SD @1%) = ₹3,92,960	3,21,120	0.72

Sl. No.	Name of the office	Document No./ Year (nature of document)	Nature of Distinct matter	Value of distinct matter/ property (in ₹)	Duties leviable @ 1 per cent/2 per cent/3 per cent/4 per cent/5 per cent/7.5 per cent (in ₹)	Duties levied (value '0' indicates non-levy of duty on the value of distinct matter)	Short levy of duty (₹ in lakh)
		2304/2017 (DGPA)	Terrace rights & Excess share	(i) 70 per cent of value of terrace area (₹20,00,000) * 1 % = ₹14,000 (ii) Excess share of land to developer (123 Sq. Yards) * ₹5000 = ₹6,15,000 * 7.5% = ₹46,125	60,125	0	0.60
18	SR, Penugonda	4206/2018 (DGPA)	(i) Settlement among family members & (ii) extra share to developer	(i) 1,60,86,000 (SD @2 %) & (ii) 13,27,360 (SD @1 %)	3,34,993	0	3.35
		1046/2016 (Settlement Deed)	Settlement-cum-Settlement	31,50,000 (SD @2 % + 2 %)	1,26,000	63,000	0.63
19	SR, Tadepalligudem	5597/2018 (Sale Deed)	Conveyance due to repayment of loan	89,00,000 (SD @4 % + RF 0.5 %)	4,00,500	0	4.00
20	SR, Undi	2586/2018 (Partition Deed)	Partition-cum-release	51,38,167 (SD @3 %) + RF 10,000	1,64,145	0	1.64
21	SR, Vissannapeta	3893/2017 (Partition Deed)	Partition-cum-Settlement	35,58,000 (SD @2 %)	71,160	0	0.71
22	SR, Vizianagaram West	1545/2017 (Development Agreement)	Conveyance on sale of land by Developer + missing settlement deed	43,94,500 (SD @7.5 %) + 3,83,35,000 (SD @3 %) + RF 10,000	14,89,638	0	14.90
						<b>Total</b>	<b>160.50</b>

**Appendix - 3.2**  
**(Reference to para 3.4; Page 61)**  
**Short levy of duties due to undervaluation of properties**

(₹ in lakh)

Sl.No	Name of Office	Document No./Nature of instrument	Nature of under valuation	MV of property	Duties and fee leviable (Rate)	Duties and fee levied	Short levied	
1	DR, Bhimavaram	5594/2018 Sale Deed	MV of ₹10,500 - per sq. yd. was adopted instead of ₹29,000 per sq. yd.	144.68	10.85 (@7.5 %)	7.81	3.04	
2	DR, Chittoor	4604/2018 Sale Deed	Property under-valued by adopting lesser construction area	63.66	4.77 (@7.5 %)	3.54	1.23	
3	DR, Kurnool	356/2019 DGPA	Property undervalued by adopting lesser construction area	497.70	4.98 (@1 %)	4.54	0.44	
4	DR, Nellore	5233/2018 Settlement Deed	Lesser rate of ₹10,000 per sq.yd. was adopted against applicable rate of ₹20,000 per sq. yd. as per MV guidelines register	239.54	4.79 (@2 %)	3.42	1.37	
5	SR, Addanki	4589/2018 Partition Deed	For the same survey number acreage rate instead of sq. yd. rate was adopted in contravention to MV proceedings dated 27 September 1985	1,171.90	17.75 (@2% on VSS of ₹7,19,15,800 + 3% on Release value of ` 1,12,23,232)	5.97	11.78	
6	SR, Adoni	7397/2018 Sale Deed	Adopted acreage rate instead of sq. yd. rate (₹1,800 per sq. yd.)	203.86	15.29 (@7.5 %)	6.06	9.23	
7	SR, Adoni	3117/2018 Sale Deed	Adopted acreage rate instead of sq.yd. rate (₹2,000 per sq. yd.)	87.12	6.53 (@7.5 %)	0.45	6.08	
8	SR, Adoni	(Sale Deed)	Acreage rate was adopted instead of sq. yd. rate					
			<u>Acreage rate</u> In ₹	<u>Sq. yd.rate</u> In ₹				
		11797/2018	11,08,000	1,800	241.32	18.10 (@7.5 %)	0.83	17.27
		2942/2018 (Survey No.139F for 1.34 Acre)	1,68,000	500	32.43	2.43 (@7.5 %)	0.17	2.26
		3105/2018	1,70,000	500	12.83	0.96 (@7.5 %)	0.07	0.89
		3106/2018			12.58	0.94 (@7.5 %)	0.07	0.87
		2020/2019	1,60,000	500	24.20	1.82 (@7.5 %)	0.13	1.69
9	SR, Koretipadu	5786/2018 Sale Deed	Property under-valued by adopting lesser area of land	697.73	52.33 (@7.5 %)	50.11	2.22	
10	SR, Madanapalle	11353/2018 Sale Deed	Adopted lesser rate of ₹6,830 per sq.yd. instead of ₹20,580 per sq.yd.	551.44	41.36 (@7.5 %)	13.73	27.63	



