



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

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



**Government of Punjab  
Report No. 3 of 2025  
(Composite Audit Report – Revenue)**



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Comptroller and Auditor General of India  
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**Government of Punjab  
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## **Preface**

This Report of the Comptroller and Auditor General of India on Compliance Audit for the year ended 31 March 2023 has been prepared for submission to the Governor of Punjab under Article 151 (2) of the Constitution of India.

The instances mentioned in this Report are those which came to notice in the course of test audit done during the period 2023-24 as well as those which came to notice in earlier years but could not be reported in previous Audit Reports.

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



# Overview



## Overview

This Report contains a Subject Specific Compliance Audit (SSCA) titled ‘Department’s Oversight on GST Payments and Return Filing – Stage-II’, a Performance Audit titled ‘E-Waybill System under Goods and Services Tax’ and 15 observations covering compliance issues under Tax Revenue Departments involving money value of ₹ 2,202.45 crore<sup>1</sup>.

### Chapter-I: General

The total receipts of the State Government for the year 2022-23 were ₹ 87,615.60 crore. The Government raised ₹ 48,475.11 crore comprising tax revenue of ₹ 42,243.17 crore and non-tax revenue of ₹ 6,231.94 crore. The State Government received ₹ 17,163.65 crore as State’s share of divisible Union taxes and ₹ 21,976.84 crore as Grants-in-aid from the Government of India.

The five-year trend of revenue receipts shows that the share of State’s own revenue to total receipts decreased from 62.88 *per cent* in 2018-19 to 55.33 *per cent* in 2022-23. While share of net proceeds of divisible Union taxes and duties slightly increased from 19.28 *per cent* in 2018-19 to 19.59 *per cent* in 2022-23, the Grants-in-Aid increased from 17.84 *per cent* (₹ 11,107.37 crore) in 2018-19 to 25.08 *per cent* (₹ 21,976.84 crore) in 2022-23. During the year 2022-23, the State Government raised 55.33 *per cent* (₹ 48,475.11 crore) of the total revenue receipts (₹ 87,615.60 crore). Remaining 44.67 *per cent* (₹ 39,140.49 crore) of the receipts was from the Government of India as share of net proceeds of divisible Union taxes and duties and Grants-in-Aid. Overall, the State’s own revenue has increased during the last two financial years. During the year 2022-23, Grant-in-Aid increased by 5.82 *per cent* in comparison to the preceding year. At the same time, the tax revenue increased by 13.17 *per cent* and non-tax revenue increased by 30.27 *per cent* in comparison to the preceding year, showing an increase in the State’s own receipts to total receipts.

*(Paragraph 1.2, Page 1)*

Test check of 133 audited units brought out issues of under assessment, short or non-levy of taxes and duties involving revenue aggregating ₹ 266.61 crore in 70,566 cases. The Departments recovered ₹ 19.03 crore in 800 cases during 2022-23, out of which 797 cases involving ₹ 19.01 crore were pointed out in the audits conducted prior to 2022-23.

*(Paragraph 1.4, Page 11)*

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<sup>1</sup> **Chapter-II: ₹ 2,065.11 crore** (*Limited Audit*: Recovered - ₹ 2.14 crore, SCN issued - ₹ 1,472.75 crore, ASMT-10 - ₹ 49.78 crore; *Detailed Audit*: Recovered – ₹ 0.55 crore, SCN issued – ₹ 333.18 crore, ASMT-10 – ₹ 206.71 crore)  
**Chapter-III: ₹ 120.18 crore**  
**Chapter-IV: ₹ 17.16 crore**

In the tax revenue Departments, 133 Inspection Reports were issued to Heads of Departments against the units audited during 2022-23, out of those, Audit did not receive reply for 127 Inspection Reports within the stipulated time of four weeks. Further, the Inspection Reports issued for the years up to March 2023 revealed that 10,867 observations involving ₹ 4,298.17 crore relating to 2,426 Inspection Reports remained outstanding at the end of June 2023.

*(Paragraph 1.5, Page 11)*

In two audit committee meetings held with the Department of Revenue, Rehabilitation and Disaster Management, and the Department of Transport, 13 observations involving money value of ₹ 0.11 crore pertaining to the Department of Revenue, Rehabilitation and Disaster Management were settled.

*(Paragraph 1.5.1, Page 12)*

## **Chapter-II: Department's Oversight on GST Payments and Return Filing (Stage-II)**

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

'Circle Audit' highlighted that documentation for essential oversight functions of Circles such as monitoring of return filing, taxpayer compliance, etc. was not proper. Further, audit examination of scrutiny cases in audited Circles brought out instances of non-payment of tax, non-payment of interest and inadmissible input tax credit. From a systemic perspective, the Department needs to strengthen the institutional mechanism in the Circles to establish and maintain effective oversight on return filing, taxpayer compliance, tax payments, cancellation of registrations and recovery of dues from the defaulters.

'Centralised Audit' of 366 cases, which translated into 654 instances, brought out deviations involving ₹ 32,153.78 crore as a result of risk based analysis of datasets of taxpayers. The Department's responses were received in 642 instances. Out of responses received, 326 instances (50.78 *per cent*) involving ₹ 1,646.00 crore translated into compliance deviations, where the Department accepted inconsistencies in 36.60 *per cent* deviations with recoveries of ₹ 2.14 crore in 33 instances, issued show cause notices amounting to ₹ 1,472.75 crore in 184 instances and issued ASMT-10 in 18 instances involving ₹ 49.78 crore to seek the taxpayers' reply. In these instances, higher rates of deviations were noticed in risk areas such as input tax credit mismatch, input tax credit availed after limitation period, undischarged tax liability, short/non-payment of interest on delayed payment of tax and non-filing of GSTR-3B. Additionally, 85 instances involving ₹ 115.83 crore were

under correspondence with the taxpayers. In six instances amounting to ₹ 5.50 crore, the Department's replies were not acceptable to the Audit and further clarification was sought. 24 instances involving ₹ 61.54 crore were under examination by the Department. In eight instances amounting to ₹ 47.66 crore (including mismatch of turnover), the Department did not accept the deviations pointed out by Audit but did not provide any documentary evidence in support of its reply. In 284 instances (44.24 *per cent*), where the Department's reply was acceptable to Audit, data entry errors by taxpayers comprised 22 instances, the Department had proactively taken action in 44 instances, and in 218 instances, the Department had valid explanations. Further in 12 cases involving ₹ 51.44 crore, the reply of the Department was not received.

'Detailed Audit' of 70 cases brought out compliance deficiencies in 61 cases involving 393 instances with a revenue implication of ₹ 3,250.60 crore, which includes non-payment of interest of ₹ 0.49 crore, mismatch of turnover of ₹ 68.65 crore and mismatch in input tax credit/tax liability of ₹ 3,181.46 crore. Out of these, deficiencies involving ₹ 540.44 crore in 210 instances were accepted by the Department including recoveries of ₹ 0.55 crore in 19 instances. The main causative factors were availing of ineligible and irregular input tax credit, and incorrect discharge of tax under reverse charge mechanism as well as forward charge mechanism.

***Recommendations:***

- The Department may reinforce mechanism for initiation and monitoring of scrutiny of returns cases to avoid revenue leakage.
- The Department may reinforce the institutional mechanism in the Circles to:
  - establish and maintain effective oversight on returns filing and action taken on non-filers; and
  - maintain effective oversight on timely cancellation of GST registrations on application.

*(Paragraph 2.1 to 2.9, Page 17)*

### **Chapter-III: E-Waybill System under Goods and Services Tax**

The performance audit of the 'E-Waybill System under Goods and Services Tax' brought out observations involving financial implications of ₹ 120.18 crore. The audit focused on two key issues: (i) the effectiveness of e-Waybill mechanism and (ii) the effectiveness of preventive and enforcement activities.

The audit examination of effectiveness of e-Waybill mechanism brought out shortcomings in design of the e-Waybill system, due to which e-Waybill

system permitted generation of inter-State e-Waybills by the composition taxpayers, whereas as per GST provisions, the taxpayers making inter-State supplies were not eligible for composition scheme. Moreover, the taxpayers exceeding the prescribed threshold limit of turnover were required to be brought out of composition scheme and pay tax as normal taxpayer but there was lack of co-ordination between the e-Waybill system and GSTN portal, due to which even those composition taxpayers were able to generate e Waybills, whose turnover had exceeded threshold limit and the taxpayers continued business activities as composition taxpayer. Further, the e-Waybill system allowed generation of e-Waybills by non-filers and nil filers of the GST return. The nil filers were able to pass on the input tax credit to the purchaser taxpayers in GSTR-1 returns, whereas these taxpayers had not paid tax in GST returns. The e-Waybill system also allowed generation of multiple e-Waybills on the strength of single invoice. Moreover, e-Waybill system lacked efficient use of Vahan data as it was unable to identify the risky vehicles prior to generation of e-Waybills despite being mapped to Vahan data and it allowed generation of e-Waybills using such vehicles which were stolen, scrapped, surrendered, cancelled or suspended as per information available on Vahan.

Audit examination of efficacy of preventive and enforcement activities of the Department brought out several shortcomings. It was seen that the targets for conducting verifications of e-Waybills were not fixed in State Intelligence Preventive Units. Further, State Intelligence Preventive Units were not utilising the analytical reports on risky transactions being generated by National Informatics Centre for use by tax officers of the Centre and States. Further, it was observed that detained goods and conveyances were released by proper officers without realising tax and penalty in Government accounts by debiting electronic cash ledger and release orders were issued after the persons deposited demanded amount of tax and penalty in electronic cash ledger. Moreover, there was a lack of intra-Department and inter-Department coordination as information related to offences noticed by proper officers of State Intelligence Preventive Units during interception of conveyances was not shared with the concerned jurisdictional tax officers. Audit also observed from e-Waybill transactions that unregistered persons had made supplies in excess of a threshold limit of ₹ 40 lakh, beyond which GST registration was mandatory. In some cases, supplies were made as per interception records available with State Intelligence Preventive Units but taxpayers concerned did not report such supplies in their GSTR-1 returns.

***Recommendations:***

- The e-Waybill system may be designed to efficiently use the taxpayer's information available on GSTN and implement the requirements of GST provisions;

- The Department may consider including suitable validation controls in e-Waybill system to prevent use of same invoice for generation of multiple e-Waybills;
- The analytical reports generated by National Informatics Centre on risky e-Waybill transactions may be utilised by Departmental officers for identifying probable cases of tax evasion;
- Proper Officers in State Intelligence Preventive Units may be instructed to ensure that detained goods or conveyances are released only after the payments against demands are realised into the Government treasury; and
- The Department may consider incorporating validation control in e-Waybill system to prevent generation of e-Waybills of more than threshold limit, where the suppliers were unregistered persons.

*(Paragraph 3.1 to 3.13, Page 59)*

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

The Assessing Authorities under 10 Assistant Commissioners of State Tax raised additional demand of ₹ 12.92 crore in 20 assessment cases due to non-submission of statutory declarations but did not levy interest of ₹ 5.13 crore.

*(Paragraph 4.1, Page 104)*

The Assessing Authorities under Assistant Commissioners of State Tax, Ludhiana-I and Ludhiana-III allowed input tax credit of ₹ 2.96 crore on suspected/doubtful purchases in two cases.

*(Paragraph 4.2, Page 106)*

The Assessing Authority under Assistant Commissioner of State Tax, Ferozepur allowed irregular concession of Central Sales Tax of ₹ 0.68 crore in one assessment case without ensuring that 'C' forms were genuine.

*(Paragraph 4.3, Page 108)*

The Joint Sub-Registrar, Sahnewal granted irregular remission of ₹ 2.76 crore on account of Stamp Duty, Registration Fee, Social Infrastructure Cess, Infrastructure Development Fee and Special Infrastructure Development Fee on 48 instruments of sale of immovable properties registered in favour of Municipal Corporation, Ludhiana.

*(Paragraph 4.10, Page 115)*

Ten Sub-Registrars/Joint Sub-Registrars short-levied Stamp Duty, Registration Fee, Infrastructure Development Fee and Special Infrastructure Development Fee of ₹ 1.95 crore in 26 cases due to misclassification of properties.

***(Paragraph 4.11, Page 116)***

The Joint Sub-Registrar, Majri short-levied Stamp Duty, Registration Fee, Social Infrastructure Cess, Infrastructure Development Fee and Special Infrastructure Development Fee of ₹ 1.11 crore on 'agreements to sell' evidencing delivery of possession of the properties.

***(Paragraph 4.12, Page 117)***

The Sub-Registrar, Jalandhar-I did not levy Stamp Duty, Social Infrastructure Cess, Infrastructure Development Fee and Special Infrastructure Development Fee of ₹ 0.90 crore on power of attorney authorising developer for sale of immovable property in lieu of consideration.

***(Paragraph 4.13, Page 119)***

# Chapter-I

## General

Education, Sports, Art and Culture  
**Non Tax Receipts**  
Interest Receipts  
Cooperation  
Police  
Medical and Public Health  
Irrigation  
Public Works  
Forest and Wildlife  
**ATN**  
Public Accounts Committee  
Share of Net Proceeds of Divisible Union Taxes and Duties

CAG's DPC Act  
Departmental Audit Committees  
**Inspection Reports**  
**Grant-in-Aid**  
Stamp Duty  
Motor Vehicle Tax  
Value Added Tax  
State Goods and Services Tax  
State Excise

**Punjab Government**  
**Tax Receipts**  
Duties on Electricity



## Chapter-I

### General

#### 1.1 Introduction

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

The Report has been organised in four chapters as under:

- **Chapter-I** contains a profile of the State with the tax and non-tax revenue raised by the Government of Punjab, the State's share of net proceeds of divisible Union taxes and duties assigned to States and Grants-in-aid received from the Government of India during the year 2022-23, the authority of audit, audit jurisdiction, planning and conduct of audit, response of the Government to various audit products namely Inspection Reports and follow-up action on Audit Reports.
- **Chapter-II** contains findings of the Subject Specific Compliance Audit on 'Department's Oversight on GST Payments and Return Filing (Stage-II)'.
- **Chapter-III** contains findings of the Performance Audit on 'E-Waybill System under Goods and Services Tax'.
- **Chapter-IV** contains individual findings related to Compliance Audit of Tax Revenue Departments.

#### 1.2 Trend of revenue receipts

**1.2.1** The tax and non-tax revenue raised by the Government of Punjab, the State's share of net proceeds of divisible Union taxes and duties assigned to States and Grants-in-aid received from the Government of India during the year 2022-23 and the corresponding figures for the preceding four years are depicted in **Table 1.1** and graphical presentation is shown in **Chart 1.1**.

**Table 1.1: Trend of revenue receipts**

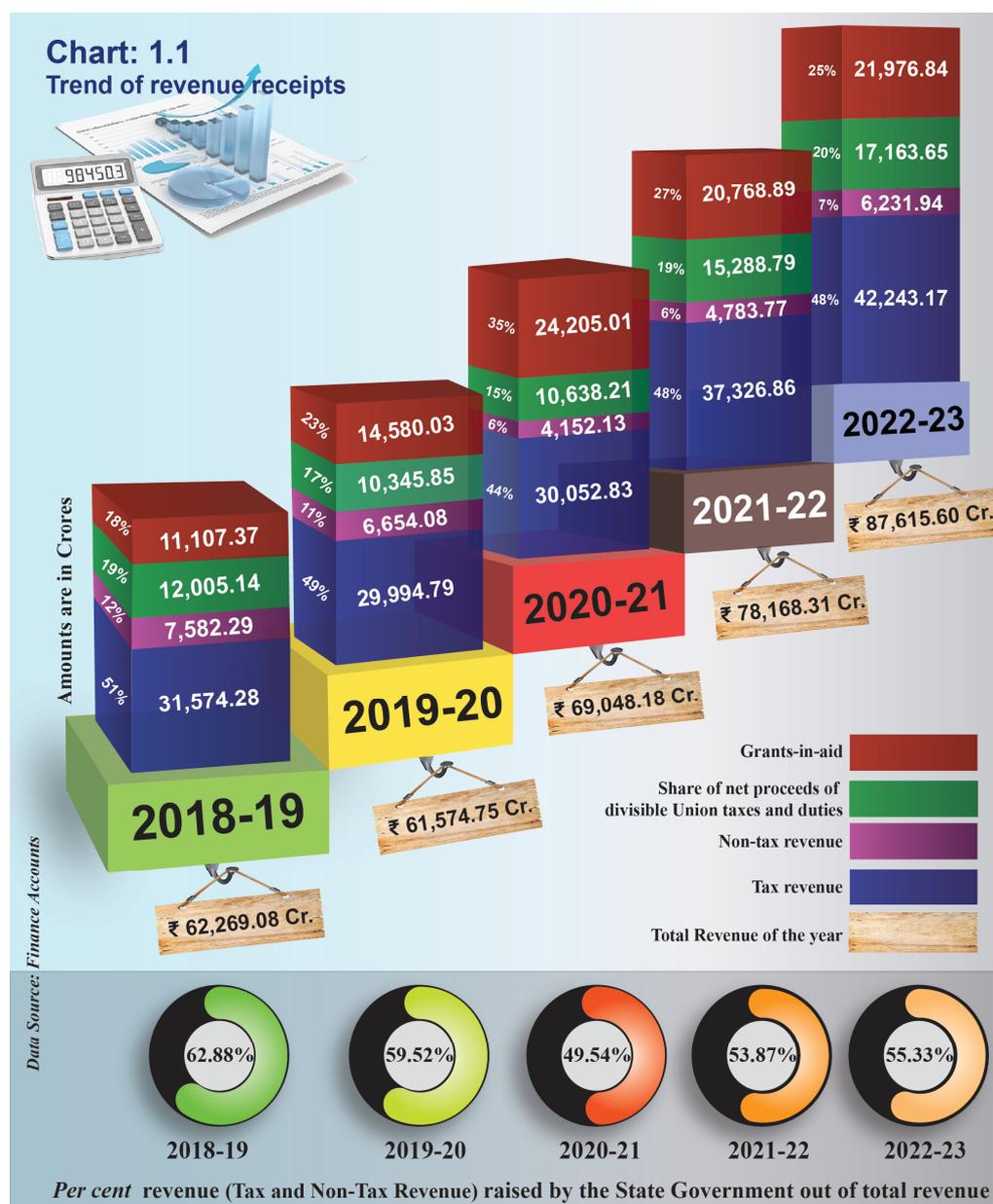
*(₹ in crore)*

Sr. No.	Particulars	2018-19	2019-20	2020-21	2021-22	2022-23
1.	<b>Revenue raised by the State Government</b>					
	Tax revenue	31,574.28	29,994.79	30,052.83	37,326.86	42,243.17
	Non-tax revenue	7,582.29	6,654.08	4,152.13	4,783.77	6,231.94
	<b>Total</b>	<b>39,156.57</b>	<b>36,648.87</b>	<b>34,204.96</b>	<b>42,110.63</b>	<b>48,475.11</b>

(₹ in crore)

Sr. No.	Particulars	2018-19	2019-20	2020-21	2021-22	2022-23
2.	<b>Receipts from the Government of India</b>					
	Share of net proceeds of divisible Union taxes and duties	12,005.14	10,345.85	10,638.21	15,288.79	17,163.65
	Grants-in-aid	11,107.37	14,580.03	24,205.01	20,768.89	21,976.84
	<b>Total</b>	<b>23,112.51</b>	<b>24,925.88</b>	<b>34,843.22</b>	<b>36,057.68</b>	<b>39,140.49</b>
3.	Total revenue receipts of the State Government (1 and 2)	62,269.08	61,574.75	69,048.18	78,168.31	87,615.60
<b>Percentage of 1 to 3</b>		<b>62.88</b>	<b>59.52</b>	<b>49.54</b>	<b>53.87</b>	<b>55.33</b>

Source: Finance Accounts



The five-year trend of revenue receipts shows that the share of State's own revenue to total receipts decreased from 62.88 *per cent* in 2018-19 to 55.33 *per cent* in 2022-23. While share of net proceeds of divisible Union taxes and duties slightly increased from 19.28 *per cent* in 2018-19 to 19.59 *per cent* in 2022-23, the Grants-in-Aid increased from 17.84 *per cent* (₹ 11,107.37 crore) in 2018-19 to 25.08 *per cent* (₹ 21,976.84 crore) in 2022-23.

During the year 2022-23, the State Government raised 55.33 *per cent* (₹ 48,475.11 crore) of the total revenue receipts (₹ 87,615.60 crore) from its own sources. Remaining 44.67 *per cent* (₹ 39,140.49 crore) of the receipts was from the Government of India as share of net proceeds of divisible Union taxes and duties and Grants-in-Aid. Overall, the State's own revenue has increased during the last two financial years. At the same time, the State's own tax revenue increased by 13.17 *per cent* and non-tax revenue increased by 30.27 *per cent* in comparison to the preceding year, showing an increase in the State's own receipts to total receipts.

**1.2.2** Details and trend of the tax revenue raised during the period from 2018-19 to 2022-23 are depicted in **Table 1.2** and graphical presentation is shown in **Chart 1.2**.

**Table 1.2: Details of Tax Revenue from 2018-19 to 2022-23**

(₹ in crore)

Sr. No.	Head of revenue	2018-19 (Per cent of Total)	2019-20 (Per cent of Total)	2020-21 (Per cent of Total)	2021-22 (Per cent of Total)	2022-23 (Per cent of Total)	Percentage increase (+) or decrease (-) of actual in 2022-23 over 2021-22
1.	State Goods and Services Tax (SGST)	13,273.15 (42.04)	12,751.20 (42.51)	11,818.93 (39.33)	15,541.59 (41.64)	18,127.84 (42.91)	(+) 16.64
	Taxes on Sales, Trade etc.	6,571.92 (20.81)	5,222.58 (17.41)	5,372.02 (17.87)	6,869.31 (18.40)	5,636.87 (13.34)	(-) 17.94
2.	State Excise	5,072.40 (16.06)	4,865.01 (16.22)	6,164.32 (20.51)	6,157.28 (16.50)	8,437.18 (19.97)	(+) 37.03
3.	Stamps and Registration Fees	2,297.54 (7.28)	2,258.07 (7.53)	2,470.33 (8.22)	3,308.35 (8.86)	4,226.54 (10.01)	(+) 27.75
4.	Taxes and duties on Electricity	2,329.55 (7.38)	2,696.56 (8.99)	2,541.84 (8.46)	2,851.63 (7.64)	2,887.64 (6.84)	(+) 1.26
5.	Taxes on Vehicles	1,861.39 (5.90)	1,994.32 (6.65)	1,472.13 (4.90)	2,358.96 (6.32)	2,673.56 (6.33)	(+) 13.34
6.	Others <sup>1</sup>	168.33 (0.53)	207.05 (0.69)	213.26 (0.71)	239.74 (0.64)	253.54 (0.60)	(+) 5.76
<b>Total</b>		<b>31,574.28</b>	<b>29,994.79</b>	<b>30,052.83</b>	<b>37,326.86</b>	<b>42,243.17</b>	<b>(+) 13.17</b>

Source: Finance Accounts

<sup>1</sup> 'Others' includes revenue receipts of four heads of accounts, the receipts under which are less than one *per cent* of total Tax Revenue Receipts. Hence, Revenue receipts of these heads have been merged under 'Others'.

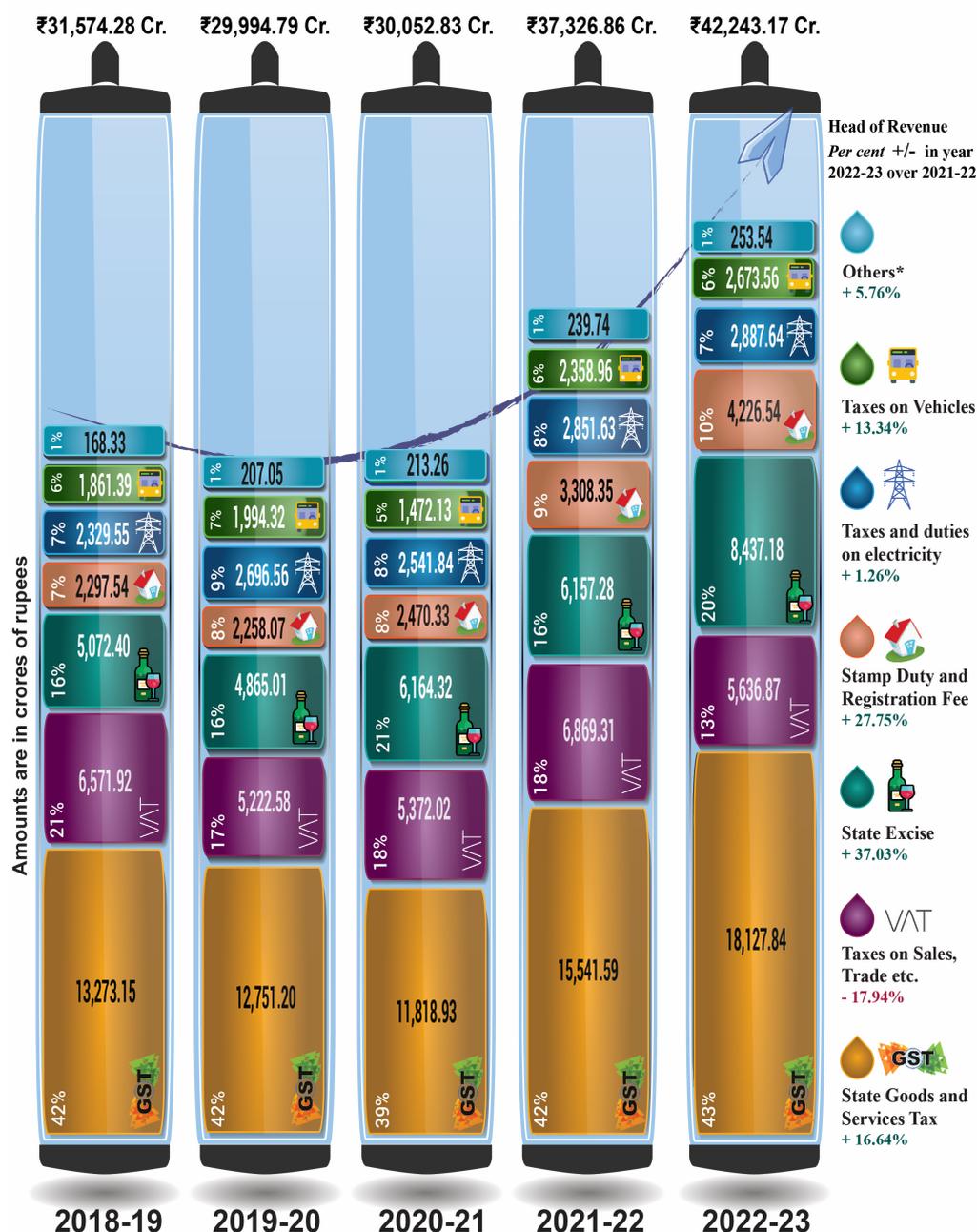
1. Other Taxes on Income and Expenditure: Receipts of ₹ 158.22 crore during 2022-23 are 1.49 *per cent* higher than previous year's receipt of ₹ 155.89 crore.

2. Land Revenue: Receipts of ₹ 92.94 crore during 2022-23 are 11.25 *per cent* higher than previous year's receipt of ₹ 83.54 crore.

3. Taxes on Goods and Passengers: Receipts of ₹ 0.0003 crore during 2022-23 are 88.46 *per cent* lesser than previous year's receipt of ₹ 0.0026 crore.

4. Other Taxes and Duties on Commodities and Services: Receipts of ₹ 2.38 crore during 2022-23 are 667.74 *per cent* higher than previous year's receipt of ₹ 0.31 crore.

## Chart 1.2: Trend of Tax Revenue



Source : Finance Accounts

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

It is seen that 'Taxes on Sales, Trade etc.', 'State Goods and Services Tax' and 'State Excise' are major contributors of tax revenue. During 2022-23, these heads of revenue contributed 76.23 per cent of total tax revenue collection. The revenue under 'State Goods and Services Tax' registered an increase of 16.64 per cent, whereas 'Taxes on Sales, Trades, etc.' registered decrease of 17.94 per cent in comparison to the previous year. The revenue from 'State Excise', 'Stamps and Registration Fees', 'Taxes and duties on Electricity' and 'Taxes on Vehicles' increased by 37.03 per cent, 27.75 per cent, 1.26 per cent and 13.34 per cent, respectively.

The reasons for the increase or decrease in tax revenue receipts as provided by the respective Departments and as per accounts analysis are given below.

**State Goods and Services Tax:** The Department attributed (October 2023) the reasons for increase in revenue to enforcement activities of the Department and weeding out the bogus entities. Further, there were higher tax collections under the sectors such as automobile, consumer durables, fast moving consumer goods, information technology and e-commerce.

**Taxes on Sales, Trade etc.:** The Department attributed (October 2023) the reasons for decrease (17.94 *per cent*) in revenue to lower tax rates on diesel, petrol and liquor.

**State Excise:** The Department did not furnish reasons for increase (37.03 *per cent*) in revenue. However, as seen from the accounts, the overall increase of ₹ 2,279.90 crore under State Excise was mainly due to increase in receipts under minor head 'Other Receipts', under which the receipts increased by ₹ 1,937.18 crore in comparison to the previous year.

**Stamps and Registration Fees:** The Department attributed (September 2023) the reasons for increase (27.75 *per cent*) in revenue to higher number of registrations and increase in Collector's rates.

**Taxes and Duties on Electricity:** The Department attributed (October 2023) reasons for increase (1.26 *per cent*) in revenue to receipt of arrear of electricity duty for the previous year 2021-22.

**Taxes on Vehicles:** The Department attributed (September 2023) reasons for increase (13.34 *per cent*) in revenue receipts to increase in registration of vehicles and compounding fee.

**Others:** It covers four heads of tax revenue viz. 'Other Taxes on Income and Expenditure', 'Land Revenue', 'Taxes on Goods and Passengers' and 'Other Taxes and Duties on Commodities and Services'. The reasons for increase or decrease were furnished by the Departments in following two Major Heads:

- **Land Revenue:** The Department attributed (September 2023) the increase (11.25 *per cent*) in revenue to increase in registration of properties.
- **Other Taxes and Duties on Commodities and Services:** The Department did not furnish reasons for increase (667.74 *per cent*) in revenue. However, as seen from the accounts, the overall increase of ₹ 2.07 crore under this head was mainly due to increase under minor head 'Entertainment Tax', under which the receipts increased by ₹ 2.08 crore in comparison to the previous year.

**1.2.3** The details and trend of the non-tax revenue raised during the period 2018-19 to 2022-23 are depicted in **Table 1.3** and graphical presentation is shown in **Chart 1.3**.

**Table 1.3: Details of Non-Tax Revenue from 2018-19 to 2022-23**

*(₹ in crore)*

Sr. No.	Head of Revenue	2018-19 (Per cent of Total)	2019-20 (Per cent of Total)	2020-21 (Per cent of Total)	2021-22 (Per cent of Total)	2022-23 (Per cent of Total)	Percentage increase (+) decrease (-) of actual in 2022-23 over 2021-22
1.	Miscellaneous General Services <sup>2</sup>	4,851.51 (63.98)	2,743.87 (41.24)	2,208.41 (53.19)	2,375.91 (49.67)	2,827.63 (45.37)	(+) 19.01
2.	Interest receipts	1,455.26 (19.19)	2,105.51 (31.64)	144.38 (3.48)	181.08 (3.78)	242.76 (3.90)	(+) 34.06
3.	Other Administrative Services <sup>3</sup>	150.63 (1.99)	145.23 (2.18)	233.92 (5.63)	69.70 (1.46)	116.65 (1.87)	(+) 67.36
4.	Police	73.38 (0.97)	60.93 (0.92)	89.76 (2.16)	142.34 (2.98)	130.54 (2.09)	(-) 8.29
5.	Medical and Public Health	263.42 (3.47)	250.57 (3.76)	287.61 (6.93)	406.81 (8.50)	396.33 (6.36)	(-) 2.58
6.	Irrigation <sup>4</sup>	24.22 (0.32)	94.32 (1.42)	94.35 (2.27)	134.73 (2.82)	135.94 (2.18)	(+) 0.90
7.	Non-ferrous Mining and Metallurgical Industries	36.13 (0.48)	90.88 (1.36)	120.56 (2.90)	136.53 (2.85)	248.80 (3.99)	(+) 82.23
8.	Public Works	28.81 (0.38)	21.71 (0.33)	14.26 (0.34)	11.34 (0.24)	18.87 (0.30)	(+) 66.40
9.	Forestry and Wildlife	15.66 (0.21)	19.53 (0.29)	30.88 (0.75)	19.13 (0.40)	186.66 (3.00)	(+) 875.74
10.	Co-operation	3.31 (0.04)	7.09 (0.11)	7.47 (0.18)	6.57 (0.14)	9.88 (0.16)	(+) 50.38
11.	Education, Sports, Art and Culture	56.75 (0.75)	196.22 (2.95)	137.70 (3.32)	155.19 (3.24)	326.94 (5.25)	(+) 110.67
12.	Others <sup>5</sup>	623.21 (8.22)	918.22 (13.80)	782.83 (18.85)	1,144.44 (23.92)	1,590.94 (25.53)	(+) 39.01
<b>Total</b>		<b>7,582.29</b>	<b>6,654.08</b>	<b>4,152.13</b>	<b>4,783.77</b>	<b>6,231.94</b>	<b>(+) 30.27</b>

Source: Finance Accounts

<sup>2</sup> This head includes receipts from 'Unclaimed Deposits', 'State Lotteries', 'Guarantee Fee' and 'Other Receipts'.