Sl. No	Name of Office	Document No./Nature of instrument	Nature of under valuation	MV of property	Duties and fee leviable (Rate)	Duties and fee levied	Short levied
11	SR, Mogaltur	2765/2018 Sale Deed	Market value (MV) for dry land was adopted against MV fixed in form IV as per MV guidelines register	128.28	9.62 (@7.5 %)	7.98	1.64
12	SR, Nandigama	2624/2017 Sale Deed	Lesser rate of ₹5.50 lakh per acre was adopted instead of ₹22.00 lakh per acre	14.96	1.12 (@7.5 %)	0.28	0.84
13	SR, Nandigama	4255/2017 Sale Deed	Lesser rate of ₹6.50 lakh per acre was adopted instead of ₹24.50 lakh per acre (applicable for land abutting to road)	24.50	1.84 (@7.5 %)	0.49	1.35
14	SR, Nuzividu	337/2018 Settlement Deed	Lesser rate of ₹9.00 lakh per acre was adopted instead of ₹18.50 lakh per acre (applicable for land abutting to road)	198.32	3.97 (@2 %)	1.93	2.04
15	SR, Pamarru	26/2017 Sale Deed	Lesser rate of ₹11.00 lakh per acre was adopted instead of ₹27.00 lakh per acre	28.08	2.10 (@7.5 %)	0.44	1.66
16	SR, Pamarru	2856/2015 Settlement Deed	Lesser rate of ₹8.00 lakh per acre was adopted instead of ₹19.36 lakh per acre	29.04	0.87 (@3%)	0.36	0.51
17	SR, Pedana	358/2016 Sale deed	Lesser rate of ₹350 per sq. ft. was adopted instead of ₹689 per sq.ft. while computing value of construction	158.58	11.89 (@7.5 %)	10.56	1.33
18	SR, Penugonda	3728/2018 Sale Deed	Lesser rate of ₹12.00 lakh per acre was adopted instead of ₹96.80 lakh per acre	94.86	7.11 (@7.5 %)	0.88	6.23
19	SR, Vizianagaram West	1430/2017 Sale Deed	Lesser rate of ₹7,800 per sq. yd. was adopted instead of ₹9,900 per sq. yd.	65.88	4.94 (@7.5 %)	3.89	1.05
		1431/2017 Sale Deed		65.93	4.95 (@7.5 %)	3.91	1.04
		1432/2017 Sale Deed		66.08	4.96 (@7.5 %)	3.91	1.05
		1433/2017 Sale Deed		84.15	6.31 (@7.5 %)	4.97	1.34
		1434/2017 Sale Deed		222.85	16.71 (@7.5 %)	13.17	3.54
Total						109.62	

<b>Glossary</b>	
<b>AA</b>	Assessing Authority
<b>AAR</b>	Average Annual Rent
<b>AC</b>	Assistant Commissioner
<b>AP</b>	Andhra Pradesh
<b>APGST Act</b>	Andhra Pradesh Goods and Services Tax Act
<b>APMVT Act</b>	Andhra Pradesh Motor Vehicle Taxation Act
<b>APRR</b>	Andhra Pradesh Revenue Recovery Act
<b>APSRTC</b>	Andhra Pradesh State Road Transport Corporation
<b>APVAT</b>	Andhra Pradesh Value Added Tax
<b>BSM</b>	Beach Sand Minerals
<b>BSO</b>	Board's Standing Order
<b>CBIC</b>	Central Board of Indirect Taxes and Customs
<b>CCLA</b>	Chief Commissioner of Land Administration
<b>CENVAT</b>	Central Value Added Tax
<b>CFST</b>	Citizen Friendly Services in Transport Department
<b>CGST</b>	Central Goods and Services Tax
<b>CIGRS</b>	Commissioner and Inspector General of Registration and Stamps
<b>CMV Rules</b>	Central Motor Vehicles Rules
<b>COPU</b>	Committee on Public Undertakings
<b>CST</b>	Central Sales Tax
<b>CTO</b>	Commercial Tax Officer
<b>DC</b>	Deputy Commissioner
<b>DCB</b>	Demand Collection and Balance
<b>DGPA</b>	Development Agreements cum General Power of Attorney
<b>DMU</b>	Debt Management Unit
<b>DoTD</b>	Deposit of Title Deeds
<b>DR</b>	District Registrar
<b>ECL</b>	Electronic Credit Ledger
<b>EN</b>	Explanatory Notes
<b>FC</b>	Fitness Certificate
<b>GO</b>	Government Order
<b>GPA</b>	General Power of Attorney

<b>GST</b>	Goods and Services Tax
<b>HSN</b>	Harmonized System of Nomenclature
<b>IGST</b>	Integrated Goods and Services Tax Act
<b>IR</b>	Inspection Report
<b>IREL</b>	Indian Rare Earths Limited
<b>IS Act</b>	Indian Stamp Act
<b>ITC</b>	Input Tax Credit
<b>JC</b>	Joint Commissioner
<b>LTU</b>	Large Taxpayers Unit
<b>MV</b>	Market Value
<b>MV Act</b>	Motor Vehicles Act
<b>PAC</b>	Public Accounts Committee
<b>POT</b>	Prevention of Transfers
<b>RDO</b>	Revenue Divisional Officer
<b>RTA</b>	Regional Transport Authority
<b>RTO</b>	Regional Transport Officer
<b>SEZ</b>	Special Economic Zone
<b>SGST</b>	State Goods and Services Tax
<b>SOP</b>	Standard Operating Procedure
<b>SR</b>	Sub-Registrar
<b>SSCA</b>	Subject Specific Compliance Audit
<b>TDS</b>	Tax deducted at source
<b>TOT</b>	Turnover Tax
<b>TP</b>	Transfer of Property
<b>UTGST</b>	Union Territory Goods and Services Tax
<b>VAT</b>	Value Added Tax
<b>VCR</b>	Vehicle Check Reports
<b>VSS</b>	Value of Separated Share

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