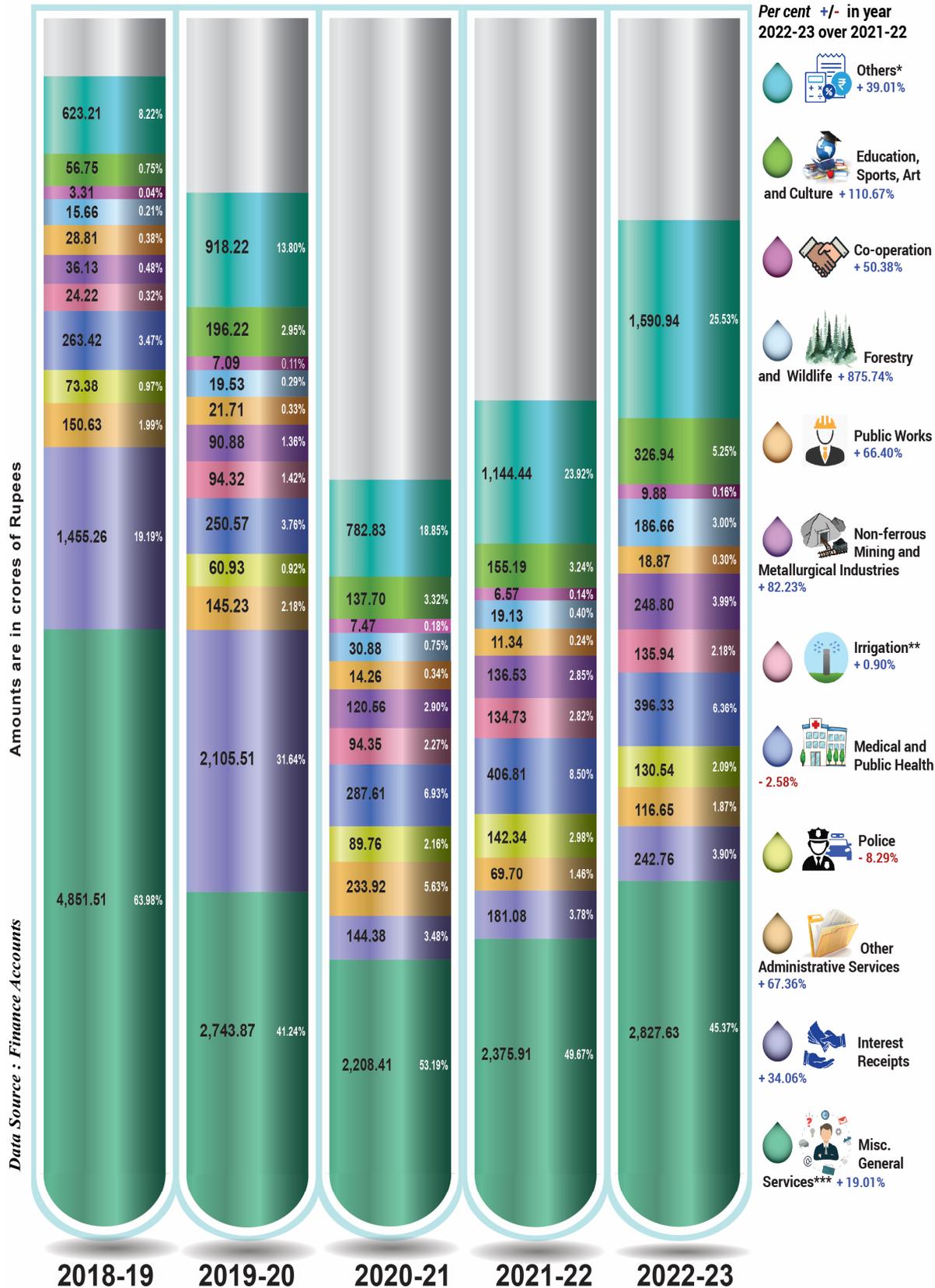
<sup>3</sup> This head includes receipts from 'Administration of Justice', 'Elections' and 'Other Services' (Home Guards, Marriage Fees, Fees for Government Audit, Receipts from Guest Houses, etc.).

<sup>4</sup> This head includes Major Irrigation, Medium Irrigation and Minor Irrigation. The receipts during 2022-23 under Major Irrigation, Medium Irrigation and Minor Irrigation were ₹ 120.87 crore, ₹ 13.21 crore and ₹ 1.86 crore respectively.

<sup>5</sup> This includes 31 Heads of revenue, which are not covered under the Heads of revenue mentioned at Serial No. 1 to 11 of the table. The details of receipts for the year 2022-23 under Heads of Revenue included in 'Others' is available at Appendix 1.1 to this Report.

# Chart 1.3: Trend of Non-Tax Revenue

₹7,582.29 Cr.   ₹6,654.08 Cr.   ₹4,152.13 Cr.   ₹4,783.77 Cr.   ₹6,231.94 Cr.



\* 'Others' includes 31 heads of revenue, details of which is available at Appendix 1.1 to this report.

\*\* 'Irrigation' includes Major Irrigation, Medium Irrigation and Minor Irrigation.

\*\*\* 'Miscellaneous General Services' includes receipts from 'Unclaimed Deposit', 'State Lotteries', 'Guarantee Fee' and 'Other Receipts'

Overall non-tax revenue in 2022-23 increased by 30.27 *per cent* in comparison to the previous year. Significant increase was seen under 'Forestry and Wildlife' (875.74 *per cent*), 'Education, Sports, Art and Culture' (110.67 *per cent*), 'Non-ferrous Mining and Metallurgical Industries' (82.23 *per cent*), 'Other Administrative Services' (67.36 *per cent*), 'Public Works' (66.40 *per cent*), 'Co-operation' (50.38 *per cent*) and 'Interest Receipts' (34.06 *per cent*) as compared to previous year.

The reasons for increase or decrease in non-tax revenue receipts as provided by the respective Departments and as per accounts analysis are given below.

**Miscellaneous General Services:** The Department did not furnish reasons for the increase (19.01 *per cent*) in receipts. However, as seen from the accounts, the overall increase of ₹ 451.72 crore under this head was mainly due to increase in receipts under minor heads 'State Lotteries' and 'Other Receipts', under which receipts increased by ₹ 500.44 crore in comparison to the previous year.

**Interest Receipts:** The Department did not furnish reasons for the increase (34.06 *per cent*) in interest receipts. However, as seen from the accounts, the overall increase of ₹ 61.68 crore under this head was mainly due to increase in receipts under minor head 'Other Receipts', under which receipts increased by ₹ 94.61 crore in comparison to the previous year.

**Other Administrative Service:** The Department did not furnish reasons for the increase (67.36 *per cent*) in receipts. However, as seen from the accounts, overall increase of ₹ 46.95 crore under this head was mainly due to increase under minor heads 'Fines and Forfeitures', and 'Other Receipts', under which receipts increased by ₹ 46.18 crore<sup>6</sup> in comparison to the previous year.

**Police:** The Department attributed (September 2023) decrease (8.29 *per cent*) in receipts to lesser receipts of recruitment fee in comparison to the previous year.

**Medical and Public Health:** The Director Health and Family Welfare attributed (October 2023) decrease (2.58 *per cent*) in revenue receipts to lesser receipts under Employee State Insurance Scheme and Ayurveda in comparison to the previous year.

**Irrigation:** The Department attributed (September 2023) increase (0.90 *per cent*) in receipts to recovery of outstanding amounts from different agencies, increased supply of canal water to different sectors including industrial purpose, sale of old and obsolete material, compensation receipts of Gujrat gas pipeline and receipts due to revision of rates charged for supply of water for commercial use.

**Non-ferrous Mining and Metallurgical Industries:** The Department attributed (October 2023) increase (82.23 *per cent*) in receipts to increase in

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<sup>6</sup> Fines and Forfeitures: ₹ 10.77 crore and Other Receipts under Other Services: ₹ 35.41 crore.

rates of royalty, imposition of royalty on material received from the adjoining States and forfeiture of security amounts of mining blocks.

**Public Works:** The Department attributed (October 2023) increase (66.40 *per cent*) in receipts to rent, hire charges of machinery and equipment, leave salary contributions and miscellaneous receipts and stated that being basically an expenditure Department having no regular source of income, the receipts may keep on increasing or decreasing.

**Forestry and Wildlife:** The Department attributed (September 2023) increase (875.74 *per cent*) in receipts to higher receipts from social and farm forestry. Further analysis of accounts showed that in addition to higher receipts from social and farm forestry, there were receipts from the State Compensatory Afforestation Fund on account of recoupment of expenditure incurred during 2019-20 and 2020-21 leading to overall increase of ₹ 167.53 crore under this head in comparison to the previous year.

**Co-operation:** The Department did not furnish reasons for the overall increase (50.38 *per cent*) of receipts under this head, however, increase under minor head 'Audit Fee' was attributed (August 2023) to recovery of old dues pertaining to previous year. Further analysis of accounts showed that other receipts had also increased in comparison to the previous year.

**Education, Sports, Art and Culture:** The Department did not furnish reasons for the increase (110.67 *per cent*) in receipts. However, as seen from the accounts, overall increase of ₹ 171.75 crore under this head was mainly due to higher receipts under minor heads 'Secondary Education,' and 'University and Higher Education', under which higher receipts of ₹ 177.02 crore<sup>7</sup> were received in comparison to the previous year.

**Others:** 'Others' category covers 31 heads (**Appendix 1.1**) of non-tax revenue, other than those included in Table 1.3 at Sr. No. 1 to 11. Under this category, there was an overall increase of 39.01 *per cent* in comparison to the previous year. While increase between ₹ 0.034 crore and ₹ 338.93 crore was seen under 17 heads in terms of money value, the decrease between ₹ 0.0001 crore and ₹ 188.07 crore was seen under 13 heads in terms of money value. Under one head, the receipt neither increased nor decreased in comparison to the previous year.

The reasons for increase or decrease under three heads as informed by respective Departments are mentioned below.

- **Crop Husbandry:** The Department attributed (October 2023) increase<sup>8</sup> (2,390.34 *per cent*) in receipts to recoveries of payments from

<sup>7</sup> Secondary Education: ₹ 160.70 crore, University and Higher Education: ₹ 16.32 crore

<sup>8</sup> ₹ 170.67 crore in terms of rupees

officers/officials of the Department and deposit of unutilised funds in the treasury relating to various schemes.

- **Dairy Development:** The Department stated (September 2023) that it does not receive Government receipts other than miscellaneous receipts like disposal of scrap material. Further, as seen from the accounts, the overall increase (566.67 per cent) under this head was mainly due to higher receipts under other receipts, under which higher receipts of ₹ 0.039 crore were received in comparison to the previous year.
- **Road Transport:** The Department attributed (September 2023) decrease (30.50 per cent) in receipts to reduced number of bus fleet as compared to previous year because new buses were not added to the fleet since 1995. All the buses in fleet had reached end of life and were being run on local routes instead of profitable inter-State routes. Further, lesser receipts from various Departments against concessional or free bus travel facilities and non-receipt of claims from Social Security and Women and Child Development Department in lieu of free bus travel facilities to women contributed to decrease in receipts.

Other Departments did not intimate the reasons for change in receipts of 2022-23 from that of the previous year under 28 heads<sup>9</sup> of non-tax revenue.

### **1.3 Authority for audit**

Authority for audit by the Comptroller and Auditor General of India (CAG) is derived from Articles 149 and 151 of the Constitution of India and the CAG's Duties, Powers and Conditions of Service (DPC) Act, 1971. The CAG conducts audit of expenditure of State Government Departments under Section 13<sup>10</sup> of the CAG's DPC Act. In addition, CAG also conducts audit of other Autonomous Bodies which are substantially financed by the Government under Section 14<sup>11</sup> of the DPC Act. Section 16 of the CAG's DPC Act authorises CAG to audit all receipts (both revenue and capital) of the Government of India and of Government of each State and of each Union Territory having a legislative assembly and to satisfy himself that the rules and procedures are designed to secure an effective check on the assessment, collection and proper

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<sup>9</sup> [1] 0050-Dividend and Profits [2] 0051-Public Service Commission [3] 0056-Jails [4] 0057-Supplies and Disposals [5] 0058-Stationery and Printing [6] 0071-Contributions and Recoveries towards Pension and Other Retirement Benefits [7] 0211-Family Welfare [8] 0215-Water Supply and Sanitation [9] 0216-Housing [10] 0217-Urban Development [11] 0220-Information and Publicity [12] 0230-Labour and Employment [13] 0235-Social Security and Welfare [14] 0250-Other Social Services [15] 0403-Animal Husbandry [16] 0405-Fisheries [17] 0415-Agricultural Research and Education [18] 0435-Other Agricultural Programmes [19] 0515-Other Rural Development Programmes [20] 0802-Petroleum [21] 0810-Non Conventional Sources of Energy [22] 0851-Village and Small Industries [23] 0852-Industries [24] 1054- Roads and Bridges [25] 1275-Other Communication Services [26] 1452-Tourism [27] 1456-Civil Supplies [28] 1475-Other General Economic Services

<sup>10</sup> Audit of (i) all expenditure from the Consolidated Fund of State; (ii) all transactions relating to Contingency Funds and Public Accounts; and (iii) all trading, manufacturing, profit and loss accounts, balance-sheets and other subsidiary accounts.

<sup>11</sup> Several non-Commercial Autonomous/Semi-Autonomous Bodies, established to implement Schemes for employment generation, poverty alleviation, spread of literacy, health for all and prevention of diseases, environment, etc., and substantially financed by the Government, are audited under Section 14.

allocation of revenue and are being duly observed. Principles and methodologies for various audits are prescribed in the Regulations on Audit and Accounts (Amendments), 2020 and Auditing Standards issued by the Comptroller and Auditor General of India.

#### 1.4 Planning and conduct of audit

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

During the year 2022-23, there were 402 auditable units<sup>12</sup> related to tax revenue, of which 133 units<sup>13</sup> (33.08 *per cent*) were planned on the basis of risk analysis and were audited. Test check of audited units brought out issues of under assessment, short or non-levy of taxes and duties involving revenue aggregating to ₹ 266.61 crore in 70,566 cases. The Departments recovered ₹ 19.03 crore in 800 cases during 2022-23, out of which 797 cases involving ₹ 19.01 crore were pointed out in the audits conducted prior to 2022-23.

#### 1.5 Response of Government to Audit

The Principal Accountant General (Audit), Punjab, conducts periodic audit inspection of the Government Departments to test check the transactions and verify the maintenance of important accounts and other records as prescribed in the Rules and procedures. These inspections are followed up with Inspection Reports (IR) incorporating irregularities detected during the inspection and not settled on the spot, which are issued to the heads of the offices inspected with copies to the next higher authorities for taking prompt corrective action.

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

In the tax revenue Departments, 133 Inspection Reports<sup>14</sup> were issued to the heads of the offices against the 133 units audited during 2022-23, out of those, Audit did not receive reply for 127 Inspection Reports<sup>15</sup> within the stipulated time of four weeks. Further, the Inspection Reports issued for the years up to

<sup>12</sup> Land Revenue: 87 units, Stamp Duty: 181 units, State Excise: 66 units, Value Added Tax/GST: 52 units and Motor Vehicle Tax: 16 units

<sup>13</sup> Land Revenue: 1 unit, Stamp Duty: 64 units, State Excise: 37 units, Value Added Tax/GST: 15 units and Motor Vehicle Tax: 16 units

<sup>14</sup> Land Revenue: 1 unit, Stamp Duty: 64 units, State Excise: 37 units, Value Added Tax/GST: 15 units and Motor Vehicle Tax: 16 units

<sup>15</sup> Land Revenue: 1 unit, Stamp Duty: 61 units, State Excise: 34 units, Value Added Tax/GST: 15 units and Motor Vehicle Tax: 16 units

March 2023 revealed that 10,867 observations<sup>16</sup> involving ₹ 4,298.17 crore<sup>17</sup> relating to 2,426 Inspection Reports<sup>18</sup> remained outstanding at the end of June 2023.

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

**Table 1.4: Outstanding Inspection Reports/Observations**

Particulars	Prior to April 2018	2018-19	2019-20	2020-21	2021-22	2022-23	Total
Inspection Reports	1,688	217	167	114	107	133	2,426
Observations	6,496	941	906	669	811	1,044	10,867
Money value (₹ in crore)	3,102.39	253.99	292.63	188.79	193.76	266.61	4,298.17

Source: Office records

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

### **1.5.1 Departmental Audit Committee meetings**

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

During the year 2022-23, two audit committee meetings were held with the Department of Revenue, Rehabilitation and Disaster Management, and the Department of Transport. As a result, 13 observations involving money value of ₹ 0.11 crore pertaining to the Department of Revenue, Rehabilitation and Disaster Management were settled.

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

<sup>16</sup> **Observations:** Entertainment and Luxury Tax (215), Land Revenue (997), Transport (1,994), State Excise (460), Stamp Duty (5,247) and VAT (1,954).

<sup>17</sup> **Money Value:** Entertainment and Luxury Tax (₹ 16.54 crore), Land Revenue (₹ 1,957.57 crore), Transport (₹ 397.39 crore), State Excise (₹ 483.30 crore), Stamp Duty (₹ 633.66 crore) and VAT (₹ 809.71 crore).

<sup>18</sup> **Inspection Reports:** Entertainment and Luxury Tax (95), Land Revenue (275), Motor Vehicle Tax (223), State Excise (310), Stamp Duty (1,171) and VAT (352).

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

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

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

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

## 1.7 Follow-up on Audit Reports

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

### 1.7.1 Non-submission of Action Taken Notes

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

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

Out of 108 observations, the ATNs in respect of 45 paragraphs were received with delay between three and 70 months, whereas ATNs against 63 paragraphs were not received up to the end of March 2024. The details of ATNs received with delays and those not received are depicted in **Table 1.5** and **Table 1.6**, respectively.

**Table 1.5: Delay in receipt of ATNs as on 31 March 2024**

Sr. No.	Year of Audit Report	No. of paragraphs (including Performance Audit)	ATNs received	Date of laying of Audit Report in legislature	ATNs received during the period	Delay in Receipt of ATN
1.	2015-16	22	13	29.03.2017	2018 to 2023	09 to 70 months
2.	2016-17	23	19	22.03.2018	2018 to 2023	03 to 57 months
3.	2017-18	18	7	27.02.2020	2021 to 2023	09 to 35 months
4.	2018-19	19	1	29.06.2022	2023	03 to 11 months
5.	2019-20	13	5	29.06.2022	2023	03 to 11 months
<b>Total</b>			<b>45</b>			

Source: Office records

**Table 1.6: Non-receipt of ATNs as on 31 March 2024**

Sr. No.	Year of Audit Report	Department	ATNs not received		Date of presentation of Audit Report in the State Legislature
			Para No.	Para Count	
1.	2015-16	Department of Excise and Taxation	2.3, 2.4, 2.6, 2.7, 2.13, 3.3, 6.5	7	29.03.2017
		Four Departments <sup>19</sup>	6.4	1	
		Department of Revenue, Rehabilitation and Disaster Management	6.6	1	
2.	2016-17	Department of Excise and Taxation	2.9, 2.13, 2.15, 6.4	4	22.03.2018
3.	2017-18	Department of Excise and Taxation	2.6, 2.7, 2.9, 2.10, 2.12	5	27.02.2020
		Department of Revenue, Rehabilitation and Disaster Management	4.3, 4.4, 4.5, 4.6, 4.7, 4.8	6	
4.	2018-19	Department of Excise and Taxation	2.3, 2.4, 2.5, 2.6, 2.7, 2.8, 2.9, 2.10, 3.3, 3.4, 3.5, 7.3	12	29.06.2022
		Department of Revenue, Rehabilitation and Disaster Management	4.3, 4.4, 4.5, 4.6, 4.7	5	
		Department of Forests & Wildlife Preservation	6.3	1	
5.	2019-20	Department of Excise and Taxation	2.3, 2.4, 2.5, 2.6, 2.7, 2.8, 2.9, 3.3	8	29.06.2022
6.	2020-21	Department of Excise and Taxation	3.1, 4.1, 7.9, 7.10, 7.11, 7.12, 7.13, 7.14, 7.15	9	07.03.2023
		Department of Revenue, Rehabilitation and Disaster Management	7.16, 7.17	2	
		Department of Transport	7.18, 7.19	2	
<b>Total</b>				<b>63</b>	

Source: Office records

By 31 March 2024, the PAC discussed 31 selected paragraphs pertaining to the CAG's Audit Reports for the years from 2015-16 to 2017-18. PAC had given

<sup>19</sup> (1) Department of Revenue, Rehabilitation and Disaster Management, (2) Department of Excise and Taxation, (3) Department of Transport and (4) Department of Forests & Wildlife Preservation

34 recommendations<sup>20</sup> in respect of CAG's Audit Reports for the years from 2012-13 to 2016-17 and these recommendations were incorporated in three PAC Reports<sup>21</sup>. However, ATNs against 21 recommendations were not received from the Department of Revenue, Rehabilitation and Disaster Management up to 31 March 2024.

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<sup>20</sup> Department of Revenue, Rehabilitation and Disaster Management (21) + Department of Transport (13)

<sup>21</sup> PAC Report 209 of 2019-20, PAC Report 212 of 2020-21 and PAC Report 214 of 2022-23



## **Chapter-II**

# **Department's Oversight on GST Payments and Return Filing (Stage-II)**

**DORF V2.0**

**return**

**enter**



## Chapter-II

### Department's Oversight on GST Payments and Return Filing (Stage-II)

#### 2.1 Introduction

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

Section 59 of the Punjab Goods and Services Tax Act, 2017 stipulates GST as a self-assessment based tax, whereby the responsibility for calculating tax liability, discharging the computed tax liability and filing returns is vested with the taxpayer. The GST returns must be filed online regularly on the common GST portal, failing which penalties will be payable. Even if the business has no tax liability during a particular tax period, it must file a nil return mandatorily. Further, Section 61 of the Act read with Rule 99 of Punjab GST Rules stipulates that the proper officer may scrutinise the returns and related particulars furnished by taxpayers, communicate discrepancies to the taxpayers and seek an explanation.

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

#### 2.2 Organisational setup

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

#### 2.3 Audit objectives

This audit was oriented towards providing assurance on the adequacy and effectiveness of systems and procedures adopted by the Department with respect to tax compliance under the GST regime. Audit of 'Department's

oversight on GST Payments and Return filing (Stage-II)' was taken up with the following audit objectives to seek an assurance on:

- i. Whether the rules and procedures were designed to secure an effective check on tax compliance and were being duly observed by taxpayers; and
- ii. Whether the scrutiny procedures, internal audit and other compliance functions of the field formations (Circles) were adequate and effective.

#### **2.4 Audit methodology and scope**

This SSCA was predominantly conducted based on data analysis, which highlighted risk areas and red flags pertaining to the period April 2018 to March 2021. Through data analysis, a set of 17 deviations were identified across the domains of input tax credit, discharge of tax liability, registration and return filing. Such deviations were followed up through a centralised audit<sup>1</sup>, whereby these deviations were communicated to the Department and action taken by the Department on the identified deviations was ascertained without involving field visits. The centralised audit was supplemented by a detailed audit involving field visits for verification of records available with Circles. Returns and related attachments and information were accessed through GST portal at Commissionerate office. The detailed audit also involved accessing relevant granular records from the taxpayers such as invoices through the respective Circles. Additionally, compliance functions of the Circles such as scrutiny of returns, were also reviewed in selected Circles.

The verification of taxpayer's records covered the period from April 2018 to March 2021, while the audit of the functions of selected Circles covered the period from April 2020 to March 2021 for examination of action taken by the Department on cancellation of registration, non-filers of returns and similar reports. Audit also covered the scrutiny of returns done by the Department under Section 61 of Punjab GST Act in the year 2022-23. The SSCA covered only the State administered taxpayers. The field audit was conducted between September 2023 and December 2023.

An entry conference of this SSCA was held on 17 April 2023 with the Secretary (Taxation) and Department's officers in which the audit objectives, sample selection, audit scope and methodology were discussed.

An exit conference was held on 30 May 2024 with the Director (GST) to seek the responses of the Department on the audit points. The views expressed by the Department in the exit conference and replies to audit paragraphs furnished subsequently have been incorporated in the report.

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<sup>1</sup> Centralised Audit did not involve seeking taxpayer's granular records such as financial statements related ledger accounts, invoices, agreements etc.

## 2.5 Audit Sample

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

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

### Part I-Audit of Circles

Ten Circles with jurisdiction over selected sample of cases for detailed audit were considered as the sample of Circles for evaluation of their oversight functions.

### Part II-Centralised Audit

The sample for 'Centralised Audit' was selected by identification of high-value or high-risk deviations from rules and inconsistencies between returns through data analysis for evaluation of the adequacy and effectiveness of the scrutiny procedure of the Department. Accordingly, 366 cases which translated into 654 instances were selected for 'Centralised Audit' under this SSCA.

### Part III-Detailed Audit

Audit accessed taxpayers' records through Circles for evaluation of the extent of tax compliance by the taxpayers. The sample of taxpayers for 'Detailed Audit' was selected on the basis of risk parameters such as excess input tax credit, tax liability mismatch, disproportionate exempted turnover to total turnover and irregular input tax credit reversal. A sample of 70 taxpayers selected for 'Detailed Audit' comprised of large, medium, small strata and parameter based taxpayers<sup>2</sup>.

The details of sampled Circles, taxpayers for 'Centralised Audit' and 'Detailed Audit' for this SSCA are brought out in **Appendix 2.1**.

## 2.6 Audit Criteria

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

**Table 2.1: Source of criteria**

Sr. No.	Subject	Act and Rules
1.	Levy and collection	Section 9 of Punjab GST Act, 2017
2.	Reverse Charge Mechanism	Section 9(3) of Punjab GST Act, 2017

<sup>2</sup> Large taxpayers: 28, medium taxpayers: 11, small taxpayers: 0 and parameter-based taxpayers: 31

Sr. No.	Subject	Act and Rules
3.	Availing and utilising ITC	Sections 16 to 21 of Punjab GST Act, 2017 Rules 36 to 45 under Punjab GST Rules, 2017
4.	Registrations	Section 22 to 25 of Punjab GST Act, 2017 Rules 8 to 26 of Punjab GST Rules, 2017
5.	Supplies	Section 7 and 8 Punjab GST Act, 2017 Schedule I, II and III of Punjab GST Act, 2017
6.	Place of supply	Section 10 to 13 of IGST Act, 2017
7.	Time of Supply	Section 12 to 14 of Punjab GST Act, 2017
8.	Valuation of supplies	Section 15 of Punjab GST Act, 2017 Rules 27 to 34 of Punjab GST Rules, 2017
9.	Payment of Tax	Sections 49 to 53 of Punjab GST Act, 2017 Rules 85 to 88A of Punjab GST Rules, 2017
10.	Filing of GST Returns	Sections 37 to 47 of Punjab GST Act, 2017 Rules 59 to 68 and 80 to 81 of Punjab GST Rules, 2017
11.	Zero-rated supplies	Section 16 of IGST Act, 2017
12.	Assessment and Audit functions	Sections 61, 62, 65 and 66 of Punjab GST Act, 2017 Rules 99 to 102 of Punjab GST Rules, 2017

In addition, the notifications and circulars issued by CBIC<sup>3</sup>/Punjab Taxation Department relating to filing of returns, notifying the effective dates of filing of various returns, extending due dates for filing returns, rates of tax on goods and services, payment of tax, availing and utilising input tax credit, scrutiny of returns and oversight of tax compliance and Standard Operating Procedures (SOP) containing instructions to the departmental officers on various aspects related to filing returns, scrutiny of returns, cancellation of registrations and verification of DGARM<sup>4</sup> reports etc. also formed part of the audit criteria.

## **2.7 Audit findings**

The audit findings may be categorised into the following three categories:

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

### **2.7.1 Oversight on returns filing**

A return is a statement of specified particulars relating to the business activity undertaken by a taxpayer during a prescribed period. Every taxpayer is legally obligated to furnish a complete and correct return, mentioning the tax liability for a given period and taxes paid within the stipulated time. In a self-assessment regime, the significance of monitoring return filing by the taxpayers acquires

<sup>3</sup> Central Board of Indirect Taxes and Customs

<sup>4</sup> Director General of Analytics and Risk Management

greater significance as the returns are the first mode of information about taxpayers and their respective business activities.

### **2.7.1.1 Scrutiny of returns**

As per Section 61 of the Punjab GST Act, 2017, various returns filed by taxpayers may be scrutinised by the proper officer to verify the correctness of the returns, and suitable action has to be taken on discrepancies or inconsistencies reflected in the returns. Under the Circles, the proper officer designated for this purpose is the State Tax Officer in-charge of the jurisdictional ward. Further, Rule 99 of the Punjab GST Rules, 2017 mandates that the discrepancies, if any, noticed shall be communicated in form GST ASMT-10 to the taxpayer to seek his explanation.

The Department issued Standard Operating Procedure (SOP) in April 2022 to ensure uniformity in methodology of scrutiny of returns and other related procedures. As per SOP, the selection of returns for scrutiny is based on specific risk parameters i.e., data analysis with pre-defined parameters for a particular financial year. Basic data relevant for scrutiny is auto populated by ETTSA<sup>5</sup> from various data sources like GSTN<sup>6</sup> and Data Mining Wing. ETTSA had developed a web-based scrutiny application PGEIU<sup>7</sup> showing ward-wise GSTINs, whose returns are to be scrutinised.

Audit sought (August 2023) Circle wise information from the Department for scrutiny of cases allotted and carried out in 2022-23 and details of actions taken against such cases like issue of ASMT-10 notices, show cause notices and recoveries. The Department did not provide information for cases selected for scrutiny and number of cases where scrutiny was completed during 2022-23 despite repeated reminders issued to the Department between August and December 2023. However, as per partial information provided (September 2023) by the Department, ASMT-10 notices in 5,149 cases were issued under the sample ten Circles as detailed in **Table 2.2**.

**Table 2.2: Details of ASMT-10 issued in sample Circles**

<b>Sr. No.</b>	<b>Circle</b>	<b>No. of cases where ASMT-10 issued</b>	<b>No. of cases where discrepancy accepted by the taxpayer</b>	<b>Amount recovered (₹ in crore)</b>
1.	Amritsar-I	819	435	0.24
2.	Amritsar-II	991	641	0.26
3.	Fazilka	178	70	0.81
4.	Gurdaspur	383	202	0.33
5.	Hoshiarpur	586	429	0.32
6.	Jalandhar-III	988	450	0.20

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

<sup>6</sup> Goods and Service Tax Network

<sup>7</sup> Punjab GST Enforcement and Investigation Unit Portal.

Sr. No.	Circle	No. of cases where ASMT-10 issued	No. of cases where discrepancy accepted by the taxpayer	Amount recovered (₹ in crore)
7.	Mansa	188	177	1.18
8.	Moga	217	136	0.60
9.	Pathankot	230	186	2.14
10.	Ropar	569	347	0.20
<b>Total</b>		<b>5,149</b>	<b>3,073</b>	<b>6.28</b>

From the data provided by the Department, no assurance could be derived in Audit on the pace of scrutiny of returns.

The information of scrutiny cases was also called for from the Department and selected ten Circles. The Department provided the list of total scrutiny cases and four Circles<sup>8</sup> provided only list of ASMT-10 notices issued without mentioning granular details sought like date of ASMT-10, 11, 12 etc., and remaining six Circles provided only case files but no list of ASMT-10 notices issued was provided. Thus, Audit could not ascertain whether the Department had carried out scrutiny of returns as envisaged in their SOP.

Further Audit examined<sup>9</sup> five cases each of ASMT-10 notices issued by the selected Circles totaling 50 cases and observed shortcomings in five cases involving tax implication of ₹ 0.35 crore<sup>10</sup> as explained below.

**A Non-payment of tax under reverse charge on purchase of raw cotton**

Punjab Government in December 2017 notified<sup>11</sup> that tax on the purchase of raw cotton from agriculturist was payable by the recipient of the intra-State supply on reverse charge basis under Section 9(3) of Punjab GST Act, 2017. The reverse charge on raw cotton was applicable with effect from 15 November 2017. The tax at the rate<sup>12</sup> of five *per cent* was payable on the raw cotton.

Audit examined (October 2023) a scrutiny case for the year 2017-18 conducted under Mansa Circle and noticed that ASMT-10 notice was issued to the taxpayer on 18 October 2022 for failing to pay tax of ₹ 0.17 crore<sup>13</sup> under reverse charge against purchase of raw cotton of ₹ 3.45 crore from the unregistered persons during 2017-18. In response, the taxpayer through ASMT-11 replied that all tax liabilities were paid in cash but due to clerical mistake, neither tax liability was shown under reverse charge nor input tax credit was claimed, hence there was no financial difference in payment of tax. The proper officer accepted the response of the taxpayer and closed the case by citing that the taxpayer had paid

<sup>8</sup> Amritsar-II, Fazilka, Jalandhar-III and Pathankot

<sup>9</sup> On the basis of top five cases of money value or files provided by the Circle concerned.

<sup>10</sup> **Para 2.7.1.1: A** ₹ 0.17 crore, **B** ₹ 0.02 crore, **C** ₹ 0.13 crore, **D** ₹ 0.03 crore, **E** Non-money value para

<sup>11</sup> PGST Notification: S.O.100/P.A.5/2017/S.9/2017 dated 1 December 2017, CGST Notification: 43/2017-Central Tax (Rate) dated 14 November 2017

<sup>12</sup> PGST Notification: S.O.16/P.A.5/2017/S.9/2017 dated 30 June 2017, CGST Notification: 1/2017-Central Tax (Rate) dated 28 June 2017

<sup>13</sup> ₹ 3,45,04,467 x 5 *per cent* = ₹ 17,25,223 (CGST: ₹ 8,62,611.50 plus Punjab GST: ₹ 8,62,611.50)

tax in cash and no input tax credit was claimed by the dealer. Hence, there is no loss of Government revenue.

Further audit examination of annual summary of taxpayer's returns for 2017-18 showed that taxpayer had neither shown purchase of raw cotton of ₹ 3.45 crore in GSTR-3B returns nor in the annual return GSTR-9. However, outward supply of ₹ 3.53 crore was declared in GSTR-1, GSTR-3B and GSTR-9.

The version of the proper officer and the taxpayer that tax was paid in cash without availing input tax credit was not supported by the returns and the cash ledger because no tax in cash was paid on purchase of ₹ 3.45 crore under reverse charge. The tax in cash under reverse charge was paid only on ₹ 0.62 crore as shown by the taxpayer in his returns. The taxpayer had shown outward supply of ₹ 3.53 crore, therefore even after considering the payment of tax at the time of outward supply, Audit opines that there can be loss of interest to the Government in such cases because there can be gap between purchases liable to reverse charge and subsequent outward supplies. Therefore, the tax which should have been paid at the time of purchase cannot be justified by the tax payment at a later date at the time of making outward supplies.

On being pointed out (October 2023), no reply was furnished by the Mansa Circle (January 2025).

**B      *Non-payment of interest due on delayed payment of tax***

As per proviso below Section 50(1) of the Punjab GST Act, 2017, an interest of 18 *per cent* per annum shall be paid on the portion of tax, which is paid after the due date of tax period by debiting the electronic cash ledger.

Audit examined (October 2023) a scrutiny case for the year 2017-18 conducted under Mansa Circle and noticed that ASMT-10 notice to the taxpayer was issued on 17 October 2022 seeking clarification on the short payment of output tax liability of ₹ 0.27 crore. Due to non-response of the taxpayer on ASMT-10 notice, the proper officer issued DRC-01A notice to the taxpayer on 2 March 2023. In response to this notice, the taxpayer stated that liability of ₹ 0.32 crore has been paid in the return of July 2018. The tax liability was not updated in February 2018 return due to clerical mistake but at the time of finalisation of books, same was rectified in the return of July 2018. The proper officer accepted the reply of taxpayer and closed the case by citing that the tax was set off with input tax credit. Hence, no interest liability arises.

Audit examination of the Electronic Credit Ledgers of the taxpayer for the years 2017-18 and 2018-19 revealed (October 2023) that the tax liability of February 2018 was discharged on 7 September 2018 after declaring the liability in the return of July 2018. Audit observed that taxpayer had not continuously maintained minimum balance of ₹ 0.32 crore in the Electronic Credit Ledger

after the due date<sup>14</sup> for filing the return of February 2018 till the date of discharge of tax liability, hence, proper officer's decision not to charge the interest was incorrect. An interest of ₹ 0.02 crore was chargeable on the delayed payment of tax on such portion of amount, which was difference between tax liability and balance maintained in the Electronic Credit Ledger because the due tax liability could not have been discharged from Electronic Credit Ledger without making payment in cash for the deficient portion. However, the proper officer ordered not to charge the interest from the taxpayer.

On being pointed out (October 2023), no reply was furnished by the Mansa Circle (January 2025).

**C     *Non-payment of interest on wrongly availed and utilised input tax credit***

Section 42(10) and 43(10) of the Punjab GST Act, 2017 provide that taxable person who claims undue or excess claim of input tax credit or undue or excess reduction in output tax liability, shall pay interest at the rate of 18 *per cent*<sup>15</sup> specified under Section 50(3) of the Act on such undue or excess claim or undue or excess reduction. Further, Section 50(3) of the Punjab GST Act was amended<sup>16</sup> in October 2022 making amendment that interest was required to be paid on the wrongly availed input tax credit if the same was availed as well as utilised.

Audit examined (November 2023) a scrutiny case for the year 2017-18 conducted under Ropar Circle and noticed that ASMT-10 notice to the taxpayer was issued on 9 September 2022 seeking clarification on the short reversal of input tax credit on exempted outwards supplies. In response, the taxpayer reversed the input tax credit of ₹ 0.18 crore<sup>17</sup> on 26 October 2022 through DRC-03 and paid interest of ₹ 46,945. The proper officer found the response of the taxpayer to be satisfactory and closed the case.

Audit worked out the interest of ₹ 0.09 crore from 1 April 2018<sup>18</sup> to 25 October 2022 on the basis of deficient amount maintained in the Electronic Credit Ledger against the due reversal of ₹ 0.18 crore. The interest worked out to ₹ 0.09 crore<sup>19</sup> but the taxpayer had paid interest of ₹ 46,945 resulting in short payment of interest of ₹ 0.09 crore<sup>20</sup>.

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<sup>14</sup> Due date for filing return of February 2018 was 20 March 2018.

<sup>15</sup> Rate of interest amended from 24 *per cent* to 18 *per cent* with effect from 1 July 2017 as per Punjab Act 18 of 2022 and Central Act 6 of 2022.

<sup>16</sup> Corresponding CGST amendment vide Finance Act 6 of 2022 of the Central Government.

<sup>17</sup> **CGST:** ₹ 6,49,495 **SGST:** ₹ 6,49,495, **IGST:** ₹ 4,89,366

<sup>18</sup> Audit adopted conservative approach while working out interest and excluded the tax period of July 2017 to March 2018 as the month in which wrong input tax credit was availed in 2017-18, could not be identified from the scrutiny records.

<sup>19</sup> ₹ 9,18,890

<sup>20</sup> ₹ 8,71,945

On being pointed out (November 2023), the Department replied (July 2024) that recovery notice has been issued to the taxpayer.

**D *Availing of inadmissible input tax credit***

Section 17(5) of Punjab GST Act, 2017 provides that input tax credit shall not be available in respect of motor vehicles and other conveyances except when they are used for making taxable supplies such as (i) further supply of such vehicles or conveyances; or (ii) transportation of passengers; or (iii) imparting training on driving, flying, navigating such vehicles or conveyances; or (iv) for transportation of goods.

Audit examined (November 2023) a scrutiny case for the year 2017-18 conducted under Ropar Circle and noticed that ASMT-10 notice to the taxpayer was issued on 29 July 2022 seeking clarification on mismatch of input tax credit of ₹ 0.04 crore<sup>21</sup> between GSTR-3B and GSTR-2A returns. In response, the taxpayer deposited IGST of ₹ 19,322 on 18 August 2022 through DRC-03 along with interest of ₹ 6,956. The taxpayer also clarified that one of his supplier had shown intra-State supply instead of inter-State supply in his GSTR-1 return, hence input tax credit of IGST claimed by the taxpayer in GSTR-3B appeared to be inflated. The proper officer found the response of the taxpayer to be satisfactory and closed the case.

Audit examined the profile of the supplier referred by the taxpayer in his reply and observed (November 2023) that supplier was engaged in supply of motor cars and other motor vehicles principally designed for the transport of persons including station wagons and racing cars other than those falling under HSN 8702, whereas the taxpayer was involved in the business of building construction material and services. Thus, input tax credit of ₹ 0.03 crore availed by taxpayer on the supply of ₹ 0.10 crore made by supplier was not admissible under Section 17(5) of the Act. Hence, taxpayer was liable to reverse input tax credit of ₹ 0.03 crore.

On being pointed out (November 2023), the Department replied (July 2024) that the taxpayer had sold the car in 2022 and paid output tax amounting to ₹ 0.02 crore. Now, the taxpayer has reversed balance input tax credit of ₹ 0.01 crore on 20 May 2024.

**E *Non-initiation of recovery proceedings***

As per Section 78 of Punjab GST Act, 2017, any amount payable by a taxable person in pursuance of an order passed under the Act shall be paid by such person within a period of three months from the date of service of such order failing which recovery proceedings shall be initiated.

Audit examined (November 2023) a scrutiny case for the year 2020-21 conducted under Ropar Circle and noticed that ASMT-10 notice to a taxpayer

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<sup>21</sup> IGST: ₹ 2,84,689 CGST: ₹ 55,150 SGST: ₹ 55,150

was issued on 9 August 2021 for non-filing of GSTR-3B returns from January 2021 to March 2021 and not discharging tax liability of ₹ 0.03 crore, whereas the taxpayer had made outwards supplies as per e-Waybills. The taxpayer<sup>22</sup> had filed returns only for the months of November and December 2020 with discharge of tax liability of ₹ 12,768. Due to non-response of the taxpayer, a show cause notice was issued on 24 September 2021. Subsequently, the case was adjudicated on 1 June 2023 with the order to deposit ₹ 0.05 crore<sup>23</sup>.

Audit observed (November 2023) that neither taxpayer deposited the demand of ₹ 0.05 crore within the permissible period of three months, nor the proper officer initiated recovery proceedings even after lapse of three months from demand order.

On being pointed out (November 2023), the Department replied (July 2024) that recovery proceedings have been initiated against the taxpayer.

Considering the above findings noticed by the Audit in sample files as detailed above, the Department needs to commence the scrutiny of returns as envisaged in the SOP to protect the Government revenue.

**Recommendation 1: The Department may reinforce mechanism for initiation and monitoring of scrutiny of returns cases to avoid revenue leakage.**

#### **2.7.1.2 Lack of action on non-filers**

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

Further, the proper officer may initiate action under sub-Section (2)(c) of Section 29 of the Punjab GST Act for cancellation of registration in cases where the return has not been furnished for a period of six months.

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<sup>22</sup> Date of registration of the taxpayer was 18 November 2020 and date of cancellation was 31 January 2021.

<sup>23</sup> CGST: ₹ 1,77,638, SGST: ₹ 1,77,638, Penalty: ₹ 35,526 and Interest: ₹ 1,45,594

The information and records related to non-filers for the year 2020-21 were sought from the selected 10 Circles (August to November 2023). Only Fazilka Circle provided the list of non-filers but month-wise granular details were not made available to the Audit. Remaining nine Circles did not provide any information to the Audit. Therefore, Audit could not analyse the data properly and relied upon MIS reports available on GST Portal in respect of all 10 selected Circles.

Subsequently, the Audit downloaded the MIS reports of the selected 10 Circles available on GST Portal and analysed the MIS reports of non-filers of GSTR-3B returns by comparing data of April 2020 with the data of October 2019 and identified 387 taxpayers who had not filed GSTR-3B returns at least for the last six months. Further verification of these taxpayers' information from the GST portal<sup>24</sup> revealed (between September 2023 and January 2024) that registrations of 241 taxpayers had been cancelled, registrations of 104 taxpayers were under suspension and remaining 42 taxpayers were active. Audit analysis of cancelled, suspended and active taxpayers showed belated actions and inaction on the part of the Department.

In case of 241 taxpayers, whose registrations had been cancelled, it was seen that the Department had taken up to five years for cancellation of registrations with time range between 60 and 1,825 days beyond six months of non-filing of returns. Out of these, 27 taxpayers were such taxpayers who had never filed returns after obtaining GST registrations and their registrations were cancelled after 223 to 1,578 days beyond six months of non-filing of returns.

In case of 104 taxpayers, whose registrations were suspended, it was seen that the Department took up to five years for suspending registrations with time range between 155 and 1,808 days beyond six months of non-filing of returns.

42 non-filer taxpayers were active as on dates of audit analysis conducted between September 2023 and January 2024 despite the fact that all of 42 taxpayers continued to be non-filers up to the dates of audit analysis.

Circle wise details of cancelled, suspended and active taxpayers are shown in **Table 2.3**.

**Table 2.3: Circle wise details of cancelled, suspended and active taxpayers**

Circle	Cancelled Registrations		Suspended Registrations		Active Registrations
	No. of taxpayers	Gap after 6 months (in days)	No. of taxpayers	Gap after 6 months (in days)	
Amritsar-I	30	112 to 1,309	01	1,624	06
Amritsar-II	15	183 to 1,532	01	392	22
Fazilka	56	183 to 1,150	00	--	00
Gurdaspur	11	118 to 1,100	03	303 to 1,608	02
Hoshiarpur	75	60 to 1,314	02	1,661 to 1,753	03

<sup>24</sup> <https://www.gst.gov.in>

Circle	Cancelled Registrations		Suspended Registrations		Active Registrations
	No. of taxpayers	Gap after 6 months (in days)	No. of taxpayers	Gap after 6 months (in days)	
Jalandhar-III	03	1,384 to 1,749	07	546 to 1,808	00
Mansa	03	182 to 791	01	1,749	01
Moga	06	181 to 1,825	23	728 to 1,627	01
Pathankot	00	--	37	155 to 1,354	05
Ropar	42	182 to 1,659	29	1,019 to 1,781	02
<b>Total</b>	<b>241</b>		<b>104</b>		<b>42</b>

Non-cancellation of registrations of non-filers manifests high risk of revenue loss such as the defaulters may continue to carry on their business without discharging their tax liabilities.

On being pointed out (September 2023 to January 2024), the Department replied (July 2024) in respect of Ropar Circle attributing delay in cancellation of 42 taxpayers and suspension of 29 taxpayers to shortage of staff, heavy workload and technical problems. The Department further replied that at present cancellations and suspensions were being done within time limit. With regard to two active registrations of non-filers under Ropar Circle, it was replied that both taxpayers had migrated from VAT regime and were allotted provisional GSTIN<sup>25</sup>. The portal does not allow the cancellation of the provisional GSTINs. Replies in respect of remaining nine Circles were not furnished (January 2025).

Audit opines that the Department needs to take appropriate action to cancel the pointed out non-filer active and suspended GSTINs because non-cancellation of these GSTINs poses risk of revenue loss.

**Recommendation 2: The Department may reinforce the institutional mechanism in the Circles to establish and maintain effective oversight on returns filing and action taken on non-filers.**

### 2.7.1.3 Cancellation of registrations

Section 29 of the Punjab GST Act, 2017 read with Rule 20 of the Punjab GST Rules, 2017 allows for cancellation of registration by the taxpayer in certain situations like closure of business, turnover falling below threshold for registration, transfer of business/merger/amalgamation, change of PAN, non-commencement of business within the stipulated time period and death of the proprietor.

Section 29(2) of the Punjab GST Act, 2017 allows *suo-moto* cancellation of the registration of the taxpayer by the tax officer on the grounds of contravention of the Acts or Rules by the taxpayer, composition taxpayers not filing return for three consecutive tax periods, normal taxpayers not filing return for continuous period of six months, registered persons not commencing business

<sup>25</sup> Goods and Services Tax Identification Number

within six months from date of registration and registration obtained by means of fraud, willful misstatement or suppression of facts.

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

### ***Delays in cancellation of registrations***

As per Rule 22(1) of Punjab GST Rules, 2017, where the proper officer has reasons to believe that the registration of a person is liable to be cancelled under Section 29, he shall issue a notice to such person requiring him to show cause, within a period of seven working days from the date of the service of such notice, as to why his registration shall not be cancelled. The reply to such show cause notice shall be furnished within a period of seven days. On receipt of a satisfactory reply from the taxpayer within seven days, the proceedings for cancellations shall be dropped. In case of non-response or unsatisfactory reply within prescribed period of seven days, an order of cancellation of registration shall be issued within a period of thirty days from the date of receipt of reply.

Further Rule 22(3) of the Punjab GST Rules, 2017 provides that where a person who has submitted an application for cancellation of his registration, the proper officer shall issue an order of cancellation of registration within a period of thirty days from the date of application.

Information called for (August to November 2023) by Audit in respect of cancellations of registrations during 2020-21 from ten selected Circles was provided by four Circles<sup>26</sup> only, out of which one Circle<sup>27</sup> provided nil information. Remaining six Circles<sup>28</sup> did not provide information. Audit checked the information of cancelled taxpayers from MIS reports in respect of these Circles on the GST portal and noticed that information furnished by Jalandhar-III Circle was found correct in the MIS report. However, information provided by three Circles<sup>29</sup> had major variations with respect to MIS reports data. The information related to the remaining six Circles, which did not furnish any information, was also captured from the MIS reports. Hence, Audit relied on the MIS report data for further analysis. From the data, it was noticed

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<sup>26</sup> Fazilka, Jalandhar-III, Moga and Pathankot.

<sup>27</sup> Jalandhar-III

<sup>28</sup> Amritsar-I, Amritsar-II, Gurdaspur, Hoshiarpur, Mansa and Ropar

<sup>29</sup> Fazilka, Moga and Pathankot.

(between September 2023 and June 2024) that 4,047 registrations were cancelled on application and 3,448 registrations were cancelled *suo-moto* in nine Circles<sup>30</sup>. Audit analysis of these cases revealed that 1,835 cancellations on application and 1,358 *suo-moto* cancellations of registrations were delayed by one to 1,035 days. Circle-wise delays in cancellation of registrations are shown in **Table 2.4**.

**Table 2.4: Delay in cancellation of registrations**

Circle	Cancellations		Belated cancellations		
	On Application	Suo-Moto	On Application	Suo-Moto	Delay in days
Amritsar-I	585	659	379	214	1 to 941
Amritsar-II	508	539	253	241	1 to 941
Fazilka	635	408	203	65	2 to 1,035
Gurdaspur	357	383	133	81	1 to 855
Hoshiarpur	442	516	183	370	1 to 828
Mansa	413	200	147	56	1 to 321
Moga	405	285	211	180	1 to 919
Pathankot	255	266	131	86	1 to 848
Ropar	447	192	195	65	1 to 932
Total	4,047	3,448	1,835	1,358	1 to 1,035
	7,495		3,193		

Source: Audit analysis based on MIS Reports

On being pointed out (between September 2023 and June 2024), no reply was furnished by any Circle. In the absence of replies from the Circles, the Audit was unable to scrutinise the reasons for the delay and could not comment on efficacy of action taken by the Department in cancellation of registrations.

**Recommendation 3: The Department may reinforce the institutional mechanism in the Circles to establish and maintain effective oversight on timely cancellation of GST registrations on application and *suo-moto*.**

#### **2.7.1.4 Non-filing of GSTR-10 returns after cancellations**

As per Section 45 of Punjab GST Act, 2017, it is binding upon the cancelled taxpayer to file a final return in form GSTR-10 within a period of three months from the date of cancellation or date of order of cancellation, whichever is later and discharge his due tax liabilities.

In case cancelled taxpayer fails to furnish final return GSTR-10 within prescribed period, a notice has to be issued by proper officer under Section 46 of the Act asking cancelled taxpayer to furnish his GSTR-10 return within 15 days. If cancelled taxpayer fails to file his GSTR-10 return, even after service of a notice, then proper officer is empowered under Section 62 of the

<sup>30</sup> As per MIS report data and information provided by Jalandhar-III Circle, no cancellations were made in this Circle during 2020-21.

Act to proceed to assess the tax liability of the said person to the best of his judgement taking into account all the relevant material which is available or which he has gathered and issue an assessment order within a period of five years from the due date of furnishing annual return for the financial year to which the tax not paid relates.

In case the cancelled taxpayer does not discharge his tax liabilities within three months of passing of an assessment order under Section 62 of the Act, then proper officer shall initiate recovery proceedings under Section 78 of the Act and recover pending tax dues by one or more of the modes prescribed under Section 79 of the Act.

Further, Section 83 of the Act empowers the Commissioner to provisionally attach any property including bank account, belonging to the taxable person during the pendency of proceedings under Section 62 of the Act, if he is of the opinion that it is necessary to protect the interest of the Government revenue.

To identify the taxpayers' whose registrations were cancelled in 2020-21 but GSTR-10 returns were not filed, Audit compared the MIS report data of registrations cancelled in 2020-21 with MIS report data of GSTR-10 defaulters as on 30 January 2024 in respect of ten selected Circles. Audit analysis revealed (September 2023 to June 2024) that 3,150 cancelled taxpayers (42.03 per cent) under nine Circles<sup>31</sup> had not filed GSTR-10 returns up to 30 January 2024. Out of 3,150 taxpayers, 1,765 registrations were cancelled on application and 1,385 registrations were cancelled *suo-moto* by the Department. The Circle wise details of non-filing of GSTR-10 returns are shown in **Table 2.5**.

**Table 2.5: Non-filing of GSTR-10**

Circle	Registration cancellations			Non-filers of GSTR-10			Per cent non-filers
	On Application	Suo-Moto	Total	On Application	Suo-Moto	Total	
Amritsar-I	585	659	1,244	298	221	519	41.72
Amritsar-II	508	539	1,047	230	150	380	36.29
Fazilka	635	408	1,043	325	200	525	50.34
Gurdaspur	357	383	740	148	164	312	42.16
Hoshiarpur	442	516	958	173	186	359	37.47
Mansa	413	200	613	155	145	300	48.94
Moga	405	285	690	140	83	223	32.32
Pathankot	255	266	521	85	123	208	39.92
Ropar	447	192	639	211	113	324	50.70
<b>Total</b>	<b>4,047</b>	<b>3,448</b>	<b>7,495</b>	<b>1,765</b>	<b>1,385</b>	<b>3,150</b>	<b>42.03</b>

Source: Audit analysis based on MIS Reports

The above table shows that 42.03 per cent of cancelled taxpayers had not filed GSTR-10 returns. Ropar Circle had the highest percentage of defaulters with

<sup>31</sup> As per MIS report data and information provided by Jalandhar-III Circle, no cancellations were made in this Circle during 2020-21.

50.70 *per cent* while Moga Circle had the least percentage of defaulters with 32.32 *per cent*. As per information provided to Audit (September 2023) no action was initiated by Fazilka Circle against the cancelled taxpayer for failing to file GSTR-10 returns. Remaining eight Circles did not provide information regarding action initiated against the GSTR-10 defaulters, in the absence of which no comments could be offered on the action taken by these Circles against cancelled taxpayers for not filing GSTR-10 returns. Further, in absence of data, Audit could not ascertain number of cases where assessment under Section 62 was carried out.

As seen in the Audit, out of 3,150 taxpayers, 1,765 registrations were cancelled on application, which represents a significant *per cent* (56.03 *per cent*) of non-filers of GSTR-10 returns. Concerted efforts are required to be made by the Department to ensure that final tax liabilities are discharged by the cancelled taxpayers by filing GSTR-10 returns.

On being pointed out (September 2023 to June 2024), Ropar Circle replied (July 2024) that proceedings for filing of GSTR-10 have been initiated. No reply was furnished by the remaining eight Circles.

**Recommendation 4: The Department may reinforce the institutional mechanism in the Circles to establish and maintain effective oversight on filing of GSTR-10 post cancellation of registrations.**

#### **2.7.1.5 Audit of taxpayers**

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

Punjab Taxation Department adopted the criteria for selection of audit pertaining to the financial year 2017-18 based on risk parameters as per CBIC and GSTN ratings. For the financial year 2018-19, parameters were as per BIFA<sup>32</sup> module developed by GSTN. The Department strengthened internal audit in February 2020 and issued GST Audit Manual in January 2021.

Audit sought (February 2024) information related to number of units planned, number of units covered, number of units audited outside planned units, reason of deviation and number of nil reports but the Department provided information related to only number of units planned for audit and number of units actually

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<sup>32</sup> Business Intelligence and Fraud Analytics

audited. In the absence of information, the Audit could not ascertain the efficacy of the internal audit conducted by the Department.

Further, as per information provided to Audit (May 2024), the details of audit undertaken by the Department for the years 2017-18 to 2020-21 are given in **Table 2.6.**

**Table 2.6: Details of audit**

Financial Year	Total number of taxpayers (Regular and Composition)	No. of taxpayer selected for audit (in per cent)	Actual number of audits completed (as of March 2024)	Demand created	Recovered
				₹ in crore	
2017-18	3,30,260	449 (0.14%)	449	286.30	19.33
2018-19	3,85,884	449 (0.12%)	449	792.16	27.88
2019-20	4,29,598	115 (0.03%)	22	97.08	0.59
2020-21	4,70,541	220 (0.05%)	0	0	0
<b>Total</b>		<b>1,233</b>	<b>920</b>	<b>1,175.54</b>	<b>47.80</b>

Source: Departmental Data

Above data shows that only 0.03 per cent to 0.14 per cent cases for the years 2017-18 to 2020-21 were selected for audit. Further, 313 cases out of selected 1,233 cases were not audited and tax demand of ₹ 1,127.74 crore out of created demand of ₹ 1,175.54 crore was pending for recoveries as of March 2024.

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

**Recommendation 5: Year-wise targets under Section 65 of Punjab GST Act, 2017 may be increased in view of additional tax demand created as a result of internal audit.**

#### 2.7.1.6 Lack of action on DGARM Reports

The CBIC formed Directorate General of Analytics and Risk Management (DGARM) in July 2017 with the aim of studying, interpreting and analysing the GST data and sharing the results with various stakeholders under the Board. Similarly, Punjab Taxation Department established a specialised wing 'Tax Intelligence Unit' (TIU) in January 2023 to detect irregularities and discrepancies in the returns filed by the taxpayers. Additional information available on various platforms like Boweb portal<sup>33</sup>, e-Way bill portal, BIFA<sup>34</sup>, GST Prime,<sup>35</sup> etc. is also consulted by TIU. Further, ET TSA also provides

<sup>33</sup> Back-Office Web GST Portal

<sup>34</sup> Business Intelligence and Fraud Analytics

<sup>35</sup> GST Prime is a product by National Informatics Centre (NIC) to help the tax administrators of State/Centre to analyse and monitor the tax collection and compliance in their jurisdiction.

assistance to TIU. The reports prepared by TIU are shared with concerned wings of the Department for necessary action and compliance.

Information called for by Audit (between August and December 2023) regarding action taken by selected ten Circles on DGARM and TIU reports during 2020-21 was not provided except in respect of Fazilka Circle. From the information provided to Audit in respect of Fazilka Circle, it was noticed (September 2023) that four cases under DGARM reports were allotted to the Circle during 2020-21, out of which, the Department did not find any omission in three cases and closed the proceedings and one case involving amount ₹ 0.79 crore was pending for verification (September 2023).

In the absence of information in respect of nine Circles, no assurance could be drawn on the action taken by these Circles on the reports of DGARM and TIU. However, Audit opines that the reports shared by DGARM and TIU put red flags on the risky transactions of the taxpayers that involve revenue implications, therefore, the Department needs to take timely action on such reports.

On being pointed out (September 2023), the Fazilka Circle replied (July 2024) that verifications have been completed and recovery has been made in the remaining case.

**Recommendation 6: The Department may reinforce the institutional mechanism in the Circles to establish and maintain effective oversight on DGARM reports which provides inputs for risky transactions.**

## **2.7.2 Oversight on tax payments**

### **2.7.2.1 Inconsistencies in GST returns - Centralised audit**

Audit analysed GST returns data pertaining to 2018-2021 as made available by GSTN. Rule-based deviations and logical inconsistencies between GST returns filed by taxpayers were identified on a set of 17 audit dimensions, which can be broadly categorised into two domains viz. input tax credit and tax payments.

Out of the 13 prescribed GST returns<sup>36</sup>, the following basic returns that apply to normal taxpayers were considered for the purpose of identifying deviations, inconsistencies and mismatches between GST returns/data.

- GSTR-1: Monthly return to be filed by all normal and casual registered taxpayers making outward supplies of goods and services or both and contains details of outward supplies of goods and services.
- GSTR-2A: System-generated statement of inward supplies for recipient. It

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<sup>36</sup> 1. GSTR-1 2. GSTR-3B, 3. GSTR-4 (taxpayers under the Composition scheme) 4. GSTR-5 (non-resident taxable person) 5. GSTR-5A (Non-resident OIDAR service providers) 6. GSTR-6 (Input service distributor) 7. GSTR-7 (taxpayers deducting TDS) 8. GSTR-8 (E-commerce operator) 9. GSTR-9 (Annual Return) 10. GSTR-10 (Final return) 11. GSTR-11 (person having UIN and claiming a refund) 12. CMP-08 13. ITC-04 (Statement to be filed by a principal/job-worker about details of goods sent to/received from a job-worker)

contains the details of all B2B<sup>37</sup> transactions declared by suppliers in their form GSTR-1/GSTR-5, ISD details from GSTR-6, details from GSTR-7 and GSTR-8 respectively by the counterparty and import of goods from overseas on bill of entry, as received from ICEGATE<sup>38</sup> Portal of Indian Customs.

- GSTR-3B: Monthly summary return of outward supplies and input tax credit claimed, along with payment of tax by the taxpayer to be filed by all taxpayers except those specified under Section 39(1) of the Act. This is the return that populates the credits and debits in the Electronic Credit Ledger and debits in Electronic Cash Ledger.
- GSTR-5: Monthly return to be filed by non-resident taxpayers containing outward supplies of goods and services.
- GSTR-6: Monthly return for Input Service Distributors providing the details of their distributed input tax credit and inward supplies.
- GSTR-7: Monthly return to be filed by persons who deduct tax at the time of making/crediting payment to suppliers towards the inward supplies received.
- GSTR-8: Monthly return to be filed by e-commerce operators who are required to deduct TCS (Tax collected at source) under GST, introduced in October 2018.
- GSTR-9: Annual return to be filed by all registered persons other than an input service distributor (ISD), Tax Deductor at Source/Tax Collector at Source, casual taxable person, and non-resident taxpayer. This document contains the details of all supplies made and received under various tax heads (CGST, SGST and IGST) during the entire year along with turnover and audit details for the same.
- GSTR-9C: Annual audit form for all taxpayers having a turnover above ₹ 5 crore in a particular financial year. It is basically a reconciliation statement between the annual return filed in GSTR-9 and the taxpayer's audited annual financial statement.

The Pan-Punjab data analysis pertaining to State jurisdiction on the 17 identified audit dimensions and extent of deviations/inconsistencies observed are summarised in **Table 2.7 (a) and (b)**.

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<sup>37</sup> Business to Business

<sup>38</sup> Indian Customs Electronic Data Interchange Gateway

**Table 2.7 (a): Summary of pan Punjab data analysis**

Sr. No.	Audit dimension	Algorithm used	Taxpayers	Number of instances	Amount of deviation/ mismatch (₹ in crore)
<b>Mismatch in availing of ITC</b>					
1.	Input tax credit mismatch (GSTR-3B and GSTR-2A)	<p>A. The input tax credit availed in Table 4A (5) of GSTR 3B, Table 4D of GSTR-3B (or Table 8F of GSTR-9) and Table 8C of GSTR-9 should not exceed the input tax credit available in Table 3, Table 4, Table 5 and Table 6 of GSTR 2A for the period 2018-19 and April to September 2019.</p> <p>B. The input tax credit availed in Table 4A (5) of GSTR 3B, Table 4D of GSTR 3B (or Table 8F of GSTR-9) and Table 8C of GSTR-9 should not exceed 120 <i>per cent</i> of the input tax credit available in Table 3, Table 4, Table 5 and Table 6 of GSTR-2A for the period October to December 2019.</p> <p>C. The input tax credit availed in Table 4A (5) of GSTR-3B, Table 4D of GSTR-3B (or Table 8F of GSTR-9) and Table 8C of GSTR-9 should not exceed 110 <i>per cent</i> of the input tax credit available in Table 3, Table 4, Table 5 and Table 6 of GSTR-2A for the period January to March 2020.</p>	45	65	490.93
2.	Input tax credit availed without supplier remitting tax	In cases where input tax credit available in Table 8A of GSTR-9 was less than the input tax credit available in GSTR-2A (including subsequent year's adjustments), the input tax credit availed on transactions where the supplier had not filed GSTR-3B or issued invoices after effective date of cancellation were accounted for separately. Further, if Table 8D of GSTR-9 was negative, the entire amount should have been reversed.	20	47	187.46
3.	Input tax credit availed on GSTR-3B filed after limitation period	Input tax credit availed through GSTR-3B pertaining to the periods 2018-19, 2019-20 and 2020-21 filed after October 2019, October 2020 and October 2021, respectively.	35	50	37.31
4.	Excess ISD credit	If GSTR-9 was available, Table 6G minus Table 7B of GSTR-9 was expected to equal the sum of Table 5A, Table 8A and Table 9A of GSTR-6, adjusted for entries in Table 8A or Table 9A of GSTR-6 from respective distributors. If Table 7B of GSTR-9 was null or zero, Table 7H of GSTR-9 could be used.	14	22	4.58

Sr. No.	Audit dimension	Algorithm used	Taxpayers	Number of instances	Amount of deviation/ mismatch (₹ in crore)
		If GSTR-9 was not available, Table 4(A)(4) minus Table 4(B)(2) of GSTR-3B was expected to equal the sum of Table 5A, Table 8A and Table 9A of GSTR-6, or Table 4A(4) minus Table 4B(2) of GSTR-3B should not have exceeded Table 7 minus Table 8 of GSTR-2A.			
<b>Mismatch in annual return and financial statements (FS)</b>					
5.	Short payment of tax (Table 9R of GSTR-9C)	Any negative entry (excluding interest, penalty, late fee) in Table 9R of GSTR-9C could be a case of non-payment or short-payment of tax.	10	14	110.02
6.	Unreconciled input tax credit with financial statements (Table 12F of GSTR-9C)	Only positive entries in Table 12F of GSTR-9C were considered. For top deviations, if there were multiple GSTINs under the same PAN, the respective figures in Table 12 of GSTR-9C for all GSTINs along with a consolidated deviation (considering all GSTINs) were to be provided. Since filling Table 12B and 12C (input tax credit adjustments between years) was optional until the period 2020-21, only those taxpayers who had disclosed these details were included.	10	18	36.68
7.	Ineligible input tax credit (Table 14T of GSTR-9C)	Only positive entries in Table 14T of GSTR-9C were considered. Since taxpayers had the option not to fill this table, only the unreconciled cases where the taxpayer had disclosed the details, were included.	10	16	45.03
<b>Shortfall in tax paid or interest and other deviations</b>					
8.	Short payment of tax on reverse charge	Tax liability under reverse charge mechanism in Table 3.1(d) of GSTR-3B should not be less than the input tax credit availed in Table 6C, Table 6D and Table 6F of GSTR-9.  If GSTR-9 is not available, the tax liability under reverse charge mechanism in Table 3.1(d) of GSTR-3B should not be less than the total of Table 4(A)(2) and Table 4(A)(3) of GSTR-3B.	25	36	135.84
9.	Undischarged tax liability (GSTR-1 and GSTR-9)	If GSTR-9 is available, the sum of [Table 4, Table 5, Table 6, Table 7 of GSTR-1, the data of Table 9 of GSTR-1 where amendments (amended value minus original value of the same invoice), debit notes of Table 9, credit notes of Table 9, Table 11A and Table 11B of GSTR-1 (net of advances and adjustments of Table 11)] and [tax payable in Table 4N minus Table 4G plus Table 10 minus Table 11 of GSTR-9] (whichever is greater) should not exceed	45	80	339.08

Sr. No.	Audit dimension	Algorithm used	Taxpayers	Number of instances	Amount of deviation/mismatch (₹ in crore)
		the tax paid in [Table 9 (both ITC and cash) plus Table 14 minus Table 4G of GSTR-9]. Where GSTR-9 is not available, tax payable in Table 4 (excluding Table 4B), Table 5, Table 6, Table 7 of GSTR-1, the data of Table 9 of GSTR-1 where amendments (amended value minus original value of the same invoice), debit notes of Table 9, credit notes of Table 9, Table 11A and Table 11B of GSTR-1 (net of advances and adjustments of Table 11) should not exceed [Table 6.1 (without interest and late fee) minus Table 3.1(d) of GSTR-3B].			
10.	E-commerce benefactors under composition levy	If GSTINs from Table 3 of GSTR 8 returns also filed CMP-08 quarterly returns as composition taxpayers, then it was irregular.	5	5	0
11.	Under composition levy even after crossing the specified turnover	The composition taxpayers whose turnover on an all-India basis (Central and State jurisdiction) under all GSTINs of the same PAN had crossed the turnover limit of ₹ 1 crore in 2018-19 and ₹ 1.5 crore in 2019-20.	2	2	0
12.	GSTR-3B not filed but GSTR-1/2A available	Taxpayers who had filed GSTR-1 but hadn't filed the corresponding GSTR-3B for the years 2018-19, 2019-20, and 2020-21 by October 2019, October 2020 or October 2021.	30	37	43.16
13.	Non-payment of interest	Interest at the rate of 18 per cent on the cash component of tax payment for delayed GSTR-3B.	45	121	15.63
<b>Total</b>			<b>296</b>	<b>513</b>	<b>1,445.72</b>

**Table 2.7 (b): Summary of pan Punjab data analysis (Turnover mismatch)**

Sr. No.	Audit dimension	Algorithm used	Taxpayers	Number of instances	Amount of deviation/mismatch (₹ in crore)
14.	Suppression of taxable value (e-Waybill)	The sum of Table 3.1(a) and Table 3.1(b) of GSTR-3B should be less than the tax liability declared in e-Waybills.	35	83	6,291.81
15.	Short payment of tax (TDS/TCS)	Table 3.1(a) of GSTR-3B was compared with Column 4 of Table 9 of GSTR-2A.	15	19	83.40
16.	Suppression of taxable	Table 5B of GSTR-9C for 2018-19 was compared with Table 5H of GSTR-9C for	10	20	2,336.39

Sr. No.	Audit dimension	Algorithm used	Taxpayers	Number of instances	Amount of deviation/mismatch (₹ in crore)
	value (unbilled revenue)	2017-18, and similarly, Table 5B of GSTR-9C for 2019-20 was compared with Table 5H of GSTR-9C for 2018-19, and Table 5B of GSTR-9C for 2020-21 was compared with Table 5H of GSTR-9C for 2019-20.			
17.	Unreconciled taxable turnover (Table 7G of GSTR-9C)	Any negative entry in Table 7G of GSTR-9C could be a case of clearances of taxable supplies in the guise of exempted, nil rates, non-GST and no supply turnover.	10	19	21,996.46
<b>Total</b>			<b>70</b>	<b>141</b>	<b>30,708.06</b>

### **A Results of Centralised Audit**

Out of inconsistencies in 654 instances (**Appendix-2.1-B**), the Department's responses were received in 642 instances. Out of responses received, 326 instances (50.78 per cent) involving ₹ 1,646.00 crore translated into compliance deviations, where the Department accepted inconsistencies in 36.60 per cent deviations with recoveries of ₹ 2.14 crore in 33 instances (**Appendix-2.2-IV**), issued show cause notices amounting to ₹ 1,472.75 crore (Demand raised<sup>39</sup>: ₹ 1,353.15 crore, Demand confirmed<sup>40</sup>: ₹ 119.60 crore) in 184 instances (**Appendix-2.2-V**) and issued ASMT-10 in 18 instances (**Appendix-2.2-VI**) involving ₹ 49.78 crore<sup>41</sup> to seek the taxpayers' reply. In these instances, higher rates of deviations were noticed in risk areas such as input tax credit mismatch, input tax credit availed after limitation period, undischarged tax liability, short/non-payment of interest on delayed payment of tax and non-filing of GSTR-3B. Additionally, 85 instances (**Appendix-2.2-VII**) involving ₹ 115.83 crore<sup>42</sup> were under correspondence with the taxpayers. In six instances (**Appendix-2.2-VIII**) amounting to ₹ 5.50 crore, the Department's replies were not acceptable to the Audit and further clarification was sought. 24 instances (**Appendix-2.2-IX**) involving ₹ 61.54 crore<sup>43</sup> were under examination by the Department. In eight instances (**Appendix-2.2-X**) amounting to ₹ 47.66 crore (including mismatch of turnover), the Department did not accept the deviations pointed out by Audit but did not provide any documentary evidence in support of its reply. In 284 instances (44.24 per cent), where the Department's reply was acceptable to Audit, data entry errors by taxpayers comprised 22 instances

<sup>39</sup> DRC-01

<sup>40</sup> DRC-07

<sup>41</sup> This amount represents a mismatch of turnover of ₹ 4.85 crore and mismatch of tax liability/input tax credit of ₹ 44.93 crore.

<sup>42</sup> This amount represents a mismatch of turnover of ₹ 49.48 crore and mismatch of tax liability/input tax credit of ₹ 66.35 crore.

<sup>43</sup> This represents a mismatch of turnover of ₹ 3.38 crore and mismatch of tax liability/input tax credit of ₹ 58.16 crore.

(**Appendix-2.2-I**), the Department had proactively taken action in 44 instances (**Appendix-2.2-II**), and in 218 instances (**Appendix-2.2-III**), the Department had valid explanations. Further in 12 cases (**Appendix-2.2-XI**) involving ₹ 51.44 crore, the reply of the Department was not received.

Out of 17 audit dimensions of Centralised Audit, the Department made recoveries, issued show cause notices, ASMT-10 and took issues under correspondence with the taxpayers in 16 audit dimensions. High value case for each such audit dimension is discussed below.

### **1. Input tax credit mismatch**

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

In order to analyse the veracity of input tax credit availed, relevant data was extracted from GSTR-3B and GSTR-2A for the period 2018-19 to 2020-21, and the input tax credit paid as per suppliers' details was matched with the input tax credit availed by the taxpayer. The methodology adopted was to compare the input tax credit available as per GSTR-2A with all its amendments with the input tax credit availed in GSTR-3B in Table 4A(5) including 4(D) blocked credits and credit availed in Table 8C of GSTR-9 in subsequent years.

In case of a taxpayer under SAS Nagar Circle, Audit communicated to the Department (August 2023) mismatch of ₹ 25.14 crore in 2020-21 between input tax credit available as per GSTR-2A and input tax credit availed by the taxpayer in GSTR-3B. The input tax credit available as per GSTR-2A was ₹ 27.96 crore, whereas input tax credit availed in GSTR-3B was ₹ 53.10 crore.

In response, the Department replied (July 2024) that matter regarding ₹ 25.14 crore was under correspondence with the taxpayer.

### **2. Input tax credit availed without supplier remitting tax**

GSTR-2A of the recipient taxpayer is generated on the basis of disclosures made by the supplier taxpayers in their GSTR-1 for outward supplies made. The supplier taxpayers are required to discharge their tax liabilities by filing GSTR-3B returns. The data captured as on 31 October of the following financial year in the Table 8A of the GSTR-9 was compared with Table 3 to 6 of GSTR-2A<sup>44</sup>. The deviations may likely indicate cases where input tax credit would have been passed on by the taxpayer without actual remitting the tax.

In case of a taxpayer under Ludhiana-III Circle, Audit communicated to the Department (August 2023) mismatch of ₹ 10.15 crore for 2020-21 between Table 8A of the GSTR-9 and Table 3 to 6 of GSTR-2A of the taxpayer.

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<sup>44</sup> Tables 3 and 5 of the old GSTR-2A format.

In response, the Department replied (July 2024) that ASMT-10 has been issued to the taxpayer.

### **3. Input tax credit availed after limitation period**

Section 16(4) read with Section 39 of the Punjab GST Act, 2017 provides for availing of input tax credit till 20 October of the following year by furnishing GSTR-3B return of a year to which input tax credit pertains. Accordingly, if any GSTR-3B is furnished after such time, input tax credit availed by the taxpayer becomes inadmissible.

In case of a taxpayer under SAS Nagar Circle, Audit communicated to the Department (June 2023) that taxpayer had filed GSTR-3B of March 2019 after 20 October 2019 and availed input tax credit of ₹ 4.78 crore.

In response the Department replied (July 2024) that show cause notice for ₹ 8.48 crore (including interest) has been issued to the taxpayer on 8 August 2023.

### **4. Excess Input Service Distributor credit**

In order to analyse whether input tax credit availed by the taxpayer is not in excess of that transferred by the input service distributor, the input tax credit availed in the returns of the taxpayer was compared with the input tax credit transferred by the input service distributors in their GSTR-6 returns.

The methodology adopted was to compare Table 6G of GSTR-9 of the taxpayer with the sum of Table 5A, Table 8A, and Table 9A of GSTR-6 furnished by respective input service distributors after considering adjustments. In case where Table 7B was null in GSTR-9 of the taxpayer, Table 7H values were considered. In cases where GSTR-9 was not available, the Table 4(A)(4) of GSTR-3B of the taxpayer was compared with the sum of Table 5A, Table 8A, and Table 9A of GSTR 6 furnished by the respective input service distributors.

In case of a taxpayer under SAS Nagar Circle, Audit communicated to the Department (August 2023) that taxpayer had availed input tax credit of ₹ 0.91 crore under ISD category during 2018-19, whereas respective input service distributors have transferred ₹ 0.38 crore resulting in difference of ₹ 0.53 crore.

In response, the Department replied (July 2024) that matter regarding mismatch of ITC of ₹ 0.53 crore was under correspondence with the taxpayer.

### **5. Short payment of tax**

In order to review the extent of identified mismatch in tax paid reported in the annual return vis-à-vis the financial statements, the relevant data-points pertaining to Table 9 of the GSTR-9C reconciliation statement of 2018-19 to 2020-21 submitted by the taxpayer under Rule 80(3) of Punjab GST Rules, 2017 was analysed at data level. In order to rule out the possibility of incorrect

disclosure of the tax paid amount in GSTR-9C, the amount was also compared with actual tax payment details in GSTR-9.

In case of a taxpayer under SAS Nagar Circle, Audit communicated to the Department (August 2023) that taxpayer had unreconciled payment of tax of ₹ 9.00 crore in Table 9R of GSTR-9C of 2020-21.

In response, the Department replied (July 2024) that process to issue show cause notice has been initiated.

#### **6. Unreconciled input tax credit with financial statements**

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

The certified reconciliation statement submitted by the taxpayer as required under Rule 80(3) of Punjab GST Rules, 2017 in form GSTR-9C for the year 2018-19 to 2020-21 was analysed at data level to review the extent of identified mismatch in input tax credit availed between the annual return and financial statement.

In case of a taxpayer under Ludhiana-I Circle, Audit communicated to the Department (August 2023) that there was unreconciled input tax credit of ₹ 4.17 crore in 2020-21 under Table 12F of GSTR-9C of the taxpayer.

In response, the Department replied (July 2024) that ASMT-10 has been issued to the taxpayer.

#### **7. Unreconciled input tax credit with financial statements**

Table 14 of GSTR-9C reconciles the input tax credit declared in the annual return GSTR-9 with the input tax credit availed as per audited annual financial statement or books of accounts.

The certified reconciliation statement submitted by the taxpayer as required under Rule 80(3) of Punjab GST Rules, 2017 in form GSTR-9C for the year 2018-19 to 2020-21 was analysed at data level to review the extent of identified mismatch in input tax credit availed between the annual return and financial statement.

In case of a taxpayer under Ludhiana-II Circle, Audit communicated to the Department (August 2023) that there was unreconciled input tax credit of ₹ 4.89 crore in 2020-21 under Table 14T of GSTR-9C of the taxpayer.

In response, the Department replied (July 2024) that issue of ₹ 4.89 crore was under correspondence with the taxpayer.

#### **8. Short payment of tax under reverse charge**

Under Reverse Charge Mechanism (RCM) the liability to pay tax is fixed on the recipient of goods or services instead of the supplier or provider in respect of

certain categories of goods or services or both under Section 9(3) or Section 9(4) of the Punjab GST Act, 2017.

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

In order to analyse the veracity of tax paid under Reverse Charge Mechanism, the datasets in GSTR-3B and annual return GSTR-9 pertaining to RCM was compared to check whether the tax has been discharged fully on the activities or transactions under RCM. In cases where GSTR-9 was filed, the RCM payments under Table 4G were compared with input tax credit availed in Table 6C, 6D and 6F. In cases where GSTR-9 was not available, RCM payments in GSTR-3B under Table 3.1(d) were compared with GSTR-3B 4(A)(2) and 4A(3).

In case of a taxpayer under Ludhiana-II Circle, Audit communicated to the Department (August 2023) that the taxpayer had availed input tax credit of ₹ 1.64 crore in 2018-19 under Table 4(A)(2) and 4A(3) of GSTR-3B but tax payable under reverse charge was ₹ 3,648 in Table 3.1(d) of GSTR-3(B). Thus, the difference in these figures was indicative of short payment of tax of ₹ 1.64 crore under reverse charge.

In response, the Department replied (July 2024) that show cause notice will be issued to the taxpayer.

#### **9. Undischarged tax liability**

GSTR-1 depicts the monthly details of outward supplies of goods or services. These details are also assessed by the taxpayer and mentioned in annual return GSTR-9 in the relevant columns. Further, taxable value and tax paid thereof are also shown in GSTR-3B.

In order to analyse the undischarged tax liability in 2018-19 to 2020-21, the tax payable in the GSTR-1 and GSTR-9 was compared with the tax paid declared in GSTR-9. Where GSTR-9 was not available, a comparison of tax payable between GSTR-1 and GSTR-3B was resorted to. The amendments and advance adjustments declared in GSTR-1 and GSTR-9 were also considered for this purpose. The higher tax liability from the GSTR-1 and GSTR-9 was compared with the tax paid declared in Tables 9 and 14 of GSTR-9 to identify the short payment of tax. In the case of GSTR-3B, Table 6.1 minus Table 3.1(d) was taken into account.

In case of a taxpayer under SAS Nagar Circle, Audit communicated to the Department (August 2023) that tax payable by the taxpayer for 2019-20 was ₹ 12.21 crore as per GSTR-1 whereas tax payable and tax paid in GSTR-9 and GSTR-3B was nil.

In response, the Department replied (July 2024) that show cause notice for ₹ 14.03 crore imposing penalty has been issued to the taxpayer.

#### **10. E-commerce beneficiary under composition levy**

At the data level, the Audit attempted to identify those composition taxpayers who have availed the e-commerce facility for making their supplies. The datasets pertaining to GSTR-8 filed by the e-commerce operators and CMP-08 filed by the composition taxpayers were compared to check whether the recipient GSTINs mentioned in GSTR-8 have also filed CMP-08. Moreover, in cases where turnover declared by e-commerce operators in their GSTR-8 returns was more than the turnover declared by the corresponding composition taxpayers in their CMP-08, there was a likelihood of short payment of tax by the composition taxpayers.

In case of a composition taxpayer under SAS Nagar Circle, Audit communicated to the Department (August 2023) that the taxpayer availed e-commerce facility for making their supplies during year 2019-20.

In response, the Department replied (July 2024) that show cause notice has been issued to the taxpayer.

#### **11. GSTR-3B not filed but GSTR-1 available**

At the data level, Audit attempted to identify those taxpayers who had not filed GSTR-3B but had filed GSTR-1. GSTR-3B return is the instrument through which the liability can be offset, and input tax credit is credited in the ledger. The availability of GSTR-1 and non-filing of GSTR-3B indicates that the taxpayers carried on the business during the period but have not discharged their tax liability. It may also include cases of irregular passing-on of input tax credit.

In case of a taxpayer under SAS Nagar Circle, Audit communicated to the Department (August 2023) that the taxpayer had filed GSTR-1 returns but did not file GSTR-3B for August 2019 involving tax implication of ₹ 12.21 crore.

In response, the Department replied (July 2024) that show cause notice for ₹ 12.21 crore has been issued to the taxpayer.

#### **12. Non-payment of interest**

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

The extent of short or non-payment of interest on account of delayed remittance of tax during 2018-19 to 2020-21 was identified using the tax paid details in GSTR-3B and the date of filing of returns including extensions provided. Only

the net tax liability (cash component) was considered to work out the interest payable.

In case of a taxpayer under Ludhiana-II Circle, Audit communicated to the Department (August 2023) that the taxpayer had belatedly filed GSTR-3B returns in 2018-19 with delay ranging between 12 and 136 days but interest of ₹ 0.89 crore for belated payment of tax was not paid.

In response, the Department replied (July 2024) that matter regarding interest of ₹ 0.89 crore was under correspondence with the taxpayer.

### **13. Suppression of taxable value (e-Waybill)**

To analyse the extent of short-payment of tax, relevant data related to tax liability declared in GSTR 3B for the years 2018-19 to 2020-21 were compared with disclosures made in e-Waybill. For the algorithm, the cases where taxable value as per Table 3.1 (a) and (b) of GSTR 3B was less than the taxable value declared in the e-Waybills, were chosen.

In case of a taxpayer under SAS Nagar Circle, Audit communicated to the Department (August 2023) that the taxpayer had short declared taxable value of ₹ 11.14 crore in 2019-20.

In response, the Department replied (July 2024) that show cause notice had been issued to the taxpayer.

### **14. Short payment of tax (TDS/TCS)**

The details of tax deducted at source (TDS) and tax collected at source (TCS) are declared in GSTR-7 and GSTR-8 respectively and communicated to the registered person in Table 9 of GSTR-2A. Such cases were identified where the taxable value declared on account of outward taxable supplies<sup>45</sup> in GSTR-3B was less than the net amount liable for TCS and TDS credit as per Table 9 of GSTR-2A.

In case of a taxpayer under Bathinda Circle, Audit communicated to the Department (August 2023) that the taxpayer had short declared taxable value of ₹ 12.15 crore in 2020-21.

In response, the Department replied (July 2024) that matter regarding short declaration of taxable value of ₹ 12.15 crore was under correspondence with the taxpayer.

### **15. Suppression of taxable value (unbilled revenue)**

Table 5B figures of GSTR 9C for the years 2018-19 to 2020-21, which captures the unbilled revenue at the beginning of the financial year, was compared with Table 5H of the previous GSTR 9C returns, which captures the unbilled revenue

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<sup>45</sup> Other than zero rated, nil rated and exempted supplies.

at the end of the year to review the extent of identified mismatch in turnover declared in the annual return with the financial statements.

In case of a taxpayer under Ropar Circle, Audit communicated to the Department (August 2023) that the taxpayer had nil unbilled revenue at the beginning of 2018-19 while unbilled revenue at the end of 2017-18 was ₹ 283.58 crore resulting in mismatch of taxable value of ₹ 283.58 crore.

In response, the Department replied (July 2024) that show cause notice had been issued to the taxpayer.

## **16. Unreconciled taxable turnover**

In order to review the extent of identified mismatch in taxable turnover reported in the Annual Return vis-à-vis the Financial Statements, the relevant datapoints pertaining to Table 5 and 7 of the GSTR 9C reconciliation statement submitted by the taxpayer as required under Rule 80(3) of the Central GST/Punjab GST Rules for the years 2018-19 to 2020-21 were analysed at data level.

In case of a taxpayer under SAS Nagar Circle, Audit communicated to the Department (August 2023) that the taxpayer had unreconciled taxable turnover of ₹ 374.64 crore as per Table 7G of GSTR 9C for the year 2020-21.

In response, the Department replied (July 2024) that show cause notice for ₹ 374.64 crore had been issued to the taxpayer.

## **B Analysis of causative factors**

Considering the Department's response to 642 instances/inconsistencies, the factors that caused the data deviations/inconsistencies are discussed below.

Out of the 17 audit dimensions, the Department accepted the audit observations or initiated examination in 320 instances<sup>46</sup> with tax effect/turnover mismatch of ₹ 1,640.50 crore. Out of these cases, the Department recovered ₹ 2.14 crore in 33 instances (**Appendix 2.2-IV**), issued Show Cause Notices in 184 instances for ₹ 1,472.75 crore (Demand raised-DRC-01: ₹ 1,353.15 crore, Demand confirmed-DRC-07: ₹ 119.60 crore) (**Appendix 2.2-V**), issued ASMT-10 notices in 18 instances<sup>47</sup> for ₹ 49.78 crore (**Appendix 2.2-VI**) and 85 instances<sup>48</sup> involving ₹ 115.83 crore (**Appendix 2.2-VII**) were under correspondence with the taxpayers.

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<sup>46</sup> Out of 320 instances (Recoveries made: 33 instances, SCN: 184 instances, ASMT-10: 18 instances, under correspondence with taxpayer: 85 instances), 23 instances represent a mismatch of turnover of ₹ 1,125.06 crore and 297 instances represent mismatch of tax liability/input tax credit of ₹ 515.45 crore.

<sup>47</sup> Out of 18 instances, one instance represents mismatch of turnover of ₹ 4.85 crore and 17 instances represent mismatch of tax liability/input tax credit of ₹ 44.93 crore.

<sup>48</sup> Out of 85 instances, 11 instances represent mismatch of turnover of ₹ 49.48 crore and 74 instances represent tax liability/input tax credit of ₹ 66.35 crore.

The few illustrative accepted cases are explained below.

1. Audit noticed (August 2023) in case of a taxpayer under SAS Nagar for the period 2020-21 that the taxpayer had unreconciled taxable turnover of ₹ 374.64 crore as per Table 7G of GSTR 9C.

In response, the Department replied (July 2024) that show cause notice for ₹ 374.64 crore has been issued to the taxpayer.

2. Audit noticed (August 2023) in case of a taxpayer under Ropar Circle that the taxpayer had unbilled nil revenue at the beginning of 2018-19 while unbilled revenue at the end of 2017-18 was ₹ 283.58 crore resulting in mismatch of unbilled taxable value of ₹ 283.58 crore.

In response, the Department replied (July 2024) that show cause notice for ₹ 283.58 crore has been issued to the taxpayer.

3. Audit noticed (August 2023) in case of a taxpayer under SAS Nagar Circle that the taxpayer had short declared taxable value of ₹ 38.16 crore as per Table 7G of GSTR 9C in 2019-20.

In response, the Department replied (July 2024) that show cause notice for ₹ 38.16 crore has been issued to the taxpayer.

### **C Data entry errors by taxpayers**

The data entry errors in 22 instances constituted 3.43 *per cent* of the total 642 responses received. These data entry errors did not have any revenue implication. Most of the data entry errors relate to tax under Reverse Charge Mechanism and short payment of tax (**Appendix 2.2-I**).

An illustrative case is given below.

In case of a taxpayer under Ludhiana-V Circle, Audit communicated to the Department (August 2023) that the taxpayer had declared tax of ₹ 48.10 crore as per financial statement for the year 2019-20 whereas tax paid as per annual return was ₹ 10.34 crore leading to mismatch of ₹ 37.76 crore.

The Department clarified (July 2024) that while filing GSTR-9C, the taxpayer wrongly entered an amount of IGST tax liability of ₹ 41.95 crore instead of ₹ 4.20 crore leading to mismatch of tax payment.

### **D Action taken before issue of Audit queries**

The Department has already taken action in 44 instances (**Appendix 2.2-II**), constituting 6.85 *per cent* of the 642 instances. Most of the action taken before issue of audit queries relates to input tax credit mismatch (GSTR-3B and GSTR-2A) and undischarged tax liability (GSTR-1 and GSTR-9).

An illustrative case is given below.

In case of a taxpayer under Fatehgarh Sahib Circle, Audit communicated to the Department (August 2023) a mismatch of ₹ 28.37 crore in 2018-19 between

input tax credit available and input tax credit availed. The input tax credit available as per GSTR-2A of the taxpayer was ₹ 2.55 crore, whereas input tax credit availed in Table 4A(5) of GSTR-3B was ₹ 30.92 crore.

The Department clarified (July 2024) that the taxable person has wrongly availed the input tax credit amounting to ₹ 28.03 crore in the return of November 2018 and the same was reversed in GSTR-3B of December 2018.

### **E Other valid explanations**

The other valid explanations in 218 instances constituted 33.96 *per cent* of the total 642 responses received. In these cases, the Department's responses were found satisfactory for observed mismatches in undischarged tax/input tax credit/turnover. Most of the other valid explanations relate to input tax credit availed without supplier remitting tax and suppression of taxable value (**Appendix 2.2-III**).

An illustrative case is given below.

In case of a taxpayer under SAS Nagar Circle, Audit communicated to the Department (August 2023) that the taxpayer had short declared taxable value of ₹ 884.53 crore in 2020-21.

The Department clarified (July 2024) that the difference was due to tax amount shown on e-Waybills generated against delivery challans, whereas, dispatches against delivery challans are not reported in GSTR-3B returns.

#### **2.7.2.2 Detailed audit of GST returns**

In a self-assessment regime, the onus of compliance with law is on the taxpayer. The role of the Department is to establish and maintain an efficient tax administration mechanism to provide oversight. With finite level of resources, for an effective tax administration, to ensure compliance with law and collection of revenue, an efficient governance mechanism is essential. An IT-driven compliance model enables maintaining a non-discretionary regime of governance on scale and facilitates a targeted approach to enforce compliance.

From an external audit perspective, Audit also focused on a data-driven risk-based approach. Thus, apart from identifying inconsistencies/deviations in GST returns through pan-State data analysis, a detailed audit of GST returns was also conducted as a part of this review. A risk-based sample of 70 taxpayers was selected for this part of the review. The methodology adopted was to initially conduct a desk review of GST returns and financial statements filed by the taxpayers as part of GSTR-9C and other records available in the back-end system to identify potential risk areas, inconsistencies/deviations and red flags. Desk review was carried out in the office of the Taxation Commissioner, Punjab. Based on desk review results, detailed audit was conducted in field formations of the Taxation Department by requisitioning corresponding granular records of the taxpayers such as financial ledgers, invoices, etc. to

identify causative factors of the identified risks and to evaluate compliance by the taxpayers.

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

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

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

**Non-production of records:**

Non-production of records in 62 cases constituted 88.57 *per cent* of the sample size of 70 cases. Out of these 62 cases, mismatch (including mismatch of turnover) of ₹ 3,234.63 crore in 55 cases (**Appendix 2.3**) could not be addressed. In these cases, even the basic records such as financial statements and other granular records i.e. sale and purchase invoices, details of fixed assets addition and deletion, details of other/misc. income and expenditure etc. were not produced despite repeated reminders (September to December 2023) and meeting with Director (GST), hence, identified risks could not be examined in detail.

Further, granular records were partially produced in four cases, which constituted 5.71 *per cent* of the sample size of 70 cases. Out of these four cases, mismatch (including mismatch of turnover) of ₹ 7.15 crore in two cases (**Appendix 2.4**) could not be addressed. In these cases, basic records such as financial statements and other granular records i.e. sale and purchase invoices, details of fixed assets addition and deletion, details of other/misc. income and expenditure etc. were produced. Whereas the records i.e. details of sundry creditors/trade payable for more than 6 months, related party transaction, details in respect of exempt supply, nil rated supply and non-taxable supply etc. were not produced.

Further, granular records were fully produced in four cases, which constituted 5.71 *per cent* of the sample size of 70 cases. In these four cases, mismatch (including mismatch of turnover) of ₹ 8.32 crore could be addressed. In these cases, basic records such as financial statements and other granular records i.e.

sale and purchase invoices, details of fixed assets addition and deletion, details of other/misc. income and expenditure, details of sundry creditors/trade payable for more than 6 months, related party transaction, details in respect of exempt supply, nil rated supply and non-taxable supply etc. were produced.

## **A Returns**

The detailed audit of returns exhibited non-payment of interest on wrongly availed and utilised input tax credit, which is discussed below.

### ***Non-payment of interest***

As per proviso below Section 50(1) of the Punjab GST Act, 2017, an interest of 18 *per cent* per annum shall be paid on the portion of tax, which is paid after the due date of tax period by debiting the electronic cash ledger.

Audit observed (between September and December 2023) in 21 cases, constituting 30.00 *per cent* of the sample 70 cases, that the taxpayers had filed their returns belatedly but due interest of ₹ 0.49 crore (**Appendix 2.5**) was not paid on belatedly paid tax in cash in GST returns filed on dates later than due dates. All 21 taxpayers had belatedly filed GSTR-3B returns with tax of ₹ 41.22 crore paid in cash with delay between one and 375 days.

The Department replied (July 2024) in 19 cases, out of which the recoveries of ₹ 0.23 crore were made in nine cases, show cause notices were issued for ₹ 0.02 crore in four cases, ASMT-10 was issued for ₹ 0.12 crore in three cases and three cases involving ₹ 0.08 crore were under correspondence with the taxpayers. Reply in the remaining two cases were awaited (January 2025).

## **B Utilisation of Input Tax Credit**

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

### ***Mismatches in input tax credit***

Audit analysed the dataset of GSTR-2A in respect of selected taxpayers along with datasets of GSTR-3B, GSTR-9 and GSTR-9C filed by the taxpayers and noticed mismatches of input tax credit among returns. Audit could not examine the mismatches in detail since relevant granular records were not produced by the Department. The details of mismatches in input tax credits exhibited by detailed audit are given in **Table 2.8**.

**Table 2.8: Mismatch in input tax credit claimed by taxpayers**

Sr. No.	Audit parameter	No. of cases	No. of Circles	Amount of mismatch (₹ in crore)
1.	<p><b>Excess input tax credit availed</b> As per Table 6J of GSTR-9. <b>(Appendix 2.6)</b></p> <p>In one case recoveries of ₹ 2,656 were made, in nine cases SCN were issued for ₹ 69.81 crore, in three cases ASMT-10 for ₹ 6.96 crore were issued, one case involving ₹ 0.03 crore was under correspondence with the taxpayer, one case involving ₹ 16.86 crore was under examination in the Circle, the Department did not accept one case involving ₹ 0.78 crore but did not provide any documentary evidence in support of its reply. In remaining two cases, the Department's responses were not received (January 2025).</p>	18	8	94.84
2.	<p><b>Excess input tax credit availed</b> As per Table 8D of GSTR-9 after considering subsequent year's adjustment. <b>(Appendix 2.7)</b></p> <p>In two cases recoveries of ₹ 0.13 crore were made, in 14 cases SCN were issued for ₹ 47.34 crore, in three cases ASMT-10 for ₹ 3.52 crore were issued, four cases involving ₹ 18.06 crore were under correspondence with the taxpayers, one case involving ₹ 3.69 crore was under examination. In remaining three cases, the Department's responses were not received (January 2025).</p>	27	11	88.48
3.	<p><b>Mismatch in availing of input tax credit or short reversal under input service distribution credit</b> <b>(Appendix 2.8)</b></p> <p>In eight cases SCN for ₹ 65.08 crore were issued, in two cases ASMT-10 for ₹ 7,928 were issued, two cases involving ₹ 39.72 crore were under correspondence with the taxpayers, the Department did not accept one case involving ₹ 6.39 crore but did not provide any documentary evidence in support of its reply. In remaining two cases, the Department's responses were not received (January 2025).</p>	15	8	118.90
4.	<p><b>Mismatch of input tax credit between GSTR-2A and GSTR-3B</b> The input tax credit available as per Table 3 and 5 of GSTR-2A was compared with input tax credit availed in Table 4A(5) of GSTR-3B including input tax credit pertaining to current financial year availed in the next financial year. <b>(Appendix 2.9)</b></p> <p>In two cases recoveries of ₹ 0.10 crore were made, in 17 cases SCN for ₹ 74.39 crore were issued, in three cases ASMT-10 for ₹ 4.96 crore were issued, two cases involving ₹ 18.29 crore were under correspondence with the taxpayers. In remaining nine cases, the Department's responses were not received (January 2025).</p>	33	10	142.51
5.	<p><b>Unreconciled input tax credit</b> As per Table 12F and 14T of GSTR-9C <b>(Appendix 2.10)</b></p> <p>In one case recoveries for ₹ 3,309 were made, in five cases SCN for ₹ 5.91 crore were issued, in three cases ASMT-10 for ₹ 79.57 crore were issued, one case involving ₹ 1,233.21 crore was under correspondence with the taxpayer, two cases involving</p>	13	6	2,431.16

Sr. No.	Audit parameter	No. of cases	No. of Circles	Amount of mismatch (₹ in crore)
	₹ 1,111.74 crore were under examination in the Circle. In remaining one case, the Department's response was not received (January 2025)			
6.	<b>Mismatch of input tax credit</b> Comparison of input tax credit under Table 8A of GSTR-9 with input tax credit available in GSTR-2A <b>(Appendix 2.11)</b>	33	7	236.65
	In 21 cases SCN for ₹ 45.47 crore were issued, in two cases ASMT-10 for ₹ 105.49 crore were issued, five cases involving ₹ 73.18 crore were under correspondence with the taxpayers, one case involving ₹ 1.44 crore was under examination in the Circle. In remaining four cases, the Department's responses were not received (January 2025).			

### **C Discharge of tax liability**

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

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

The detailed audit exhibited mismatches in discharge of tax liabilities, non-payment of tax under reverse charge and irregular utilisation of input tax credit of SGST and CGST, which are discussed below.

#### **(a) Mismatches relating to discharge of tax liability**

Audit scrutinised GSTR-1, GSTR-3B and GSTR-9 returns filed by the taxpayers for the year 2018-19 to 2020-21 and noticed mismatches in discharge of tax liability by comparing the tax liability furnished in the returns. Audit could not examine these mismatches in detail since relevant granular records were not produced by the Department. The details of mismatches are given in **Table 2.9**.

**Table 2.9: Mismatch related to discharge of tax liability**

Sr. No.	Audit parameter	No. of cases	No. of Circles	Amount of mismatch (₹ in crore)
1.	<p><b>Short payment of tax under reverse charge</b></p> <p>Comparison of Table 4G with Table 6C, 6D and 6F of GSTR-9.</p> <p><i>In cases where GSTR-9 not available: Table 3.1(d) compared with Table 4(A)(2) and 4A(3) in GSTR-3B</i></p> <p><b>(Appendix 2.12)</b></p>	9	4	8.62
	<p>In six cases SCN for ₹ 16.40 crore were issued, in one case ASMT-10 for ₹ 0.05 crore were issued, one case involving ₹ 0.01 crore was under correspondence with the taxpayer. In remaining one case, the Department's response was not received (January 2025).</p>			
2.	<p><b>Tax liability mismatch between GSTR-1, GSTR-9 and GSTR-3B</b></p> <p>The tax liability based on the greater of the amounts furnished in GSTR-1 or GSTR-9 was compared with actual payment of tax in GSTR-9.</p> <p><b>(Appendix 2.13)</b></p>	28	11	41.29
	<p>In one case recovery of ₹ 0.09 crore was made, in two cases SCN for ₹ 0.60 crore were issued, in four cases ASMT-10 for ₹ 0.93 crore were issued, two cases involving ₹ 31.07 crore were under correspondence with the taxpayers, the Department did not accept two cases involving ₹ 0.72 crore but did not provide any documentary evidence in support of its reply. In remaining 17 cases, the Department's responses were not received (January 2025).</p>			
3.	<p><b>Short declaration of taxable value under reverse charge</b></p> <p>The sum of all transactions, where supplies under RCM in Table 3 of GSTR-2A were shown as 'Y', was compared with Table 3.1 (d) of GSTR-3B.</p> <p><b>(Appendix 2.14)</b></p>	9	3	5.04
	<p>In one case recovery of ₹ 9,468 was made, in three cases SCN for ₹ 0.60 crore were issued, in one case ASMT-10 for ₹ 0.19 crore were issued. In remaining four cases, the Department's responses were not received (January 2025).</p>			
4.	<p><b>Mismatch in tax paid, taxable and total turnover</b></p> <p>As per Table 5R, 7G, 9R of GSTR-9C</p> <p><b>(Appendix 2.15)</b></p>	9	3	64.02
	<p>In three cases SCN for ₹ 3.87 crore were issued, in one case ASMT-10 for ₹ 37,460 was issued, one case involving ₹ 27.10 crore was under examination in the Circle. In remaining four instances, the Department's responses were not received (January 2025).</p>			

Sr. No.	Audit parameter	No. of cases	No. of Circles	Amount of mismatch (₹ in crore)
5.	<p><b>Suppression of taxable turnover on unbilled revenue</b></p> <p>Comparison of Table 5B of GSTR-9C of a year with Table 5H of the previous year's GSTR-9C (Appendix 2.16)</p>	1	1	0.25
SCN for ₹ 0.25 crore was issued.				
6.	<p><b>Undischarged tax liability</b></p> <p>Comparison of tax paid with the higher of the turnover declared in GSTR-1 or GSTR-9 (Appendix 2.17)</p>	19	8	18.35
In 10 cases SCN for ₹ 3.44 crore were issued excluding partial amount involving ₹ 0.24 crore which was under correspondence with the taxpayers till issue of SCN, in three cases ASMT-10 for ₹ 4.92 crore were issued, the Department did not accept two cases involving ₹ 8.19 crore but did not provide any documentary evidence in support of its reply. In remaining four cases, the Department's responses were not received (January 2025).				

**(b) Non-payment of tax under reverse charge**

The Government of Punjab notified<sup>49</sup> various categories of services in June 2017 on which tax was payable by the recipients of the services.

The services brought under reverse charge included goods transport agency, renting of immovable property and legal services.

Audit noticed (December 2023) that a taxpayer under Ludhiana-1 Circle for the period 2018-19 to 2020-21 had shown expenditure of ₹ 0.05 crore<sup>50</sup> on freight charges and legal fees in his annual accounts but tax of ₹ 20,738 under reverse charge was not paid by the taxpayer.

On being pointed out (December 2023), no reply was furnished by the Ludhiana-I Circle (January 2025).

**(c) Irregular utilisation of input tax credit of CGST and SGST towards tax payments without exhausting the input tax credit balance of IGST**

Punjab Government inserted<sup>51</sup> Section 49A in the Punjab GST Act, 2017 effective from 1 February 2019 making the provision that the input tax credit on account of Central tax, State tax or Union territory tax shall be utilised towards payment of Integrated tax, Central tax, State tax or Union territory tax,

<sup>49</sup> Notification No. S.O. 35/P.A.5/2017/S.9/ 2017 dated 30 June 2017. Corresponding Notification for CGST is 13/2017-Central Tax (Rate) dated 28 June 2017

<sup>50</sup> Legal fee: ₹ 10,000 in 2020-21 and freight charges: ₹ 5,29,181 in 2018-19, 2019-20 and 2020-21

<sup>51</sup> Notification No S.O.34 /P.A.1/2019/S.1/2019 dated 8 April 2019. Corresponding amendment for CGST was made vide Notification No. 02/2019-Central Tax dated 29 January 2019.

as the case may be, only after the input tax credit available on account of Integrated tax has first been utilised fully towards such payment.

Audit observed (September and October 2023) that three taxpayers under Fazilka and SAS Nagar Circles utilised credit of CGST and SGST during 2019-20 and 2020-21 towards payment of tax despite balance of IGST was available for payment of tax.

On being pointed out, the Department replied (July 2024) in case of Fazilka Circle that IGST input tax credit was fully utilised at a later stage and there was no revenue loss.

The reply of the Department was not acceptable because despite no revenue loss involved, it is systemic weakness due to which GST system allowed utilisation of CGST and SGST credit towards payment of tax before exhausting IGST credit. Therefore, the Department needs to take up the matter with appropriate authority to introduce the validation checks in the GST system to prevent use of input tax credit which is not permissible as per GST law.

Reply of the Department in remaining two cases was awaited (January 2025).

## **D Non-furnishing of replies by the Department**

Audit had issued 403 observations to the Department under detailed audit. The Department furnished replies against 355 observations (88.09 *per cent*). Considering the overall rate of conversion of inconsistencies into compliance deviations brought out under paragraph 2.7.2.2(A), and in the Table 2.8 and 2.9, the Department is required to expedite the verification of remaining 48 observations on priority. The timely submission of replies by the Department helps Audit to finalise audit observations to logical conclusions.

### **2.7.3 Other oversight functions**

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

The oversight functions relating to return filing, action on late/non-filers and scrutiny have been discussed in the previous sections of this report. This section highlights capacity building efforts of the Department.

#### **2.7.3.1 Capacity building efforts**

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

During 2017-18, no training was imparted by the Department and during 2018-19 to 2022-23, training to 15,129 personnel was imparted as detailed in **Table 2.10**.

**Table 2.10: Details of trainings imparted**

Designation	Number of personnel					
	2018-19	2019-20	2020-21	2021-22	2022-23	Total
Dy. Commissioner	0	15	7	26	19	67
Asstt. Commissioner	35	38	49	124	91	337
State Tax Officer	0	0	605	1,052	813	2,470
Taxation Inspector	553	3,345	757	1,191	950	6,796
Other Staff	3,749	207	298	840	365	5,459
<b>Total</b>	<b>4,337</b>	<b>3,605</b>	<b>1,716</b>	<b>3,233</b>	<b>2,238</b>	<b>15,129</b>

*Source: Departmental Data*

However, Audit could not offer comments on the adequacy of the capacity building efforts of the Department because details of men-in-position with the Department sought by Audit (October 2023) were not provided to the Audit (January 2025).

## **2.8 Conclusion**

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

This SSCA was predominantly based on data analysis, which highlighted risk areas, red flags and in some cases, rule-based deviations and logical inconsistencies in GST returns filed for 2018-19 to 2020-21. The SSCA entailed assessing the oversight functions of State Jurisdictional formation at two levels, at the data level through PAN Punjab data queries and at the functional level with a deeper detailed audit both of the Circles and of the GST returns, which involved accessing taxpayer records. The audit sample, therefore, comprised 10 Circles, 366 taxpayers selected through PAN Punjab queries on 17 audit dimensions which translated into 654 deviations and 70 taxpayers selected on risk assessment for detailed audit of GST returns for the year 2018-19 to 2020-21.

The Department formulated Standard Operating Procedure (SOP) for scrutiny of returns in April 2022. Until then, the Department had been pursuing GST returns related identified inconsistencies only. The Department did not provide the number of scrutiny cases. Further, audit examination of scrutiny cases in these Circles brought out instances of non-payment of tax, non-payment of interest and inadmissible input tax credit.

There were considerable delays in cancellation of registrations and 42.03 *per cent* of cancelled taxpayers had not filed their GSTR-10 returns requiring them to discharge their final tax liabilities after cancellation of registrations.

Further, out of 642 instances against which the Department's responses were received, 235 instances (36.60 *per cent*) involving ₹ 1,524.67 crore turned out to be clear compliance deviations resulting in recoveries of ₹ 2.14 crore in 33 instances, issuance of show cause notices amounting to ₹ 1,472.75 crore (Demand raised: ₹ 1,353.15 crore, Demand confirmed: ₹ 119.60 crore) in 184 instances and ASMT-10 involving ₹ 49.78 crore<sup>52</sup> in 18 instances. In these cases, a relatively higher rate of deficiencies was noticed in input tax credit mismatch, input tax credit availed after limitation period, undischarged tax liability, short/non-payment of interest on delayed payment of tax and non-filing of GSTR-3B. While data entry errors caused the inconsistencies in 22 instances (3.43 *per cent*), in 44 instances (6.85 *per cent*) the Department had already taken proactive action. The Department did not respond to 12 instances, which had an identified risk exposure of ₹ 51.44 crore, which include a mismatch of turnover of ₹ 8.25 crore in three instances.

Detailed audit of GST returns also highlighted non-compliance. The granular records of 62 taxpayers out of selected 70 taxpayers were not produced, which constituted a significant scope limitation. Out of these 62 cases, 55 cases represent a potential risk exposure of ₹ 3,234.63 crore towards identified mismatches in input tax credit availed, tax payments and turnover. Audit observed compliance deficiencies in 61 cases<sup>53</sup> involving 393 instances with a revenue implication of ₹ 3,250.60 crore, which includes non-payment of interest of ₹ 0.49 crore, mismatch of turnover of ₹ 68.65 crore and mismatch in input tax credit/tax liability of ₹ 3,181.46 crore under detailed audit by covering the audit of four cases fully, four cases partially and by examining the returns available on GSTN in 62 selected cases<sup>54</sup>. Out of these, deficiencies involving ₹ 540.44 crore<sup>55</sup> in 210 instances were accepted by the Department including recoveries of ₹ 0.55 crore in 19 instances. The main causative factors were availing of ineligible and irregular input tax credit, and incorrect discharge of tax under reverse charge mechanism as well as forward charge mechanism.

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

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<sup>52</sup> This amount represents a mismatch of turnover of ₹ 4.85 crore and mismatch of tax liability/input tax credit of ₹ 44.93 crore.

<sup>53</sup> Number of cases have been counted based on GSTIN irrespective of multiple instances of deviations, that may occur under different audit findings.

<sup>54</sup> In 62 cases, records were not produced, hence, audit was conducted to the extent of returns available on GSTN.

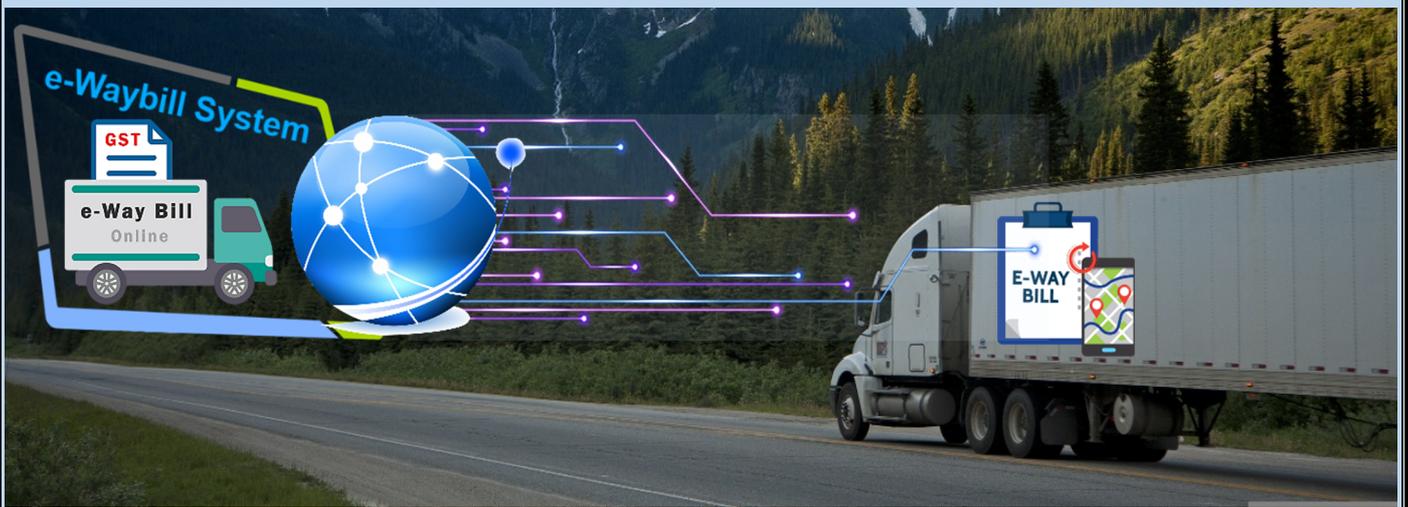
<sup>55</sup> Recoveries made: 19 instances (₹ 0.55 crore), SCN issued: 145 instances (₹ 333.18 crore), ASMT-10: 46 instances (₹ 206.71 crore)

## **2.9 Recommendations**

- The Department may reinforce mechanism for initiation and monitoring of scrutiny of returns cases to avoid revenue leakage.
- The Department may reinforce the institutional mechanism in the Circles to establish and maintain effective oversight on returns filing and action taken on non-filers.
- The Department may reinforce the institutional mechanism in the Circles to establish and maintain effective oversight on timely cancellation of GST registrations on application and *suo-moto*.
- The Department may reinforce the institutional mechanism in the Circles to establish and maintain effective oversight on filing of GSTR-10 post cancellation of registrations.
- Year-wise targets under Section 65 of Punjab GST Act, 2017 may be increased in view of additional tax demand created as a result of internal audit.
- The Department may reinforce the institutional mechanism in the Circles to establish and maintain effective oversight on DGARM reports which provides inputs for risky transactions.

# Chapter - III

## E-Waybill System under Goods and Services Tax





## Chapter-III

### E-Waybill System under Goods and Services Tax

#### 3.1 Introduction

Goods and Services Tax (GST) introduced with effect from 1 July 2017, subsumed a wide range of Indirect taxes based on the paradigm of ‘One Nation One Tax’. One of the intended objectives of GST regime was to improve efficiency in movement of goods and services by reducing process-related time delays.

Waybill was a feature present even in pre-GST regimes wherein movement of goods was administered through manually governed revenue check posts. Goods entering a particular State was levied an ‘Entry Tax’ which has since been subsumed under GST. Electronic-Waybill (e-Waybill) is conceived as a shift from Government-monitored tax administration model to a self-reporting model by the taxpayer.

The Government’s key objective behind introduction of e-Waybill is to safeguard revenue. The e-Waybill is a document required for movement of goods and is designed to capture details of goods before being moved. Automation and standardisation of the entire process is intended to help check tax evasion and shore up GST collections. The e-Waybill system is also designed to dissolve the non-trade barriers, so that transit time is reduced and supply chain efficiency is improved.

The e-Waybill was introduced with effect from 1 April 2018 for all inter-State movement of goods having value exceeding ₹ 50,000. For the intra-State movements, the e-Waybill was made mandatory in the State of Punjab with effect from 1 June 2018.

Rule 138 of Punjab Goods and Services Tax (PGST) Rules, 2017 provides for the e-Waybill mechanism. The information on the consignment is to be furnished prior to movement of goods and it is to be issued irrespective of whether the movement is in relation to supply or for reasons other than supply.

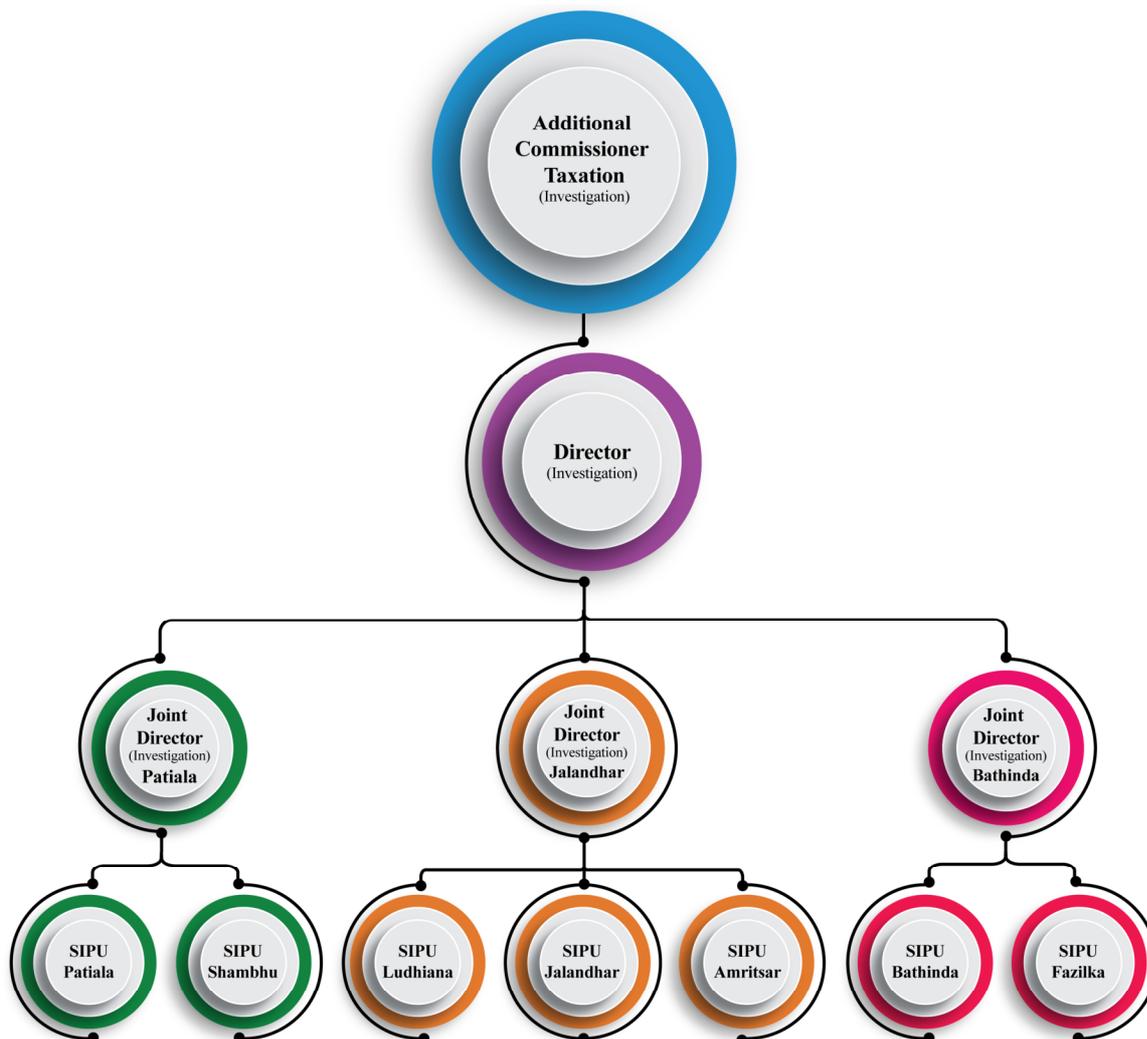
#### 3.2 Organisational structure of the Department

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

The e-Waybills effected for supplies are typically accounted under the monthly GSTR-1<sup>1</sup> and quarterly GSTR-4/GST-CMP-08<sup>2</sup> returns by the normal and composition taxpayers respectively. These are required to be verified by the district office of the Assistant Commissioner of State Tax.

There are seven dedicated preventive/enforcement formations called State Intelligence Preventive Units (SIPUs) which perform wider anti-evasion duties including verification of e-Waybills. The organisational set up for the State Intelligence Preventive Units is shown in **Chart 3.1** below.

**Chart 3.1: Organisational set up for State Intelligence Preventive Units**



 SIPU refers to State Intelligence Preventive Unit

<sup>1</sup> **GSTR-1** is a monthly/quarterly statement of outward supplies to be furnished by all normal and casual registered taxpayers making outward supplies of goods and services or both and contains details of outward supplies of goods and services.

<sup>2</sup> **GSTR-4** is a return that has to be filed by a composition dealer. **GST-CMP-08** is used to declare the details or summary of self-assessed tax which is payable for a given quarter by composition taxpayers.

### 3.3 Information systems for e-Waybills

A common portal for e-Waybills is managed by National Informatics Centre (NIC) based in Karnataka. In February 2020, the e-Waybill portal was integrated with the VAHAN<sup>3</sup> system of the Ministry of Road Transport and Highways so that vehicle registration number can be validated at the time of generation of e-Waybill. The FASTag<sup>4</sup> system was integrated with the e-Waybill system with effect from 1 January 2021. On the e-Waybills common portal, one-time registration of the taxpayer is required for the purpose of generation, extension, cancellation and rejection of e-Waybills.

The Proper Officers can access the e-Waybill portal by logging into common portal through a web browser using the login credentials or by logging into the GST e-Waybill System mobile application. The functions performed by the Proper Officer are verification of e-Waybills, unblocking of e-Waybills, viewing and accessing MIS reports etc.

### 3.4 Processes involved in the e-Waybill system

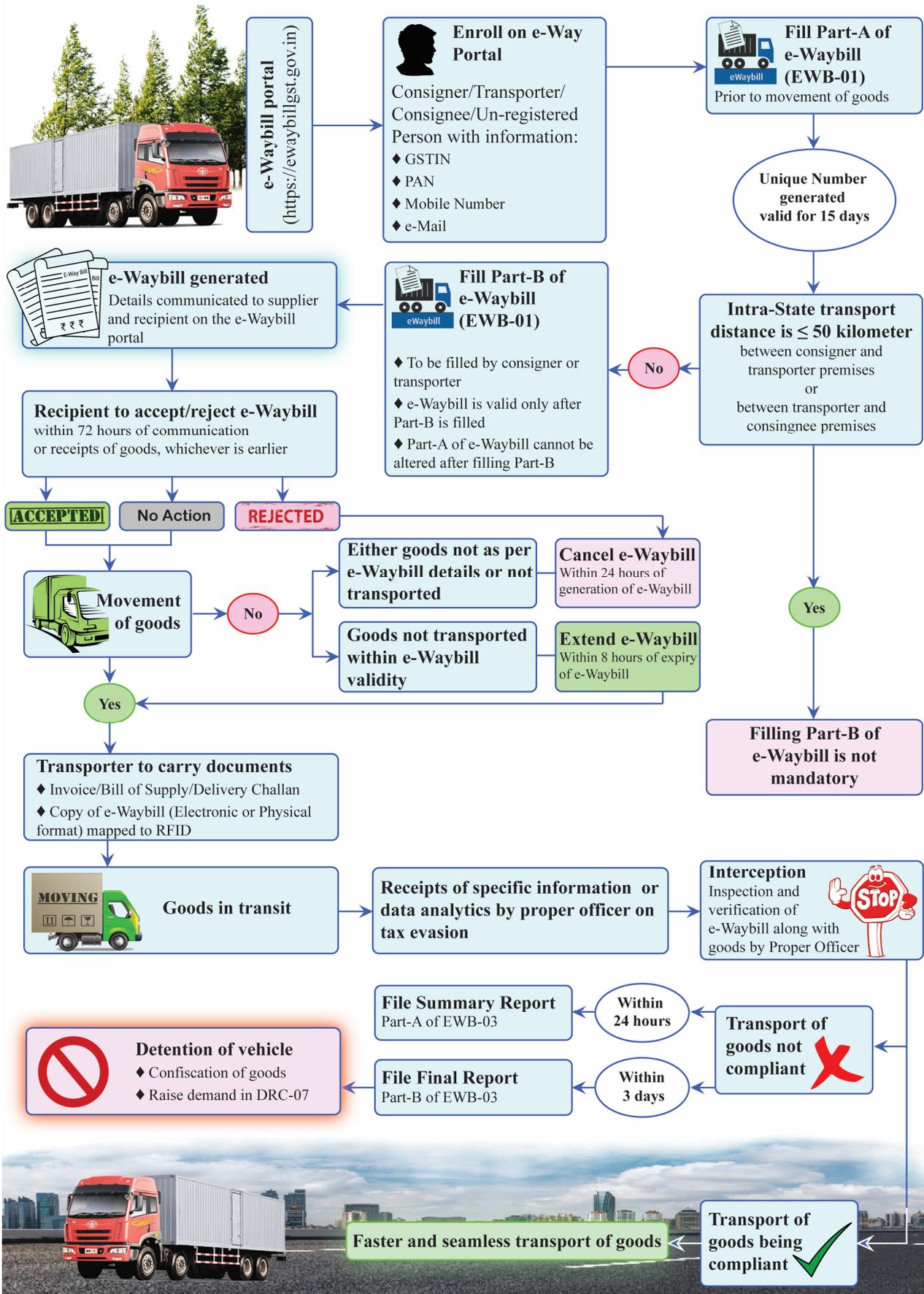
The e-Waybill system includes various processes such as enrolment of the persons on the portal, generation, extension, cancellation and rejection of the e-Waybills etc. GST registered persons, transporters (GST registered or unregistered) and unregistered persons are required to enrol themselves on the e-Waybill portal. The transporters, who are not registered under the GST but cause movement of goods for their clients, need to enrol on the e-waybill portal and get 15-digit unique transporter identity. The e-Waybill can be generated electronically by furnishing details in Part-A by a consignor or a transporter or a consignee, if the supply is from an unregistered person. The details in Part-B of the e-Waybill have to be updated by the transporter by providing information related to the conveyance with the exception that the furnishing of details is not mandatory for intra-State/UT for distances up to 50 kilometres.

The complete process flow of e-Waybill system under GST is depicted in **Chart 3.2** below.

<sup>3</sup> VAHAN is a central repository of all information and activity related to vehicles in India.

<sup>4</sup> FASTag is national electronic toll collection system operated by the National Highways Authority in India. It provides a cross-country, inter-operable toll payment system.

Chart 3.2: Process flow under e-Waybill System



### 3.5 Audit objectives

This Performance Audit was conducted with the following two audit objectives.

- I Whether e-Waybill mechanism is effective in protecting revenue interests of the Government.
- II Whether preventive/enforcement activities of the Department are efficient and effective in enforcing e-Waybill provisions.

### 3.6 Audit criteria

The Performance Audit on e-Waybill system under Goods and Services Tax was evaluated against the following audit criteria.

- Sections 10, 17, 25, 29, 37, 39, 44, 68, 73, 74, 129, 130, etc. of Punjab Goods and Services Tax Act, 2017.
- Rules 59, 60, 61, 62, 80, 138, etc. of Punjab Goods and Services Tax Rules, 2017.
- Notifications / circulars / instructions authorised by GST Council, and issued by the CBIC and Punjab Government/Department.
- Advisories, Standard Operating Procedures (SoPs) issued by NIC<sup>5</sup>, CBIC<sup>6</sup> and Punjab Government/Department.

### 3.7 Audit scope

The Performance Audit covered e-Waybill transactions for the period between 1 April 2018 and 31 March 2022 in respect of persons registered on the e-Waybill portal. Audit had critically examined the overall performance of e-Waybill system in the GST regime with reference to the audit objectives. The data of generated e-Waybills for the audit period was extracted from GSTN<sup>7</sup> and analysed. For this audit, only movement of conveyances by roadways were considered and e-Waybills for railway/airway/seaway were excluded from the scope of this audit.

The scope of this audit also involved evaluation of the preventive functions of the Department with reference to e-Waybills, viz., interception of vehicles, verification of documents, inspection of goods and action taken thereof.

### 3.8 Audit sampling and methodology

A problem-centric approach was attempted for this audit as generation of e-Waybill under GST is a necessary condition to precede any movement of goods subject to the threshold limit. Based on data analysis, risk areas were identified across the domain of composition taxpayers, non-filers, nil-filers, duplicate e-Waybills and movement of goods.

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<sup>5</sup> National Informatics Centre

<sup>6</sup> Central Board of Indirect Taxes and Customs

<sup>7</sup> Goods and Services Tax Network

Risky transactions identified under six dimensions involving 22,538 taxpayers, 2,25,044 e-Waybills and assessable value of ₹ 10,760.85 crore were communicated to the Department for inviting their responses. This was followed up through ‘totality audit’ and action taken by the Department on the identified risky transactions was ascertained without involving field visits.

In addition, samples for audit objective-I were evolved based on the Key Problem Areas (KPAs) and identified risk dimensions, and 120 e-Waybills involving 35 taxpayers were selected for this audit objective. Further, nine additional sample e-Waybills involving nine taxpayers were selected, where PAN was same for consignor and consignee.

Audit objective-II evaluated the problems associated with enforcement and preventive activities viz. operational preparedness, effectiveness of anti-evasion measures and intra-Department and inter-Department coordination. For this audit objective, 50 *per cent* of the preventive units named Ludhiana, Patiala, Bathinda and Shambhu, out of total seven preventive units<sup>8</sup> in the Punjab, were selected as sample based on stratified sampling method. Under each selected preventive unit, 50 cases of intercepted vehicles were selected. Further, such five cases were selected by adopting stratified random sampling method, where e-Waybills were generated but vehicles had not moved as per information captured<sup>9</sup> by the system.

Before the start of audit, an entry meeting was held on 13 April 2023 with the Taxation Commissioner to explain the audit objectives, audit criteria, audit scope and audit methodology. During the audit, finding and observations were issued to the Department for inviting their responses. Before finalisation of this report, an exit meeting was held on 6 May 2024 with Additional Chief Secretary-cum-Financial Commissioner (Taxation) and responses of the Government and the Department have been included in the report under the respective paragraphs.

### **3.9 Trends and insights on e-Waybills**

The trends and insights on total generated e-Waybills, breakup of e-Waybills in terms of inwards and outwards supplies, extended e-Waybills, cancelled e-Waybills, rejected e-Waybills and mode of transport used for movement of goods and supplies are discussed in the succeeding paragraphs. The information contained in trends comprises data of only such taxpayers who are under the jurisdiction of State tax authorities and does not include data of taxpayers falling under the jurisdiction of Central tax authorities.

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<sup>8</sup> Amritsar, Bathinda, Fazilka, Jalandhar, Ludhiana, Patiala and Shambhu

<sup>9</sup> Non-movement of vehicles is captured by the system under MIS report B1 ‘e-Waybills with no vehicle movement’

### 3.9.1 Trend of generated e-Waybills

The data on generated e-Waybills during the years 2018-19 to 2021-22 is given in Table 3.1.

**Table 3.1: Total number and value of generated e-Waybills**

Year	No. of suppliers	No. of e-Waybills	Total value (₹ in crore)
2018-19	1,08,426	1,22,28,979	3,78,288
2019-20	1,06,899	1,35,22,373	3,34,686
2020-21	1,03,664	1,42,36,419	3,44,465
2021-22	1,06,026	1,61,16,596	4,38,459

Source: GSTN data

### 3.9.2 Trend of outwards and inwards supplies e-Waybills

The break-up of e-Waybills in terms of outward supplies and inward supplies is given in Table 3.2.

**Table 3.2: Details of e-Waybills generated for outward and inward supplies**

Year	Outward supplies			Inward supplies		
	No. of suppliers	No. of e-Waybills	Total value (₹ in crore)	No. of suppliers	No. of e-Waybills	Total value (₹ in crore)
2018-19	97,156	1,21,32,365	3,75,177	11,270	96,614	3,111
2019-20	97,499	1,34,21,145	3,31,570	9,400	1,01,228	3,116
2020-21	95,091	1,41,36,286	3,40,780	8,573	1,00,133	3,685
2021-22	96,743	1,59,96,887	4,33,867	9,283	1,19,709	4,592

Source: GSTN data

☞ Outward e-Waybills are for supplies made by registered seller taxpayers and inward e-Waybills are for purchases made by registered buyer taxpayers from unregistered persons.

### 3.9.3 Trend of extended, cancelled and rejected e-Waybills

The data on extended e-Waybills, cancelled e-Waybills and rejected e-Waybills is given in Table 3.3.

**Table 3.3: Details of extended, cancelled and rejected e-Waybills**

Year	Extension of e-Waybills			Cancelled e-Waybills			Rejected e-Waybills		
	No. of suppliers	No. of e-Waybills	Total value (₹ in crore)	No. of suppliers	No. of e-Waybills	Total value (₹ in crore)	No. of suppliers	No. of e-Waybills	Total value (₹ in crore)
2018-19	6,196	52,722	1,578	29,385	1,68,486	9,821	2,211	4,083	194
2019-20	10,755	1,77,010	10,010	30,064	1,80,854	7,729	1,926	3,272	155
2020-21	15,654	1,89,799	20,249	29,438	1,65,591	6,407	1,419	2,246	136
2021-22	24,981	2,81,683	59,348	31,195	1,65,429	8,218	1,189	1,732	105

Source: GSTN data

### **3.9.4 Mode of transport used in e-Waybills**

During the years 2018-19 to 2021-22, 98.37 *per cent* inward supplies e-Waybills were generated for movement by road transport and remaining 1.63 *per cent* comprised movement by air, train and ship. In case of outward supplies e-Waybills, 99.40 *per cent* were for movement by road transport and remaining 0.60 *per cent* were by air, train and ship.

### **3.10 Audit findings**

The audit findings have been categorised into the following two categories.

- Effectiveness of e-Waybill mechanism
- Effectiveness of preventive and enforcement activities

#### **3.10.1 Effectiveness of e-Waybill mechanism**

The audit observations regarding effectiveness of e-Waybill mechanism in protecting revenue interest of the Government have been discussed under sub-paragraphs 3.10.1.2 to 3.10.1.14, while scope limitation due to non-provision of access to e-Waybill system and non-production of documents is explained below sub-paragraph 3.10.1.1.

##### **3.10.1.1 Scope limitation due to documents not produced**

Section 16 of the Comptroller and Auditor-General's (Duties, Powers and Conditions of Service) Act, 1971 lays down the audit mandate of the CAG regarding audit of receipts. Further, Section 18(2) imposes a statutory duty on offices and Departments to comply with the requests of CAG seeking information and to provide complete information as far as possible with all reasonable expedition.

Before the start of audit, an entry meeting was held with the Department in April 2023. In the meeting, Taxation Commissioner, Punjab assured to extend full cooperation to the members of audit teams for smooth functioning of audit and issued instructions to all the Department's jurisdictional officers vide letter dated 31 May 2023 to cooperate with the Audit and provide any information sought by Audit in relation to e-Waybills. However, no access to e-Waybill system was provided to audit teams, therefore information related to sample e-Waybills had to be collected through the Department's officials and e-Waybills other than samples of the selected taxpayers of 2018-19 to 2021-22 could not be examined. Due to non-provision of audit access to e-Waybill system, the findings are limited to sample e-Waybills examined in audit. Due to non-provision of access to e-Waybill system, the information and records including GST returns related to sample 129 e-Waybills<sup>10</sup> related to 44 taxpayers were requisitioned for the audit period. Additional records like financial statements such as trading account, profit and loss account and balance

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<sup>10</sup> 120 sample e-Waybills plus additional 9 sample e-Waybills, where PAN was same between consigner and consignee.

sheet, etc. were also sought to check all aspects of the sample cases. Despite regular follow up, the jurisdictional offices did not produce additional records pertaining to 93 e-Waybills involving 16 taxpayers. Thus, additional records of 72.09 per cent of the sample e-Waybills could not be examined in audit. Further, in case of totality audit, responses against 13,978 taxpayers comprising 62.02 per cent of the pointed-out risky transactions were not received.

The taxpayer wise listing of non-production of records is given in **Appendix 3.1**. Jurisdiction wise non-production of records along with sample size involved is summarised in the **Table 3.4**.

**Table 3.4: Non-production of records**

ACST office	Selected sample size		Non-production	
	No. of e-Waybills	No. of taxpayers	No. of sample e-Waybills involved	No. of sample taxpayers
Amritsar-II	2	2	-	-
Fatehgarh Sahib	7	5	-	-
Ferozepur	3	2	-	-
Jalandhar-I	3	2	1	1
Ludhiana-I	6	5	2	1
Ludhiana-III	2	2	-	-
Ludhiana-IV	19	6	12	3
Ludhiana-V	50	5	49	4
SAS Nagar	21	3	21	3
Patiala	7	3	5	1
<b>Total-I</b>	<b>120</b>	<b>35</b>	<b>90</b>	<b>13</b>
Bathinda	1	1	-	-
Ludhiana-I	3	3	3	3
SAS Nagar	3	3	-	-
Pathankot	1	1	-	-
Patiala	1	1	-	-
<b>Total-II<sup>11</sup></b>	<b>9</b>	<b>9</b>	<b>3</b>	<b>3</b>
<b>Gross Total (I+II)</b>	<b>129</b>	<b>44</b>	<b>93</b>	<b>16</b>

### 3.10.1.2 Summary of audit findings on effectiveness of e-Waybill mechanism

Audit findings cover both systemic and compliance issues. While systemic issues aim to bring out the shortcomings relating to adequacy and effectiveness of the e-Waybill system, the compliance issues highlight deviations and violations of provisions of Act and Rules causing leakage of revenue. Due to non-provision of audit access to e-Waybill system, the findings and money value are limited to sample 129 e-Waybills<sup>12</sup> involving 44 taxpayers examined in audit. Therefore, the Department needs to take further course of action

<sup>11</sup> Additional sample of nine generated e-Waybills, where PAN was same for consigner and consignee.

<sup>12</sup> Observations related to sample 120 e-Waybills are included under sub-paragraphs 3.10.1.3 to 3.10.1.12 and observations related to nine e-Waybills of taxpayers, where PAN of consigner and consignee was same, are included under sub-paragraph 3.10.1.13.

comprehensively in each individual case pointed out in audit. The audit findings are detailed in **Table 3.5**.

**Table 3.5: Summary of audit findings on effectiveness of e-Waybill mechanism**

Para No.	Nature of observation	Objected in audit			Taxpayers, where action was already taken by the Department	Tax amount accepted by the Department		
		No of Taxpayer*	No. of e-Waybills involved*	Tax Amount (₹ in crore)		Category#	No of Taxpayer*	Tax Amount (₹ in crore)
3.10.1.3	Ineligible taxpayers continuing under composition scheme	3	4	0.00	1	ASMT-10	1	0.0006
3.10.1.4	Generation of e-Waybills by the taxpayers who had filed nil returns	10	34	0.27	2	DRC-07	1	0.46
						DRC-01	3	0.80
						ASMT-14	1	0.07
						ASMT-10	2	0.03
3.10.1.5	Generation of e-Waybills by non-filers of GST returns	8	61	0.65	2	DRC-07	1	1.31
						DRC-01	2	0.71
						ASMT-10	2	0.57
						Clarification	1	0.04
3.10.1.6	Generation of multiple e-Waybills on the strength of same invoice	9	24	0.97	1	ASMT-10	2	0.14
3.10.1.7	Non-follow up of cancelled taxpayers for outstanding tax liability	23	106	2.37	6	DRC-07	1	4.12
						DRC-01	1	0.01
						Proceedings	1	0.09
						Clarification	1	0.48
3.10.1.8	Generation of e-Waybills using risky vehicles	9	10	0.00	1	DRC-01	1	0.01
3.10.1.9	Generation of e-Waybills by composition taxpayers under 'tax invoice' category and with inapplicable rates of taxes	3	4	0.00	0			
3.10.1.10	Outward supplies without or disproportionate inward supplies (as seen from GSTR-2A returns)	4	29	0.23		#		
3.10.1.11	Excess availing of input tax credit	2	0	1.25				

Para No.	Nature of observation	Objected in audit			Taxpayers, where action was already taken by the Department	Tax amount accepted by the Department			
		No of Taxpayer*	No. of e-Waybills involved*	Tax Amount (₹ in crore)		Category#	No of Taxpayer*	Tax Amount (₹ in crore)	
3.10.1.12	Restoration of registration without recovering pending tax liability	1	9	0.01		#			
3.10.1.13	Cross-PAN analysis	1	1	0.32		ASMT-10	1	0.32	
	A								Outward supplies not supported by e-Waybills (as seen from GSTR-1 and GSTR-3B returns)
	B								Mismatch between GSTR-2A and e-Waybill details
	C								Incorrect availing of input tax credit
<b>Total</b>		<b>53</b>	<b>257</b>	<b>7.16</b>			<b>24</b>	<b>10.3306</b>	

\* Some taxpayers from selected sample appeared under multiple observations, hence, number of e-Waybills and taxpayers shown in above table may look more than number of sample e-Waybills and taxpayers.

# As the action taken by the Department against a taxpayer for multiple audit observations resulted in comprehensive proceeding covering all the audit observations, hence amount accepted by the Department for a taxpayer has been shown against one audit observation only in the above table to avoid duplicity of money value, irrespective of the case involved in other audit observations tabulated in the succeeding rows.

The replies against 24 taxpayers were received wherein the Department accepted the audit observations and took actions involving ₹ 10.33 crore. The observations tabulated above are discussed in detail in the succeeding paragraphs along with replies of the Department.

### 3.10.1.3 Ineligible taxpayers continuing under composition scheme

In terms of Section 10(1) of the Punjab Goods and Services Tax Act, 2017, a registered person whose aggregate turnover in the preceding financial year did not exceed the threshold limit<sup>13</sup> may opt to pay tax under composition scheme. Further, in terms of Section 10(3) of the Act, the option availed of by a registered person for composition scheme shall lapse with effect from the day on which his aggregate turnover during a financial year exceeds the limit specified. Further, Section 10(2)(c) of the Act, provides that he shall not be

<sup>13</sup> Threshold limit per year for becoming eligible for composition scheme was ₹ 1 crore for the period between 1 April 2018 and 31 January 2019 and ₹ 1.5 crore thereafter. In respect of special category States, it is ₹ 75 lakh.

eligible to opt for composition scheme, if he is engaged in making any inter-State outward supplies of goods.

Out of total sample of 120 e-Waybills, four e-Waybills belonged to three composition taxpayers. During examination of these e-Waybills, it was observed (May to July 2023) that two composition taxpayers made inter-State supplies and one composition taxpayer exceeded threshold limit of turnover.

The cases are discussed below.

[A] Two composition taxpayers having GSTIN 03AJPP\*\*\*\*\*1ZP and 03CWOP\*\*\*\*\*1Z0 under the jurisdiction of Assistant Commissioner of State Tax, Patiala and Ferozpur respectively made inter-State supplies<sup>14</sup> between January and May 2019. The taxpayers being under the composition scheme made inter-State supply in contravention of the Act and e-Waybill system allowed generation of such e-Waybill without validating category of these taxpayers.

On being pointed out, the Assistant Commissioner of State Tax, Patiala replied (June 2023) that ASMT-10 notice for ₹ 6,589 has been issued to the taxpayer under Section 61 of the Punjab GST Act, 2017 and Assistant Commissioner of State Tax, Ferozpur intimated (June 2023) that ₹ 20,760 including interest had already been recovered on 6 July 2019 from the taxpayer. The Department also intimated that no more inter-State supplies were made by the taxpayer other than pointed-out e-Waybill.

[B] A composition taxpayer having GSTIN 03APAP\*\*\*\*\*1ZR under the jurisdiction of Assistant Commissioner of State Tax, Ferozpur, who had generated two e-Waybills<sup>15</sup> in October 2018, exceeded threshold limit of ₹ 1.5 crore for total turnover by March 2019 as verified by Audit from GSTR-4 returns of the taxpayer. The total turnover for this year was ₹ 1.68 crore. Audit further analysed the GST returns of the taxpayer from GSTN portal for the subsequent period from April 2019 to March 2022 and observed that taxpayer continued business activities as composition taxpayer in succeeding years despite not being eligible for composition scheme. The taxpayer was required to be brought out of the composition scheme after he exceeded the threshold limit of total turnover and was liable to pay tax at normal rate. Ability of the taxpayer to continue availing composition scheme despite exceeding threshold limit was indicative of missing controls in the system.

On being pointed out, no reply was furnished by the Assistant Commissioner of State Tax, Ferozpur (November 2024).

Apart from above, the issue of deficiency in the system permitting the taxpayers to continue availing composition scheme despite not being eligible for the same,

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<sup>14</sup> **Patiala:** e-Waybill 731069721514 dated 2 May 2019 and **Ferozpur:** e-Waybill 341078493247 dated 9 January 2019

<sup>15</sup> e-Waybill: 301051939597 and 301052096862 dated 1 October 2018

was discussed in the exit meeting held on 6 May 2024. In response, the Government assured (May 2024) to investigate the matter and to take steps to plug in the system weakness to protect the Government revenue.

#### 3.10.1.4 Generation of e-Waybills by the taxpayers who had filed nil returns

As per Section 37 of the Punjab Goods and Services Tax Act, 2017, every registered person other than composition taxpayers shall furnish the details of outward supplies of goods or services or both, effected during a tax period, in GSTR-1 return and discharge tax liability thereon in GSTR-3B return. In case of composition taxpayers, the tax liability is to be discharged in GSTR-4/GST-CMP-08 returns. Further, Section 61 of the Act provides that various returns filed by the taxpayers may be scrutinised by Proper Officer to verify the correctness of the returns, and suitable action is to be taken on discrepancies or inconsistencies reflected in the returns.

During substantive audit of sample 120 e-Waybills pertaining to 35 taxpayers, it was noticed (May to September 2023) in 34 e-Waybills generated between May 2018 and November 2020 that ten taxpayers concerned had not discharged tax liabilities of ₹ 0.27 crore against outward supplies of ₹ 2.45 crore involved in these e-Waybills (**Appendix 3.2**) because scrutiny of data on GSTN portal for the corresponding months revealed that the taxpayers had filed nil GSTR-3B returns, hence no tax liability was discharged. It was further observed that taxpayers were able to continue their business activities even after filing nil returns and without discharging tax liabilities as seen in cases of three taxpayers<sup>16</sup>, who generated seven e-Waybills in the months subsequent<sup>17</sup> to filing of nil GST returns. Hence, there was lack of robustness and coordination between e-Waybill and GSTN systems to identify such cases, due to which taxpayers were able to generate e-Waybills and continue their business activities.

A case of one taxpayer is illustrated below.

A taxpayer having GSTIN 03EQXP\*\*\*\*\*1Z3 under the jurisdiction of Assistant Commissioner of State Tax, Fatehgarh Sahib, who had generated two e-Waybill in June 2020 involving assessable value of ₹ 0.22 crore and tax of ₹ 0.04 crore, filed nil GSTR-3B return in the corresponding month, hence did not discharge his tax liability.

On being pointed out (May 2023), the Assistant Commissioner issued DRC-07 on 16 May 2024 for ₹ 0.46 crore to the taxpayer for the period from June to July 2020.

<sup>16</sup> GSTIN: 03BWIP\*\*\*\*\*1ZH, 03AARF\*\*\*\*\*1ZR and 03AAAA\*\*\*\*\*1ZG

<sup>17</sup> Immediate next month has been ignored.

Out of nine taxpayers other than one illustrated above, no reply was furnished against one taxpayer<sup>18</sup> (October 2024). In two cases<sup>19</sup>, the Department had already initiated action against the taxpayers. In remaining six cases, the Assistant Commissioners replied (June 2023 to May 2024) that ASMT-14 for ₹ 0.07 crore has been issued against one taxpayer<sup>20</sup>, DRC-01 for ₹ 0.80 crore have been issued to three taxpayers<sup>21</sup> and ASMT-10 notices for ₹ 0.03 crore have been issued to two taxpayers<sup>22</sup>.

Apart from above, inability of the system to identify and prevent such taxpayers from generating e-Waybills who had not discharged their previous tax liabilities, was discussed in the exit meeting held on 6 May 2024. In response, the Government assured (May 2024) to investigate the matter and to take steps to plug in the system weakness to protect the Government revenue.

### **3.10.1.5 Generation of e-Waybills by non-filers of GST returns**

As per Section 37 of the Punjab Goods and Services Tax Act, 2017, every registered person other than composition taxpayers shall furnish the details of outward supplies of goods or services or both, effected during a tax period, in GSTR-1 return and discharge tax liability thereon in GSTR-3B return. In case of composition taxpayers, the tax liability is to be discharged in GSTR-4/GST-CMP-08 returns. Further, Section 62 of the Act provides that where a registered person fails to furnish the returns even after the service of a notice, the Proper Officer may proceed to assess the tax liability of the said person to the best of his judgement taking into account all the relevant material which is available or which he has gathered and issue an assessment order. In cases, where a taxable person whose registration has been cancelled but who was liable to pay tax, the Proper Officer may proceed to assess the tax liability of such taxable person to the best of his judgement as per provisions of Section 63 of the Act.

During substantive audit of sample 120 e-Waybills pertaining to 35 taxpayers, it was observed (May to September 2023) in 61 e-Waybills generated between May 2018 and February 2021, having assessable value of ₹ 4.86 crore and tax of ₹ 0.65 crore (**Appendix 3.3**) that eight taxpayers concerned had not filed their GSTR-3B returns in the corresponding months, hence no tax liability was discharged. Although these taxpayers had not discharged their tax liabilities, yet e-Waybill system allowed generation of e-Waybills in the subsequent months<sup>23</sup> as seen in case of a taxpayer<sup>24</sup> who generated four e-Waybills<sup>25</sup> in

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<sup>18</sup> GSTIN: 03ANTP\*\*\*\*\*1Z0

<sup>19</sup> GSTIN: 03CWOP\*\*\*\*\*1Z0 (recoveries made) and 03JDSP\*\*\*\*\*1ZE (DRC-01 issued)

<sup>20</sup> GSTIN: 03AARF\*\*\*\*\*1ZR: ₹ 7,19,310

<sup>21</sup> GSTIN: 03CLVP\*\*\*\*\*1ZV: ₹ 68,51,767, 03AAAA\*\*\*\*\*1ZG: ₹ 1,47,479 and 03DIRP\*\*\*\*\*1Z6: ₹ 9,96,792

<sup>22</sup> GSTIN: 03BWIP\*\*\*\*\*1ZH: ₹ 3,24,388 and 03ABYP\*\*\*\*\*1ZL: ₹ 4,865

<sup>23</sup> Immediate next month has been ignored.

<sup>24</sup> GSTIN: 03COTP\*\*\*\*\*2ZK

<sup>25</sup> e-Waybill: 731025711926, 771025513704, 841013668933 and 891013668967

August 2018 despite not filing GSTR-3B returns for May and June 2018 against making outward supplies in these months as verified from sample 120 e-Waybills checked in audit. It was further observed that three taxpayers<sup>26</sup> filed GSTR-1 returns in the months corresponding to e-Waybills and passed on input tax credit of ₹ 0.68 crore to the purchaser taxpayers without discharging tax liabilities. Thus, there was lack of robustness and coordination between e-Waybill and GSTN systems to identify such cases, due to which taxpayers were able to generate e-Waybills despite being non-filers.

A case of one taxpayer is illustrated below.

A taxpayer having GSTIN 03ARFP\*\*\*\*\*1Z8 under the jurisdiction of Assistant Commissioner of State Tax, Fatehgarh generated two e-Waybills for outward supplies in August 2018 involving assessable value of ₹ 0.11 crore and tax of ₹ 0.02 crore. Further, examination of information from GST portal revealed that GSTR-3B return for the corresponding month of August 2018 was not filed by the taxpayer, hence tax liability was not discharged. However, taxpayer filed GSTR-1 return for this month and passed on input tax credit of ₹ 0.35 crore to the purchaser taxpayers without discharging his tax liability.

On being pointed (May 2023), the Assistant Commissioner issued DRC-07 on 16 May 2024 for ₹ 1.31 crore to the taxpayer covering the tax period of August and September 2018.

Out of seven taxpayers other than one illustrated above, action in two cases<sup>27</sup> were already initiated by the Department. In remaining five cases, the Assistant Commissioners replied that DRC-01 for ₹ 0.71 crore have been issued to two taxpayers<sup>28</sup>, ASMT-10 for ₹ 0.57 crore have been issued to two taxpayers<sup>29</sup> and clarification involving ₹ 0.04 crore has been sought from one taxpayer<sup>30</sup>.

Apart from above, inability of the system to identify and prevent non-filer taxpayers from generating e-Waybills was discussed in the exit meeting held on 6 May 2024. In response, the Government assured (May 2024) to investigate the matter and to take steps to plug in the system weakness to protect the Government revenue.

### 3.10.1.6 Generation of multiple e-Waybills on the strength of same invoice

As per Rule 46(b) of Punjab Goods and Services Tax Rules, 2017, a tax invoice shall be issued by the registered person containing consecutive serial number, not exceeding sixteen characters, unique for a financial year.

<sup>26</sup> GSTIN: 03AAAC\*\*\*\*\*1Z2, 03ARFP\*\*\*\*\*1Z8 and 03DEGP\*\*\*\*\*1ZL

<sup>27</sup> GSTIN: 03COTP\*\*\*\*\*2ZK and 03AAOF\*\*\*\*\*1ZN

<sup>28</sup> GSTIN: 03DEGP\*\*\*\*\*1ZL: ₹ 30,75,838 and 03AAAC\*\*\*\*\*1Z2: ₹ 39,93,989

<sup>29</sup> GSTIN: 03AAPF\*\*\*\*\*1ZL: ₹ 10,000 and 03IFHP\*\*\*\*\*1Z5: ₹ 57,07,380

<sup>30</sup> GSTIN: 03ASLP\*\*\*\*\*1ZH: ₹ 3,96,804

As per Para 5(1) of the user manual issued by the NIC, the taxpayer while generating e-Waybill is required to enter the unique document number relating to the consignment. Invoice number is the document number in respect of consignments relating to supplies. Hence, only one e-Waybill is required to be generated based on each invoice.

During substantive audit of sample 120 e-Waybills pertaining to 35 taxpayers, it was observed (May and June 2023) in 24 e-Waybills that nine taxpayers concerned under the jurisdiction of six Assistant Commissioners of State Tax<sup>31</sup> generated these e-Waybills involving assessable value of ₹ 5.13 crore and tax of ₹ 0.97 crore (**Appendix 3.4**) on the strength of 11 invoices. Each invoice number was used for generating two to three e-Waybills. As the taxpayers had generated multiple e-Waybills using same invoice, there was a potential risk of under-reporting of outward supplies by the taxpayers in their GSTR-1 returns. It was further noticed that the respective taxpayers either did not report any consignments or reported only one consignment in their GSTR-1 returns.

Generation of multiple e-Waybills against same invoice indicated lack of validation controls in the e-Waybill system.

A case of one taxpayer is illustrated below.

A taxpayer having GSTIN 03DEGP\*\*\*\*\*1ZL under the jurisdiction of Assistant Commissioner of State Tax, Ludhiana-IV generated four e-Waybills<sup>32</sup> involving assessable value ₹ 0.17 crore and tax of ₹ 0.01 crore<sup>33</sup> in September 2018 against two invoices bearing serial number 65 and 114.

Further examination of data from GSTN portal revealed that GSTR-3B return for the corresponding month of September 2018 was not filed by the taxpayer, hence no tax liability was discharged.

On being pointed out (May 2023), the Assistant Commissioner issued DRC-01 on 21 December 2023 for ₹ 0.31 crore to the taxpayer for the period 2018-19.

Out of eight taxpayers other than one illustrated above, action in one case<sup>34</sup> was already initiated by the Department. No reply was furnished for one taxpayer<sup>35</sup> (October 2024). In remaining six cases, the Assistant Commissioners replied (June and July 2023) that DRC-07 for ₹ 1.31 crore has been issued to one taxpayer<sup>36</sup>, DRC-01 for ₹ 0.70 crore have been issued to two taxpayers<sup>37</sup>, ASMT-10 under Section 61 of the Punjab GST Act for ₹ 0.14 crore have been

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<sup>31</sup> Fatehgarh Sahib, Jalandhar-I, Ludhiana-I, Ludhiana-IV, Patiala and SAS Nagar

<sup>32</sup> e-Waybill 371051267910, 381051268341, 341044828019 and 361044826981

<sup>33</sup> ₹ 1,32,044 (₹ 26,506 per e-Waybill for two e-Waybills plus ₹ 39,516 per e-Waybill for two e-Waybills)

<sup>34</sup> GSTIN: 03AZWP\*\*\*\*\*1ZU

<sup>35</sup> GSTIN: 03AAAC\*\*\*\*\*1ZK

<sup>36</sup> GSTIN: 03ARFP\*\*\*\*\*1Z8: ₹ 1,30, 68,502

<sup>37</sup> GSTIN: 03CLVP\*\*\*\*\*1ZV: ₹ 68,51,767 and 03AAAA\*\*\*\*\*1ZG: ₹ 1,47,479

issued to two taxpayers<sup>38</sup> and clarification involving ₹ 0.04 crore has been sought from one taxpayer<sup>39</sup>.

Apart from above, absence of validation controls in e-Waybill system was discussed in the exit meeting held on 6 May 2024. In response, the Government assured (May 2024) to investigate the matter and to take steps to plug in the system weakness to protect the Government revenue.

### 3.10.1.7 Non-follow up of cancelled taxpayers for outstanding tax liability

As per Section 45 of Punjab Goods and Services Tax Act, 2017, it is binding upon the cancelled taxpayer to file a final return in form GSTR-10 within a period of three months from the date of cancellation or date of order of cancellation, whichever is later and discharge his due tax liabilities. In case cancelled taxpayer fails to furnish final return GSTR-10 within prescribed period, a notice has to be issued by Proper Officer under Section 46 of the Act asking cancelled taxpayer to furnish his GSTR-10 return within 15 days. If cancelled taxpayer fails to file his GSTR-10 return, even after service of a notice, then Proper Officer is empowered under Section 62 of the Act to proceed to assess the tax liability of the said person to the best of his judgement taking into account all the relevant material which is available or which he has gathered and issue an assessment order within a period of five years from the due date of furnishing annual return for the financial year to which the tax not paid relates. In case the cancelled taxpayer does not discharge his tax liabilities within three months of passing of an assessment order under Section 62 of the Act, then Proper Officer shall initiate recovery proceedings under Section 78 of the Act and recover pending tax dues by one or more of the modes prescribed under Section 79 of the Act.

During substantive audit of sample 120 e-Waybills pertaining 35 taxpayers, it was noticed (May to August 2023) that registrations of 25 taxpayers were cancelled<sup>40</sup> between June 2018 and May 2022. Out of these, one taxpayer<sup>41</sup> was composition taxpayer and in one case<sup>42</sup>, the registration of the taxpayer was restored by the Department on 22 March 2022, hence these two taxpayers were not required to file GSTR-10 returns. The remaining 23 cancelled taxpayers (**Appendix 3.5**), who had generated 106 e-Waybills involving assessable value of ₹ 17.13 crore prior to cancellation of registration with tax implication of ₹ 2.37 crore, were required to discharge their final tax liabilities by filing GSTR-10 returns. Audit observed (May and June 2023) that none of the 23 cancelled taxpayers falling under the jurisdiction of eight<sup>43</sup> Assistant

<sup>38</sup> GSTIN: 03AYVP\*\*\*\*\*1Z0: ₹ 2,05,200 and 03CLVP\*\*\*\*\*1ZZ: ₹ 12,40,049

<sup>39</sup> GSTIN: 03ASLP\*\*\*\*\*1ZH: ₹ 3,96,804

<sup>40</sup> Three taxpayers cancelled on their requests and registrations of 22 taxpayers cancelled by the Department due to various violations of GST provisions.

<sup>41</sup> GSTIN: 03CWOP\*\*\*\*\*1Z0

<sup>42</sup> GSTIN: 03AAAA\*\*\*\*\*1ZG

<sup>43</sup> Fatehgarh Sahib, Jalandhar-I, Ludhiana-I, Ludhiana-III, Ludhiana-IV, Ludhiana-V, Patiala and SAS Nagar.

Commissioners of State Tax had filed GSTR-10 returns after cancellation of registrations. It was further seen that the Department had issued DRC-01 for ₹ 8.22 crore in three cases<sup>44</sup> and DRC-07 for ₹ 22.82 crore in three cases<sup>45</sup> between January 2019 and March 2022 but recovery proceedings were not initiated till the date of audit (May 2023) despite lapse of 14 to 52 months after issue of demand orders. In remaining 17 cases, where cancelled taxpayers had generated 98 e-Waybills involving assessable value of ₹ 15.29 crore and tax of ₹ 2.25 crore, the Department had not initiated action to assess taxpayer's pending tax liabilities.

A case of one taxpayer is illustrated below.

The Department cancelled the registration of a taxpayer having GSTIN 03ACYP\*\*\*\*\*1ZC under the jurisdiction of Assistant Commissioner of State Tax, Fatehgarh Sahib on 30 October 2019 effective from 17 February 2018 due to ingenuine claim of input tax credit and non-filing of GST returns. As reflected from a e-Waybill 361035106665 generated on 2 August 2018 having taxable value of ₹ 0.05 crore, the taxpayer had indulged in business activities. However, after cancellation of registration, neither taxpayer filed final GSTR-10 return, nor the Department initiated any follow-up action for assessing tax liability of the taxpayer.

On being pointed out (June and August 2023), the Assistant Commissioner replied (May 2024) that DRC-07 for ₹ 4.12 crore has been issued to the taxpayer on 19 April 2024.

Out of 16 taxpayers other than one illustrated above, Assistant Commissioners replied (between June 2023 and May 2024) that DRC-07 for ₹ 1.77 crore have been issued to two taxpayers<sup>46</sup>, DRC-01 for ₹ 1.50 crore have been issued to five taxpayers<sup>47</sup>, ASMT-14 for ₹ 0.07 crore has been issued to one taxpayer<sup>48</sup>, ASMT-10 under Section 61 of the Punjab GST Act for ₹ 0.73 crore have been issued to five taxpayers<sup>49</sup>, proceedings for ₹ 0.09 crore has been initiated against one taxpayer<sup>50</sup> and clarifications involving ₹ 0.52 crore have been sought from two taxpayers<sup>51</sup>.

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<sup>44</sup> GSTIN: 03AAOF\*\*\*\*\*1ZN: ₹ 0.69 crore, 03COTP\*\*\*\*\*2ZK: ₹ 0.10 crore and 03JDSP\*\*\*\*\*1ZE: ₹ 7.43 crore

<sup>45</sup> **Ludhiana-I:** GSTIN: 03ANTP\*\*\*\*\*1Z0, Assessment 2019-20, Demand ₹ 1.14 crore  
GSTIN: 03AGWP\*\*\*\*\*1ZD, Assessment July 2017 to December 2018, Demand ₹ 16.58 crore  
**Ludhiana-IV:** GSTIN: 03AZWP\*\*\*\*\*1ZU, July 2017 to December 2018, Demand ₹ 5.10 crore

<sup>46</sup> GSTIN: 03EQXP\*\*\*\*\*1Z3: ₹ 45,99,460 and 03ARFP\*\*\*\*\*1Z8: ₹ 1,30,68,502

<sup>47</sup> GSTIN: 03BCCP\*\*\*\*\*1ZP: ₹ 72,000, 03CLVP\*\*\*\*\*1ZV: ₹ 68,51,767, 03DIRP\*\*\*\*\*1Z6: ₹ 9,96,792, 03DEGP\*\*\*\*\*1ZL: ₹ 30,75,838 and 03AAAC\*\*\*\*\*1Z2: ₹ 39,93,989

<sup>48</sup> GSTIN: 03AARF\*\*\*\*\*1ZR: ₹ 7,19,310

<sup>49</sup> GSTIN: 03CLVP\*\*\*\*\*1ZZ: ₹ 12,40,049, 03IFHP\*\*\*\*\*1Z5: ₹ 57,07,380, 03ABYP\*\*\*\*\*1ZL: ₹ 4,865, 03AAPF\*\*\*\*\*1ZL: ₹ 10,000 and 03BWIP\*\*\*\*\*1ZH: ₹ 3,24,388

<sup>50</sup> GSTIN: 03ABKF\*\*\*\*\*1Z0: ₹ 9,01,035

<sup>51</sup> GSTIN: 03ASLP\*\*\*\*\*1ZH: ₹ 3,96,804 and 03EVJP\*\*\*\*\*1ZK: ₹ 48,46,326

Regarding delay in recovery proceedings for ₹ 22.82 crore<sup>52</sup> in case of three taxpayers, whose assessments were made with demands of ₹ 22.99 crore, the Assistant Commissioners replied that recovery of tax liabilities was under process against two taxpayers<sup>53</sup>. However, recovery actions taken by the Assistant Commissioners in these cases were not supported by any evidence.

### 3.10.1.8 Generation of e-Waybills using risky vehicles

As per Rule 138(2) of the Punjab Goods and Services Tax Rules, 2017, where goods are transported by the registered person as a consignor, whether in his own conveyance or through a hired one or a public conveyance, by road, the said person shall generate the e-Waybill in form GST-EWB-01 electronically on the common portal after furnishing information in Part-B of the form. Where goods are handed over to a transporter for transportation by road, the registered person shall furnish the information relating to the transporter on the common portal and the e-Waybill shall be generated by the transporter on the said portal on the basis of the information furnished by the registered person in Part-A of form GST-EWB-01. Vehicle number is required to be provided in Part-B of the form.

Audit analysed Vahan data of vehicles involved in sample 120 e-Waybills pertaining to 35 taxpayers to identify the risky transactions like use of theft vehicles, scrapped, surrendered, cancelled and suspended vehicles, two wheelers, multiple e-Waybills using same vehicle across the States on the same day, etc. Audit analysis (May to July 2023) brought out that 10 e-Waybills pertaining to nine taxpayers had used vehicle numbers of risky category as detailed in **Table 3.6**.

**Table 3.6: Details of e-Waybills using risky vehicles**

Sr. No.	Nature of risky vehicle	ACST	e-Waybill number	Taxpayer's GSTIN
1.	e-Waybills generated using two wheelers	Ludhiana-IV	391133318851	03ABKF*****1ZO
			381108606311	
2.	Stolen vehicles mentioned in e-Waybills	Amritsar-II	371079020746	03AJMP*****2ZS
		SAS Nagar	321315348802	03AABC*****1ZU
3.	Scrapped vehicles mentioned in e-Waybills	Fatehgarh Sahib	361413331722	03ANIP*****1ZO
		Ludhiana-V	341064425395	03ACNP*****1ZP
4.	Surrendered vehicles mentioned in e-Waybills	Fatehgarh Sahib	391058595977	03BCCP*****1ZP
		Ludhiana-I	301034105467	03AGWP*****1ZD
5.	Vehicles whose registration has been cancelled, mentioned in e-Waybills	Fatehgarh Sahib	361035106665	03ACYP*****1ZC
		Patiala	361013706940	03BWIP*****1ZH

<sup>52</sup> GSTIN: 03AZWP\*\*\*\*\*1ZU: ₹ 5,10,07,156, 03ANTP\*\*\*\*\*1ZO: ₹ 1,14,19,760 and 03AGWP\*\*\*\*\*1ZD: ₹ 16,57,95,668 (Out of demand of ₹ 16,75,58,158 created on 14 January 2019 against GSTIN 03AGWP\*\*\*\*\*1ZD, an amount of ₹ 17,62,490 had already been recovered before audit, hence balance ₹ 16,57,95,668 was recoverable.)

<sup>53</sup> GSTIN: 03ANTP\*\*\*\*\*1ZO and 03AGWP\*\*\*\*\*1ZD

Generation of e-Waybills using stolen, scrapped, surrendered, cancelled or suspended vehicles indicated inefficient use of Vahan data by the e-Waybill system because it allowed generation of e-Waybills using risky vehicles despite vehicle's status available in Vahan data.

Audit further noticed that out of 10 e-Waybills, output tax in eight e-Waybills tabulated at serial number 1 to 4 had been paid by the respective taxpayers. However, proof of movement of consignments involved in these e-Waybills was not provided by the Department. Further, output tax on assessable value of ₹ 0.03 crore, involved in e-Waybill 361013706940 tabulated at serial number 5 above, was not found paid by the taxpayer. However, the Department could not identify above omissions and take remedial action.

A case of one taxpayer is illustrated below.

A taxpayer having GSTIN 03BWIP\*\*\*\*\*1ZH under the jurisdiction of Assistant Commissioner of State Tax, Patiala generated inter-State e-Waybill 361013706940 on 10 May 2018 involving assessable value of ₹ 0.03 crore and IGST of ₹ 46,710. As per data, the supply was made from Punjab to Uttar Pradesh through vehicle number UP\*\*T-2\*\*5. Audit analysed the Vahan data and found that vehicle stated to have been used for transportation of supply in e-Waybill, was already scrapped on 23 December 2017. Further, scrutiny of data for the corresponding month of May 2018 from the GSTN portal revealed that the taxpayer had not filed GSTR-1 return and had filed nil GSTR-3B return for this month, hence no tax was paid.

On being pointed out (May 2023), the Assistant Commissioner issued (June 2023) ASMT-10 for ₹ 0.03 crore to the taxpayer.

Out of eight taxpayers other than one illustrated above, action in one case<sup>54</sup> was already initiated by the Department. In three cases<sup>55</sup>, no reply was furnished by the Department. In remaining four cases, the Assistant Commissioners replied (June 2023 and May 2024) that DRC-07 for ₹ 4.12 crore has been issued to one taxpayer<sup>56</sup>, DRC-01 for ₹ 0.02 crore have been issued to two taxpayers<sup>57</sup> and proceedings have been initiated against one taxpayer<sup>58</sup>.

The system deficiency was discussed in the exit meeting held on 6 May 2024. In response, the Government assured (May 2024) to investigate the matter and to take steps to plug in the system weakness to protect the Government revenue.

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<sup>54</sup> GSTIN: 03AGWP\*\*\*\*\*1ZD

<sup>55</sup> GSTIN: 03AJMP\*\*\*\*\*2ZS, 03AABC\*\*\*\*\*1ZU and 03ACNP\*\*\*\*\*1ZP

<sup>56</sup> GSTIN: 03ACYP\*\*\*\*\*F1ZC: ₹ 4,11,98,857

<sup>57</sup> GSTIN: 03ANIP\*\*\*\*\*1ZO : ₹ 1,40,940 and 03BCCP\*\*\*\*\*1ZP: ₹ 72,000

<sup>58</sup> GSTIN: 03ABKF\*\*\*\*\*1ZO

### 3.10.1.9 Generation of e-Waybills by composition taxpayers under 'tax invoice' category and with inapplicable rates of taxes

As per Section 10 of Punjab Goods and Services Tax Act, 2017, a registered person whose aggregate turnover in the preceding financial year did not exceed one crore fifty lakh rupees, may opt to pay composition levy instead of regular rate of tax as per below.

(a) Two *per cent* (one *per cent* CGST plus one *per cent* SGST) of the turnover in the State or turnover in the Union territory in case of a manufacturer.

(b) Five *per cent* (2.5 *per cent* CGST plus 2.5 *per cent* SGST) of the turnover in the State or turnover in the Union territory in case of persons engaged in making supplies referred to in clause (b) of paragraph 6 of Schedule II.

(c) One *per cent* (0.5 *per cent* CGST plus 0.5 *per cent* SGST) of the turnover in the State or turnover in the Union territory in case of other suppliers.

The e-Waybill system was implemented with effect from 1 April 2018 with the intent to safeguard the Government revenue. At the same time, it is expected from any information technology system that provisions of the Acts/Rules are implemented effectively for which it is deployed. There should be proper validation checks to ensure correctness of data captured by such systems so that output information generated is in accordance with requirements of the Acts/Rules. Moreover, the availability of correct and accurate information is key to good decision making for any management.

Out of total sample of 120 e-Waybills, four e-Waybills belonged to three composition taxpayers. During examination of these e-Waybills, Audit observed (December 2023) that composition taxpayers were able to generate e-Waybills under tax invoice category, whereas composition taxpayers were supposed to generate e-Waybills under the category of bill of supply. The e-Waybill system allowed generation of e-Waybills under tax invoices category by composition taxpayers like normal taxpayers without validating the status of the taxpayers. Further, e-Waybill system allowed selection of higher tax rates applicable to normal taxpayers, even if the composition taxpayer had selected the 'bill of supply' category. Details of e-Waybills generated by composition taxpayers with normal rate of tax is given in **Table 3.7**.

**Table 3.7: Details of e-Waybills generated by composition taxpayers**

GSTIN of taxpayer	e-Waybill number	Category selected	Rate of tax as per e-Waybill	
03APAP*****1ZR	301051939597	Tax Invoice	6% (CGST)	6% (SGST)
	301052096862	Bill of Supply	6% (CGST)	6% (SGST)
03CWOP*****1Z0	341078493247	Tax Invoice	18% (IGST)	
03AJPP*****1ZP	731069721514	Tax Invoice	12% (IGST)	

Audit opines that e-Waybill system should validate the status of the taxpayer, whether he is composition taxpayer or normal taxpayer, before allowing

selection of 'bill of supply'. Further rates of taxes in e-Waybill should be restricted to rates of taxes applicable to composition taxpayers under the category of 'bill of supply'. However, e-Waybill was deficient in validation checks and allowed composition taxpayers to generate e-Waybills under 'tax invoice' category and with inapplicable rates of taxes.

The system deficiency was discussed in the exit meeting held on 6 May 2024. In response, the Government assured (May 2024) to investigate the matter and to take steps to plug in the system weakness to protect the Government revenue.

### **3.10.1.10 Outward supplies without or disproportionate to inward supplies (as seen from GSTR-2A returns)**

As per Section 37 of Punjab Goods and Services Act, 2017 every registered person other than an input service distributor, a non-resident taxable person and a composition taxpayer or a taxpayer deducting tax at source or a taxpayer collecting tax at source, shall furnish, electronically, in such form and manner as may be prescribed, the details of outward supplies of goods or services or both effected during a tax period on or before the tenth day of the month succeeding the said tax period. Further, GSTR-2A returns is a system generated statement of inward supplies for a recipient, which is auto populated on the basis of details of outward supplies furnished by the supplier taxpayers.

During substantive audit of sample 120 e-Waybills pertaining to 35 taxpayers, it was observed (May 2023) in 29 e-Waybills involving tax ₹ 0.23 crore (**Appendix 3.6**) that four taxpayers had either no inward supplies prior to generation of outward supply e-Waybills or had disproportionate outward supplies in comparison to inward supplies. Out of these, two taxpayers concerned under the jurisdiction of two Assistant Commissioners of State Tax<sup>59</sup> generated 26 e-Waybills between June 2018 and September 2018 without having inward supplies since the date of GST registration till September 2018. In case of two taxpayers<sup>60</sup> under the jurisdiction of two Assistant Commissioners of State Tax<sup>61</sup>, who had generated three e-Waybills in the month of September 2018<sup>62</sup> and April 2019<sup>63</sup> had disproportionately high outward supplies in comparison to inwards supplies as verified from the GST returns of the taxpayers for the period from July 2017 to March 2019.

A case of one taxpayer is illustrated below.

A taxpayer having GSTIN 03CLVP\*\*\*\*\*1ZV under the jurisdiction of Assistant Commissioner of State Tax, SAS Nagar generated 18 e-Waybills between June and July 2018 having assessable value of ₹ 0.94 crore with tax

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<sup>59</sup> Ludhiana-IV and SAS Nagar

<sup>60</sup> GSTIN: **Jalandhar-I** 03AARF\*\*\*\*\*1ZR and **Ludhiana-I** 03ASLP\*\*\*\*\*1ZH

<sup>61</sup> Jalandhar-I and Ludhiana-I

<sup>62</sup> **Ludhiana-I**: e-Waybill 371050377179 and 391050376578 generated on 26 September 2018 involving assessable value of ₹ 16,53,350 and tax of ₹ 1,98,402 (CGST+SGST) each.

<sup>63</sup> **Jalandhar-I**: e-Waybill 351102992527 generated on 10 April 2019 involving assessable value of ₹ 71,700 and tax of ₹ 12,906 (CGST+SGST)

implication of ₹ 0.17 crore. Audit examined the GSTR-2A returns of the taxpayer from January 2018<sup>64</sup> till July 2018 and observed that taxpayer had no inward supplies. Further, the taxpayer either had not filed GSTR-3B return or had filed nil GSTR-3B return during the year 2018-19, hence no tax liability was discharged.

On being pointed out (May 2023), the Assistant Commissioner issued DRC-01 on 12 December 2023 for ₹ 0.69 crore to the taxpayer for the period 2018-19.

In three cases, other than illustrated above, the Assistant Commissioners replied (May 2023 to February 2024) that DRC-01 for ₹ 0.31 crore has been issued to one taxpayer<sup>65</sup> in December 2023, ASMT-14 for ₹ 0.07 crore has been issued to one taxpayer<sup>66</sup> and clarification involving tax implication of ₹ 0.04 crore has been sought from one taxpayer<sup>67</sup>.

### 3.10.1.11 Excess availing of input tax credit

As per Section 61 of the Punjab Goods and Services Tax Act, 2017 various returns filed by the taxpayers has to be scrutinised by the Proper Officer to verify the correctness of the returns and suitable action has to be taken on discrepancies or inconsistencies reflected in the returns.

In order to analyse the veracity of input tax credit utilisation in respect of sample 35 taxpayers related to 120 e-Waybills, the relevant datasets were extracted from GSTR-3B and GSTR-2A for the period covered in audit. The input tax credit available in GSTR-2A returns was matched with the input tax credit availed by the taxpayers in GSTR-3B returns. The methodology adopted was to compare the input tax credit available as per GSTR-2A with all its amendments and the input tax credit availed in GSTR-3B in table 4A(5) considering the reversals in table 4B(2) but including the input tax credit availed in the subsequent years in table 8C of GSTR-9.

Audit observed (October 2023) that two taxpayers<sup>68</sup> under the jurisdiction of two Assistant Commissioners of State Tax<sup>69</sup>, who had generated two e-Waybills, had availed input tax credit of ₹ 128.55 crore as per GSTR-3B returns, whereas input tax credit of ₹ 127.30 crore was available as per GSTR-2A returns of these taxpayers. Thus, there was mismatch of ₹ 1.25 crore between the input tax credit available and input tax credit availed.

<sup>64</sup> Commencement of registration of taxpayer was 27 January 2018.

<sup>65</sup> GSTIN: 03DEGP\*\*\*\*\*1ZL: ₹ 30,75,838

<sup>66</sup> GSTIN: 03AARF\*\*\*\*\*1ZR: ₹ 7,19,310

<sup>67</sup> GSTIN: 03ASLP\*\*\*\*\*1ZH: ₹ 3,96,804

<sup>68</sup> GSTIN: 03AABC\*\*\*\*\*1ZU e-Waybill 321315348802 dated 5 May 2021 and 03AJMP\*\*\*\*\*2ZS e-Waybill: 321224469111 dated 11 August 2020

<sup>69</sup> Amritsar-II and SAS Nagar.

A case of one taxpayer is illustrated below.

A taxpayer having GSTIN 03AJMP\*\*\*\*\*2ZS under the jurisdiction of Assistant Commissioner of State Tax, Amritsar-II availed input tax credit of ₹ 124.78 crore in 2018-19 as per GSTR-3B returns, whereas input tax credit of ₹ 123.87 crore was available in GSTR-2A returns. Thus, there was mismatch of ₹ 0.91 crore between input tax credit availed and available as per GST returns.

On being pointed out (October 2023), no reply was furnished by the Department (October 2024).

### **3.10.1.12 Restoration of registration without recovering pending tax liability**

As per the Rule 23(1) of Punjab Goods and Services Tax Rules, 2017, a registered person, whose registration is cancelled by the Proper Officer on his own motion, may submit an application for revocation of cancellation of registration, in form GST-REG-21, to such Proper Officer, within a period of thirty days from the date of the service of the order of cancellation of registration at the common portal, either directly or through a facilitation centre notified by the Commissioner, provided that no application for revocation shall be filed, if the registration has been cancelled for the failure of the registered person to furnish returns, unless such returns are furnished and any amount due as tax, in terms of such returns, has been paid along with any amount payable towards interest, penalty and late fee in respect of the said returns.

Further all the returns due for the period from the date of the order of cancellation of registration till the date of the order of revocation of cancellation of registration shall be furnished by the said person within a period of thirty days from the date of order of revocation of cancellation of registration. In case, where registration was cancelled with retrospective effect, the registered person shall furnish all returns relating to period from the effective date of cancellation of registration till the date of order of revocation of cancellation of registration within a period of thirty days from the date of order of revocation of cancellation of registration.

During substantive audit of sample 120 e-Waybills pertaining to 35 taxpayers, it was observed (September 2023) that registration of a taxpayer<sup>70</sup> under the jurisdiction of Assistant Commissioner of State Tax, Jalandhar-I was restored on 22 March 2022 by the Proper Officer without ensuring that the taxpayer had furnished pending returns and outstanding liability was discharged. The registration of the taxpayer was earlier cancelled by the Department *suo-motu* on 11 October 2019 effective from 1 July 2018 due to taxpayer's failure to file GST returns and discharge tax liability. The taxpayer applied for revocation of cancellation of registration on 9 January 2020 and registration was restored by

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<sup>70</sup> GSTIN: 03AAAA\*\*\*\*\*1ZG

the Department on 22 March 2022. Audit verified from the GSTN portal and noticed that GST returns were not filed by the taxpayer for the period from August 2018 onwards. As per e-Waybill data, the taxpayer had generated nine e-Waybills involving assessable value of ₹ 0.05 crore<sup>71</sup> between July 2018 and February 2019. As indicated from e-Waybill information, the taxpayer had conducted business for the period from August 2018 to February 2019 but had not discharged any tax liability as no return was filed by the taxpayer for this period.

On being pointed out, the Assistant Commissioner replied (March 2024) that DRC-01 for ₹ 0.01 crore has been issued to the taxpayer<sup>72</sup>.

### 3.10.1.13 Cross-PAN analysis

Audit analysis of sample nine e-Waybills pertaining to nine taxpayers having same PAN for the consignor and consignee is discussed in the following paragraphs.

#### [A] Outward supplies not supported by e-Waybills (as seen from GSTR-1 and GSTR-3B returns)

As per Section 37 of Punjab Goods and Services Act, 2017 every registered person other than an input service distributor, a non-resident taxable person and a composition taxpayer or a taxpayer deducting tax at source or a taxpayer collecting tax at source, shall furnish, electronically, in such form and manner as may be prescribed, the details of outward supplies of goods or services or both effected during a tax period on or before the tenth day of the month succeeding the said tax period. The normal taxpayers are required to discharge their tax liability thereon in GSTR-3B and composition taxpayers are required to pay tax in GSTR-4/GST-CMP-08.

During substantive audit of sample nine e-Waybills pertaining to nine taxpayers, it was observed (May 2023) in one e-Waybill<sup>73</sup> generated by a taxpayer having GSTIN 03AAAC\*\*\*\*\*1ZX under the jurisdiction of Assistant Commissioner of State Tax, Ludhiana-I that no entry for this e-Waybill was made in GSTR-1 return of the corresponding month and no tax was paid for this e-Waybill. The e-Waybill carried assessable value of ₹ 1.76 crore and tax of ₹ 0.32 crore.

On being pointed out, the Assistant Commissioner replied (July 2023) that ASMT-10 under Section 61 of the Punjab GST Act has been issued to the taxpayer for depositing tax of ₹ 0.32 crore.

#### [B] Mismatch between GSTR-2A and e-Waybill details

As per Section 16 of the Punjab Goods and Services Tax Act, 2017, every registered person shall be entitled to take credit of input tax charged on any

<sup>71</sup> Tax implication ₹ 65,065

<sup>72</sup> GSTIN: 03AAAA\*\*\*\*\*1ZG: ₹ 1,47,479

<sup>73</sup> e-Waybill 371345608052 dated 10 August 2021

supply of goods or services or both which are used or intended to be used in the course or furtherance of his business and the said amount shall be credited to the electronic credit ledger of such person. Further, in terms of sub-Section 2(e) of the said Section, the claim of input tax credit is subject to the condition, inter-alia, that the tax charged in respect of such supply has been actually paid to the Government.

During substantive audit of sample nine e-Waybills pertaining to nine taxpayers, it was observed (June 2023) in two e-Waybills pertaining to two taxpayers<sup>74</sup> that assessable value of supplies made as per e-Waybills was ₹ 9.45 crore, whereas purchaser taxpayers had shown value of inward supplies as ₹ 0.11 crore against these e-Waybills.

A case of one taxpayer is illustrated below.

A taxpayer of Karnataka having GSTIN 29AAW\*\*\*\*\*J1ZJ generated e-Waybill 171145556841 on 20 July 2019 involving assessable value of ₹ 8.45 crore and IGST of ₹ 1.01 crore. The e-Waybill was generated for outward supplies to purchaser taxpayer of Punjab having GSTIN 03AAWF\*\*\*\*\*1ZX. Audit examined the GSTR-2A of the purchaser taxpayer and observed that purchaser taxpayer had shown value of supply as ₹ 0.01 crore only. Thus, there was mismatch of ₹ 8.44 crore in taxable value of goods between e-Waybill of seller taxpayer and GSTR-2A of the purchaser taxpayer involving tax implication of ₹ 1.01 crore.

On being pointed out in audit (June 2023), the Assistant Commissioner issued ASMT-10 involving tax of ₹ 1.01 crore under Section 61 of the Punjab GST Act to the taxpayer.

In another case, other than illustrated above, the Assistant Commissioner replied that ASMT-10 involving tax of ₹ 0.16 crore has been issued to the taxpayer<sup>75</sup> for mismatch between GSTR-2A and e-Waybill data.

### **[C] Excess availing of input tax credit**

As per Section 61 of the Punjab Goods and Services Tax Act, 2017 various returns filed by the taxpayers has to be scrutinised by the Proper Officer to verify the correctness of the returns and suitable action has to be taken on discrepancies or inconsistencies reflected in the returns.

In order to analyse the veracity of input tax credit utilization in respect of sample nine e-Waybills pertaining to nine taxpayers with same PAN for consignor and consignee, the relevant datasets were extracted from GSTR-3B and GSTR-2A for the period covered in audit. The input tax credit paid as per the supplier detail was matched with the input tax credit availed by the sample taxpayers.

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<sup>74</sup> e-Waybill 171145556841 dated 20 July 2019 of GSTIN 29AAW\*\*\*\*\*J1ZJ and 30130419033 dated 23 March 2021 of GSTIN 03ADTP\*\*\*\*\*3Z7

<sup>75</sup> GSTIN 03ADTP\*\*\*\*\*3Z7

The methodology adopted was to compare the input tax credit available as per GSTR-2A with all its amendments and the input tax credit availed in GSTR-3B in table 4A(5) considering the reversals in table 4B(2) but including the input tax credit availed in the subsequent years in table 8C of GSTR-9.

Audit observed (October 2023) that one taxpayer having GSTIN 03AADC\*\*\*\*\*1Z0 under the jurisdiction of Assistant Commissioners of State Tax, SAS Nagar availed input tax credit of ₹ 0.34 crore as per GSTR-3B returns, whereas as per GSTR-2A returns, input tax credit of ₹ 0.16 crore was available. Thus, there was mismatch of ₹ 0.18 crore between the input tax credit available and input tax credit availed.

On being pointed out, no reply was furnished by the Department (October 2024).

### 3.10.1.14 Results of totality audit

In totality audit, the data of e-Waybills was analysed on the basis of six identified Key Problem Areas (KPA) which were generated for the period between April 2018 and March 2022, and it was seen that discrepancies related to tax compliance by the taxpayers could be ascertained directly from certain KPAs. The data extracted under these KPAs involving 22,538 taxpayers and 2,25,044 e-Waybills was forwarded to the Department in August 2023 for considering further course of remedial action and summary report on action taken by the Department was called for without involving field visit. The totality observations shared with the Department (July and August 2023) and response received (March to May 2024) thereon are detailed in the **Table 3.8**.

**Table 3.8: Details of totality observations shared and responses received**

Sr. No.	Nature of observation	No. of taxpayers	Total numbers of e-Waybills	Assessable Value (₹ in crore)	Department's response			
					Accepted		Not accepted	No response
					Taxpayers	Tax involved (₹ in crore)	Taxpayers	Taxpayers
1.	Generation of inter-State e-Waybills by composition taxpayers	147	294	2.91	33	0.11	67	47
2.	Generation of e-Waybills by composition taxpayers, who had crossed prescribed threshold limit	4	219	8.00	2	0.12	1	1
3.	Generation of e-Waybills by non-filers of GST returns	1,214	8,433	292.41	352	6.07	432	430
4.	Generation of e-Waybills by cancelled taxpayers	1,795	91,052	6,782.76	549	74.25	546	700
5.	Generation of duplicate e-Waybills using same invoice	9,698	41,626	659.34	1,814	3.71	3,255	4,629
6.	Generation of e-Waybills by filers of nil GST returns	9,680	83,420	3,015.43	454	25.59	1,055	8,171
<b>Total</b>		<b>22,538</b>	<b>2,25,044</b>	<b>10,760.85</b>	<b>3,204</b>	<b>109.85</b>	<b>5,356</b>	<b>13,978</b>

The Department's actions in 8,560 cases, against which responses were received, are summarised in **Table 3.9**.

**Table 3.9: Summary of responses received on totality observations**

(₹ in crore)

		Audit Dimensions							
		1	2	3	4	5	6	7	
Cases where reply received		No.	100	3	784	1,095	5,069	1,509	8,560
Accepted	Demand notices issued	No.	26	2	231	500	428	447	1,634
		Amt	0.11	0.12	6.07	74.02	3.71	25.51	109.54
	Demands collected	No.	1	0	2	12	0	1	16
		Amt	0.00005	0.00	0.0003	0.23	0.00	0.08	0.31
	Under correspondence with taxpayer	No.	6	0	119	37	1,386	6	1,554
	Total	No.	33	2	352	549	1,814	454	3,204
	Amt	0.11	0.12	6.07	74.25	3.71	25.59	109.85	
Not accepted	Action already initiated	No.	2	0	80	168	28	289	567
	No action required	No.	64	1	351	368	3,226	766	4,776
	Other reasons	No.	1	0	1	10	1	0	13
	Total	No.	67	1	432	546	3,255	1,055	5,356

Out of 8,560 taxpayers, the Department had initiated action based on audit objection in 3,204 cases (37.43 per cent of the responses received) resulting in issue of demand notices of ₹ 109.54 crore and recoveries of ₹ 0.31 crore. In 5,356 cases, the Department informed that either actions were already initiated by them, or no action was required due to valid reasons.

In 13,978 cases, no reply was furnished by the Department. Considering the rate of conversion of totality observations into demand notices and recoveries, the Department is required to expedite the examination process of the remaining these cases on priority.

### 3.10.2 Effectiveness of preventive and enforcement activities

Activities related to enforcement of tax law are distinct from the activities related to voluntary compliance. Intelligence gathering, interception and inspection of vehicles and inspection of premises are *inter alia* various methods which may, as per law, be adopted for enforcing the law in cases where tax evasion has, or is believed to have, occurred and the Department has followed an approach to enforcement which relies considerably on physical interception of the movement of goods.

In Punjab, the Taxation Department has seven<sup>76</sup> State Intelligence Preventive Units (SIPUs) for checking the correctness of the documents carried in support of the goods transported in the State and it is an integral part of their enforcement activity to supplement their efforts to prevent and check the tax evasion. Audit selected four State Intelligence Preventive Units<sup>77</sup> (SIPUs) as sample out of total seven SIPUs in the State. During audit several deficiencies and shortcomings in the preventive and enforcement activities were noticed, which are discussed under the paragraphs 3.10.2.1 to 3.10.2.3.

### 3.10.2.1 Operational preparedness of the Department

#### [A] Dedicated setup/unit

A dedicated unit for e-Waybill related enforcement activities like verification of e-Waybills during interception of vehicles and follow-up action, wherever required, utilising analytical reports on e-Waybill transactions in planning the e-Waybill verification, etc. improves the efficiency of preventive functions.

In the State of Punjab, the Department has established seven State Intelligence Preventive Units (SIPUs) for e-Waybill related enforcement activities. These dedicated units formed inspection teams, whenever required, with the existing employees.

#### [B] Adequacy of manpower

Proper manpower planning helps the Department in maintaining adequate workforce, utilising the manpower resources and meeting its objectives in an efficient way.

Audit observed that 86.36 *per cent* posts of the sanctioned strength were filled in sample four State Intelligence Preventive Units<sup>78</sup> leaving 13.64 *per cent* vacancies in these units. The *per cent* vacancy in the posts of State Tax Officer, State Tax Inspector and other supporting staff varied from 9.52 to 25.00 *per cent* (Appendix 3.7). Preventive and enforcement activities play an important role in preventing and checking tax evasions, hence the issue of vacancies in State Intelligence Preventive Units (SIPUs) require attention of the Department.

On being pointed out (October 2023), SIPU, Bathinda agreed (May 2024) to the inadequacy of staff in the unit without offering further comments in the matter. Other SIPUs did not offer any comments in this regard (October 2024).

#### [C] Targets and achievements

Target setting and advance planning for verification of e-Waybills through vehicle interceptions ensures effective monitoring of movement of goods.

<sup>76</sup> Amritsar, Bathinda, Fazilka, Jalandhar, Ludhiana, Patiala and Shambhu

<sup>77</sup> Bathinda, Ludhiana, Patiala and Shambhu

<sup>78</sup> Bathinda, Ludhiana, Patiala and Shambhu

Audit noticed in sample four State Intelligence Preventive Units<sup>79</sup> (SIPUs) that specific targets were not fixed for conducting verification of e-Waybills. Due to non-fixation of targets, performance of the SIPUs could not be measured in terms of achieving the set target.

On being pointed out (August 2023), SIPU, Bathinda acknowledged (May 2024) the fact that no targets were fixed for the verification of e-Waybills. Other SIPUs did not offer any comments in this regard (October 2024).

**[D] Use of analytical/MIS reports**

National Informatics Centre provides analytical/MIS reports on e-Waybill transactions and shares them with GST Departments under Centre and State formations. These reports indicate the probable cases of tax evasion incidences by the taxpayers and help the Departments in taking evidence-based decisions.

Audit examined the extent to which these reports were being utilised by the State Intelligence Preventive Units (SIPUs) for planning the verifications of e-Waybills. On being requisitioned various analytical reports in audit, it was informed by all four SIPUs that such reports could only be provided by office of the Additional Commissioner Taxation (Investigation). Further, as informed to Audit, the SIPUs were not using the analytical reports for planning the vehicle interceptions. Instead, physical verification of vehicles was conducted as surprise checking.

The issue was discussed in exit meeting held on 6 May 2024, wherein Financial Commissioner (Taxation) after considering the usefulness of analytical reports, instructed the Department to bring all monitoring reports under one dashboard so that officers do not have to navigate to multiple reporting modules for accessing various monitoring reports.

**3.10.2.2 Effectiveness of anti-evasion measures**

**[A] Scope limitation due to documents not produced**

Section 16 of the Comptroller and Auditor-General's (Duties, Powers and Conditions of Service) Act, 1971 lays down the audit mandate of the CAG regarding audit of receipts. Further, Section 18(2) of the Act imposes a statutory duty on the offices and Departments to comply with the requests of CAG seeking information and to provide complete information as far as possible with all reasonable expedition.

During this Performance Audit, information and records related to preventive activities with reference to e-Waybills were requisitioned for the audit period from 1 April 2018 to 31 March 2022. Despite regular follow up, State Intelligence Preventive Units (SIPU) Patiala and Shambhu did not produce the

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<sup>79</sup> Bathinda, Ludhiana, Patiala and Shambhu

records in respect of three<sup>80</sup> and five<sup>81</sup> booked cases respectively which was four *per cent* of total sample of 200 booked cases selected for examination. Due to this, Audit replaced eight cases by other cases through stratified sampling technique.

Case-wise listing of non-production of records is given in **Appendix 3.8** and jurisdiction wise non-production of records is summarised in the **Table 3.10**.

**Table 3.10: Non-production of records**

Name of SIPU	Selected Sample Size (No. of booked cases)	Non-production (No. of booked cases)
Bathinda	50	-
Ludhiana	50	-
Patiala	50	3
Shambhu	50	5
<b>Total</b>	<b>200</b>	<b>8</b>

Due to non-production of records, preventive aspects or issues involved in these cases could not be examined.

In addition to above, the details of intercepted cases pending finalisation and information related to requests made by the taxpayers for unblocking e-Waybill access were not provided to Audit. Therefore, action taken by the Department on these cases could not be analysed in the audit.

#### **[B] Guidelines for interception of vehicles**

The guidelines<sup>82</sup> issued by Central Board of Indirect Taxes and Customs (CBIC) and circulated by the Punjab Taxation Department<sup>83</sup> on 21 March 2022 elaborated the procedure to be followed in case of interception of conveyances for inspection of goods in movement, detention, seizure, confiscation and release of goods and conveyances. During this audit, it was attempted to ascertain the extent of adherence to these procedures by the field formations.

During examination of sample 200 booked cases, Audit observed (July 2023) in two cases<sup>84</sup> under State Intelligence Preventive Unit, Patiala that during interception, statements of persons-in-charge of goods and conveyance were not recorded in form GST-MOV-1, after they failed to produce the prescribed documents related to e-Waybill, whereas, as per guidelines issued on interception of conveyances, the Proper Officer was required to record a statement of the person in charge of the conveyance in form GST-MOV-1 before undertaking the inspection of the conveyance.

<sup>80</sup> Three cases were not provided to Audit being taxpayers' cases under appeal

<sup>81</sup> Record Requisition/Reminder dated 7 August 2023, 11 August 2023 and 16 August 2023.

<sup>82</sup> Circular No. 41/15/2018-GST dated 13 April 2018, 49/23/2018-GST dated 21 June 2018 and 64/38/2018-GST dated 14 September 2018

<sup>83</sup> Circular No. 03/2022

<sup>84</sup> Case No. 1531 dated 27 August 2021 and 1640 dated 12 October 2021

On being pointed out, no reply was furnished by the Department (October 2024).

**[C] Release of detained goods and conveyances without setting off taxpayer's liability**

Section 49 of Punjab Goods and Services Tax Act, 2017 provides that liability of the taxpayer should be created in the electronic liability register and this liability shall be set off by debiting the electronic cash ledger of the taxpayer.

According to the guidelines<sup>85</sup> issued by the Central Board of Indirect Taxes and Customs and circulated by the Punjab Taxation Department<sup>86</sup> on 21 March 2022, the demand accruing from the proceedings shall be added in the electronic liability register and the payment against this shall be credited in electronic liability register by debiting the electronic credit ledger or electronic cash ledger to set off the liability in electronic liability register.

- i. During audit of sample 200 booked cases, it was observed (July and August 2023) in 13 cases under four State Intelligence Preventive Units<sup>87</sup> (SIPUs) that Proper Officers levied applicable tax and imposed penalties totaling ₹ 0.34 crore (**Appendix 3.9**) during interception of conveyances. The taxpayers deposited ₹ 0.34 crore in their electronic cash ledgers but Proper Officers released goods and conveyances without debiting the electronic cash ledger, hence amount of ₹ 0.34 crore was not realised in the Government accounts before release of goods and conveyances.

A case of one taxpayer is illustrated below.

A Proper Officer under State Intelligence Preventive Unit (SIPU), Bathinda intercepted a conveyance on 3 December 2018 in a case<sup>88</sup> carrying goods from Moga to Faridkot having assessable value of ₹ 0.28 crore and created demand of ₹ 0.10 crore<sup>89</sup> including tax and penalty. The taxpayer concerned having GSTIN 03EMRP\*\*\*\*\*1Z4 deposited ₹ 0.10 crore on 14 December 2018 in electronic cash ledger and Proper Officer released the goods and conveyance on the same day. Audit observed that Proper Officer added the demand for tax and penalty in electronic liability register on 18 April 2019 after a lapse of four months after releasing the goods and conveyance. Thereafter, the liability of ₹ 0.05 crore against penalty was set off on 19 April 2019 by debiting the electronic cash ledger. Hence, there was delay of four months in setting off the liability for penalty of ₹ 0.05 crore and tax liability of ₹ 0.05 crore was not set off till the date of audit (July 2023).

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<sup>85</sup> Circular No. 41/15/2018-GST dated 13 April 2018

<sup>86</sup> Circular No. 03/2022

<sup>87</sup> Bathinda, Ludhiana, Patiala and Shambhu

<sup>88</sup> Case No. 183 dated 3 December 2018

<sup>89</sup> Tax demand ₹ 5,02,840 (CGST ₹ 2,51,420 plus SGST ₹ 2,51,420) and penalty ₹ 5,02,840

On being pointed out (July 2023), no reply was furnished by the Department (October 2024).

Out of twelve cases other than one illustrated above, SIPU, Ludhiana informed (May 2024) recoveries of ₹ 0.02 crore in one case<sup>90</sup> through electronic cash ledger. No replies were furnished in the remaining 11 cases (October 2024).

- ii. Similarly, Audit observed (July and August 2023) in 27 cases intercepted by the four State Intelligence Preventive Units<sup>91</sup> (SIPUs) that Proper Officers levied applicable tax and imposed penalties totaling ₹ 0.57 crore during interception of conveyances. The taxpayers concerned deposited ₹ 0.57 crore in their electronic cash ledgers and Proper Officers released goods and conveyances without debiting the electronic cash ledgers of the taxpayers, hence money was not realised in the Government accounts at the time of release of goods and conveyances. Thereafter, Proper Officers created liabilities under electronic liability register and debited the electronic cash ledger with a gap of 63 to 1,656 days (**Appendix 3.10**) after the release of goods and conveyances.

A case of one taxpayer is illustrated below.

A Proper Officer under State Intelligence Preventive Unit (SIPU), Shambhu intercepted a conveyance on 13 July 2018 in a case<sup>92</sup>, carrying goods from Punjab to Kanpur having assessable value of ₹ 0.09 crore and created demand of ₹ 0.11 crore<sup>93</sup> including tax and penalty on 31 July 2018. The taxpayer concerned having GSTIN 03AARF\*\*\*\*\*1Z5 deposited demand of ₹ 0.11 crore in electronic cash ledger on 31 July 2018. The Proper Officer released goods and conveyances after taxpayer deposited demand in his electronic cash ledger, however Proper Officer did not realise money in the Government account by debiting the electronic cash ledger of the taxpayer. Thereafter, Proper Officer created liability under electronic liability register on 2 May 2019 and debited the electronic cash ledger on 11 May 2019 with a gap of 284 days after the release of goods and conveyance.

On being pointed out (August 2023), no reply was furnished by the Department (October 2024).

Out of three SIPUs other than case of one SIPU illustrated above, the SIPU, Ludhiana stated that facility to create liability and set off electronic ledger was activated in 2019-20 so all the liabilities were created and set off subsequently. SIPU, Patiala replied in two cases<sup>94</sup> that the amount of tax and penalty deposited by the taxpayer in cash ledger cannot be utilised for any other purpose except

<sup>90</sup> Case No. 11 dated 30 May 2018

<sup>91</sup> Bathinda, Ludhiana, Patiala and Shambhu

<sup>92</sup> Case No. 020006 dated 13 July 2018

<sup>93</sup> Tax demand ₹ 1,64,584 (IGST), penalty ₹ 1,64,584 and fine ₹ 7,49,771

<sup>94</sup> Case No. 92 dated 8 April 2018 and 183 dated 6 October 2018

GST liability. SIPU, Bathinda replied that during initial period, the staff was not familiar with GST system. Moreover, despite delay there was no loss of revenue.

The replies of the SIPUs were not acceptable because the Department had issued advisory on creating and setting off of liability in October 2018 and delay in realisation of Government money beyond that period was not justifiable. Moreover, the amounts available under electronic cash ledger could have been utilised by the taxpayers for their liabilities arising during a tax period and in such a situation, risk of non-realisation of tax demand cannot be ruled out as seen by Audit in a case<sup>95</sup>, where amount of ₹ 52,500 deposited by taxpayer against demand was utilised by the taxpayer against other liabilities leaving insufficient amount in electronic cash ledger because Proper Officer had not debited the electronic cash ledger against the demand timely.

**[D] Non-reporting of invoices for outward supplies by taxpayers**

Section 37 of Punjab Goods and Services Tax Act, 2017 read with Rule 59(1) of Punjab Goods and Services Tax Rule, 2017 specifies that details of outward supplies of both goods and services are required to be furnished by the registered person in form GSTR-1.

During audit of sample 200 booked cases, Audit collected data in respect of tax invoices of such taxpayers, whose invoices were not found in violation of GST provisions during interception of conveyances and were allowed further movement without penalties. Audit cross verified this data from the GSTR-1 returns of the respective taxpayers and observed (August 2023) that five taxpayers had not reported ten tax invoices having assessable value of ₹ 2.96 lakh with tax implication of ₹ 46,484 (**Appendix 3.11**) in their GSTR-1 returns. Thus, these taxpayers did not discharge their tax liabilities after the supplies had moved past interception which indicated that these taxpayers might be involved in suppressing business transactions and tax evasion activities.

On being pointed out, the Jurisdictional Assistant Commissioner, Ludhiana-II replied (May 2024) that proceedings have been initiated against two taxpayers<sup>96</sup>. No reply was furnished by other jurisdictional officers (October 2024).

**[E] Non-levy of penalty on movement of goods without mandatory e-Waybill**

Rule 138 of Punjab Goods and Services Tax (PGST) Rules, 2017 provides for the e-Waybill mechanism. The information on the consignment is to be furnished prior to movement of goods and it is to be issued irrespective of whether the movement is in relation to supply or for reasons other than supply.

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<sup>95</sup> Case No. 292 dated 23 February 2019

<sup>96</sup> GSTIN: 03ADVP\*\*\*\*\*1ZD and 03AEHP\*\*\*\*\*1ZP

The e-Waybill was introduced with effect from 1 April 2018 for all inter-State movement of goods having value exceeding ₹ 50,000. For the intra-State movements, the e-Waybill was made mandatory in the State of Punjab with effect from 1 June 2018.

Section 129 (1) of Punjab Goods and Services Tax Act, 2017 provides that upon detention of goods and conveyances in transit in contravention of the Act, in case of taxable goods, (a) when owner of the goods comes forward for payment of tax and penalty, goods and conveyances shall be released on payment of the applicable tax and penalty equal to 100 *per cent* of the tax payable and (b) if owner of the goods does not come forward for payment of tax and penalty, goods and conveyances shall be released on payment of the applicable tax and penalty equal to the fifty *per cent* of the value of the goods reduced by the tax amount paid thereon.

During audit of sample 200 booked cases, Audit observed (July and August 2023) in two cases<sup>97</sup> under two State Intelligence Preventive Units<sup>98</sup> that Proper Officers allowed further movement of goods after interception, without imposing penalty which were being transported without mandatory e-Waybills.

A case is illustrated below.

A Proper Officer under State Intelligence Preventive Unit, Ludhiana intercepted conveyance in a case<sup>99</sup> on 26 November 2021, in which goods of a taxpayer having GSTIN 03AGZP\*\*\*\*\*1ZP were being transported from Punjab to Delhi. In this case, the total assessable value of goods was ₹ 67,762 under the cover of two invoices with assessable value of ₹ 46,130 and ₹ 21,632. The goods were being transported to the same purchaser taxpayer at the same place of delivery. As total value of the goods had exceeded ₹ 50,000, an e-Waybill was required to be generated mandatorily. Audit observed (August 2023) that no e-Waybill was generated for these invoices, hence movement of goods was not covered by mandatory e-Waybill document, for which penalty under Section 129(1) of the Act was required to be levied but Proper Officer allowed further movement of goods without levying any penalty.

On being pointed out, the Jurisdictional Assistant Commissioner, Ludhiana-II replied (May 2024) that proceedings have been initiated against the taxpayer.

In another case<sup>100</sup>, other than illustrated above, the Jurisdictional Assistant Commissioner replied (May 2024) that proceedings have been initiated against the taxpayer.

<sup>97</sup> Case No. 2240 dated 26 November 2021 (Ludhiana) and 263 dated 9 March 2019 (Bathinda)

<sup>98</sup> Bathinda and Ludhiana

<sup>99</sup> Case No. 2240 dated 26 November 2021 (Ludhiana)

<sup>100</sup> Case No. 263 dated 9 March 2019 (Bathinda)

**[F] Short levy of fine**

Section 129(1) of Punjab Goods and Services Tax Act, 2017 provides that upon detention of goods and conveyances in transit in contravention of the Act, in case of taxable goods, (a) when owner of the goods comes forward for payment of tax and penalty, goods and conveyances shall be released on payment of the applicable tax and penalty equal to 100 *per cent* of the tax payable and (b) if owner of the goods does not come forward for payment of tax and penalty, goods and conveyances shall be released on payment of the applicable tax and penalty equal to the fifty *per cent* of the value of the goods reduced by the tax amount paid thereon.

Section 130(1) of the Act provides that if any person supplies or receives any goods in contravention of any of the provisions of the Act with intent to evade payment of tax or does not account for any goods, on which he is liable to pay tax or supplies, any goods liable to tax under the Act without having applied for registration or contravenes any of the provisions of the Act with intent to evade payment of tax or uses any conveyance as a means of transport for carriage of goods in contravention of the provisions of the Act, unless the owner of the conveyance proves that it was so used without the knowledge or connivance of the owner himself, his agent, if any, and the person-in-charge of the conveyance, then, all such goods or conveyances shall be liable to confiscation and the person shall be liable to penalty under Section 122 of the Act.

Further, Section 130(2) of the Act provides that the owner of such goods or conveyance or the person referred to in Section 130(1) of the Act, shall, in addition, be liable to tax, penalty and charges payable in respect of such goods or conveyance.

According to the guideline<sup>101</sup> issued by the Central Board of Indirect Taxes and Customs and circulated by Punjab Taxation Department<sup>102</sup> on 21 March 2022, where the Proper Officer is of the opinion that movement of goods is being effected to evade payment of tax, he may directly invoke Section 130 of the Act by issuing a notice proposing to confiscate the goods and conveyance in form GST-MOV-10.

During audit of sample 200 booked cases, Audit observed (July and August 2023) in four intercepted cases<sup>103</sup> under two State Intelligence Preventive Units<sup>104</sup> that goods were transported without e-Waybills. Moreover, in two cases, the goods were also not covered by invoices and in two cases, the goods were more than quantity declared on invoices. The persons concerned could not produce account books and other related documents for verification of goods

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<sup>101</sup> Circular No. 41/15/2018-GST dated 13 April 2018

<sup>102</sup> Circular No 03/2022 dated 21 March 2022

<sup>103</sup> Case No. 552 dated 19 November 2019, 34 dated 5 April 2018, 1640 dated 12 October 2021 and 1028 dated 25 March 2021

<sup>104</sup> Ludhiana and Patiala

after the detention of goods and conveyance. The Proper Officers released goods and conveyance after imposing tax and penalty of ₹ 0.04 crore under Section 129(1) of the Act, whereas these cases were fit to be processed under Section 130(2) of the Act because goods were transported without documents with the intent to evade payment of tax.

A case is illustrated below.

A Proper Officer under State Intelligence Preventive Unit, Patiala intercepted conveyance in a case<sup>105</sup> on 5 April 2018, in which goods were being transported without e-Waybill and invoice. The Proper Officer released the goods and conveyance by levying tax and penalty of ₹ 0.02 crore under Section 129(1) of the Act, whereas the case was fit to be processed under Section 130(2) of the Act due to the fact that goods were transported with the intent to evade tax and person concerned had failed to produce books of accounts and other relevant documents for verification of goods.

On being pointed out, no reply was furnished by the Department (October 2024).

#### **[G] Unjustified imposition of fine on conveyance**

Section 130(1)(v) of the Punjab Goods and Services Tax Act, 2017 provides that if any conveyance is used as a means of transport for carriage of goods in contravention of the provisions of the Act, unless the owner of the conveyance proves that it was so used without the knowledge or connivance of the owner himself, his agent, if any, and the person-in-charge of the conveyance, then, all such goods or conveyances shall be liable to confiscation and the person shall be liable to penalty under Section 122 of the Act.

During audit of sample 200 booked cases, Audit observed in one case<sup>106</sup> under State Intelligence Preventive Unit, Patiala that a conveyance carrying iron scrap was intercepted by Proper Officer on 6 May 2021. The Proper Officer found that the taxpayer was supplying his goods at a price lower than the market value. The value of goods as per open market rate was ₹ 3.58 lakh at the rate of ₹ 33 per kilogram, whereas the value quoted in the invoice was ₹ 1.67 lakh at the rate of ₹ 16 per kilogram. The Proper Officer concluded that there was an attempt to evade the tax and imposed penalty and fine of ₹ 1.93 lakh for goods under Section 130(2) of the Act on the supplier taxpayer. In addition to this, the Proper Officer imposed a fine of ₹ 0.64 lakh on the conveyance.

Audit noticed (July 2023) that during interception of the conveyance, the person-in-charge of the conveyance was carrying required invoice and e-Waybill during transportation of goods. Audit also noted that Proper Officer did not find any other discrepancy related to description and quantity of goods

<sup>105</sup> Case No. 34 dated 5 April 2018

<sup>106</sup> Case No. 1173 dated 6 May 2021

during physical verification undertaken in the course of inspection. As per demand order issued by Proper Officer, the goods were undervalued by the supplier taxpayer. Audit opines that the violation had been made by supplier taxpayer as undervaluation of goods was not prima-facie connected to the owner or person-in-charge of the conveyance. Thus, the penalty of ₹ 0.64 lakh imposed by Proper Officer on conveyance was unjustified.

On being pointed out, no reply was furnished by the Department (October 2024).

### **3.10.2.3 Intra-Departmental co-ordination in monitoring e-Waybill related transactions**

The e-Waybill system is directly linked with movement of goods and State Intelligence Preventive Units (SIPUs) are entrusted with enforcing e-Waybill related provisions. The Additional Commissioner Taxation (Investigation) has access to analytical reports on e-Waybill transactions generated by National Informatics Centre (NIC) through NIC portal. As tax liability on the e-Waybill transactions is discharged by the taxpayers through periodical returns and the jurisdictional authorities act as Proper Officer for scrutiny of returns and assessment, Audit tried to ascertain the effectiveness of the usage of analytical reports by the SIPUs and to what extent intra-Departmental co-ordination exists in the Department. The findings of these studies are discussed in succeeding paragraphs.

#### **[A] Availing of input tax credit by the recipients in respect of consignments booked during interception for e-Waybill related violations**

Section 17(5)(i) of Punjab Goods and Services Tax Act, 2017 provides that tax paid under Section 129 and 130 of the Act, upon detention of goods or conveyances in transit, or towards redemption of confiscated goods/conveyances, shall not be available as input tax credit.

The Section 129 of the Act was amended with effect from 1 January 2022 to impose only penalty and word 'tax' was omitted.

Out of total sample of 200 cases, 176 cases were such cases, where demand notices were issued by State Intelligence Preventive Units (SIPUs) up to 31 December 2021. Audit analysed these cases to ascertain whether tax paid by the taxpayers under Section 129 was availed by the recipients as input tax credit and whether the Department had mechanism to send alerts to jurisdictional Proper Officers to ensure that input tax credit was not available to the recipients. Audit noticed that out of 176 cases, there were 29 cases<sup>107</sup>, where recipients were within jurisdiction of Punjab, hence these cases were examined to see whether input tax credits were availed by these taxpayers.

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<sup>107</sup> The cases covered both intra-State and inter-State supply category.

Audit observed (July and August 2023) in examined 29 cases that input tax credit totalling ₹ 0.17 crore (**Appendix 3.12**) was availed by all 29 taxpayers in their GSTR-2A returns. Audit also observed that the information related to cases booked during interception of conveyances, was not shared by the three sample State Intelligence Preventive Units<sup>108</sup> (SIPUs) with the jurisdictional officers concerned to ensure that input tax credit of the tax paid against the tax demands created under Section 129 of the Act was not availed by the recipients. Only SIPU, Patiala was in practice of sharing information of such cases to the jurisdictional offices of supplier taxpayers.

On being pointed out, SIPU, Patiala replied (September 2023) in four cases<sup>109</sup> that the consignees had availed input tax credit in lieu of supplies shown by the suppliers concerned in GSTR-1 and not in lieu of tax and penalty paid under Section 129 and 130 of the Act. Moreover, in all these cases, the jurisdictional officers for supplier taxpayers were intimated timely to verify the transactions of the taxpayers. SIPU, Bathinda replied (May 2024) that they will initiate the practice of intimating the jurisdictional officers regarding booked cases. No replies were furnished by SIPUs Shambhu and Ludhiana (October 2024).

**[B] Monitoring movement of goods by unregistered taxpayers, who had exceeded threshold limit**

Section 22 of the Punjab Goods and Services Tax Act, 2017 provides that every supplier making a taxable supply of goods or services or both in the State shall be liable to be registered under this Act, if his aggregate turnover in a financial year exceeds ₹ 20 lakh. The aggregate turnover limit was enhanced from ₹ 20 lakh to ₹ 40 lakh in case of suppliers engaged exclusively in supply of goods with effect from 1 January 2020.

In terms of Section 63 of the Punjab GST Act, where a taxable person fails to obtain registration even though liable to do so, the Proper Officer may proceed to assess the tax liability of such taxable person to the best of his judgment for the relevant tax periods and issue an assessment order within a period of five years from the due date for furnishing the annual return for the financial year to which the non-payment of tax relates, provided that no such assessment order shall be passed without giving the person an opportunity of being heard.

National Informatics Centre (NIC) prepares an analytical report named 'EWBs generated by Citizens (H5 report)' which provides details of e-Waybills generated by the unregistered persons.

Audit observed (June 2023) that State Intelligence Preventive Units were not utilising the analytical reports prepared by NIC for use by tax officers of the Centre and States. Audit analysed the datasets on outward supplies made by unregistered suppliers during 2018-19 to 2021-22 and identified 22 e-Waybills

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<sup>108</sup> Bathinda, Ludhiana and Shambhu

<sup>109</sup> Case No. 1222 dated 31 May 2021, 929 dated 13 February 2021, 1484 dated 14 August 2021 and 1494 dated 3 September 2021

which were generated by registered taxpayers on behalf of unregistered persons making outward supplies. Each identified e-Waybill carried an assessable value of not less than ₹ 40 lakh and total assessable value of these e-Waybills was ₹ 30.46 crore (**Appendix 3.13**). Identified cases were communicated (June and September 2023) to the Department to seek responses of the jurisdictional officers regarding whether unregistered taxpayers had taken GST registrations being suppliers exceeding turnover threshold limit of ₹ 40 lakh.

In response, the Department replied (November 2023) that DRC-01 has been issued in one e-Waybill<sup>110</sup>, DRC-01A have been issued in two e-Waybills<sup>111</sup>, ASMT-10 has been issued in one e-Waybill<sup>112</sup>, verification was under process in three e-Waybills<sup>113</sup>, tax was already paid by purchaser under reverse charge in two e-Waybills<sup>114</sup>, no registration was required in six e-Waybills<sup>115</sup> as the persons concerned were dealing in exempted goods only, action was pending in one e-Waybill<sup>116</sup>, registration of taxpayer was cancelled in one case<sup>117</sup>, one e-Waybill<sup>118</sup> was not reported by any Circle, taxpayer was under Centre's jurisdiction in one case<sup>119</sup> and action will be taken in three e-Waybills<sup>120</sup>.

The reply of the Department that tax had already been paid under reverse charge by a purchaser was not acceptable because the Department did not discuss the unregistered supplier, who was required to register due to turnover beyond threshold limit even if the tax had been paid by the recipient purchaser concerned. Moreover, initiation of actions after being pointed out in audit was indicative of non-monitoring of such cases by the Department.

### **[C] Monitoring non-movement of goods**

One of the analytical reports created by National Informatics Centre (NIC) for use by tax officers of the Centre and States, is the report on 'non-movement of vehicles (B1 report)' on which e-Waybills were generated.

Audit observed (December 2023) that State Intelligence Preventive Units were not utilising the analytical reports prepared by NIC for use by tax officers of the Centre and State. Audit analysed B1 report datasets and selected five suppliers<sup>121</sup> using stratified sampling technique for examination, where vehicles had not moved after generation of 30 e-Waybills (**Appendix 3.14**) involving

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<sup>110</sup> e-Waybill No. 181172795788

<sup>111</sup> e-Waybill No. 721023577231 and 331320708544

<sup>112</sup> e-Waybill No. 491026448363

<sup>113</sup> e-Waybill No. 371060393206, 371060277096 and 351061663285

<sup>114</sup> e-Waybill No. 741010468973 and 751009502821

<sup>115</sup> e-Waybill No. 361141213015, 331371472218, 711059671421, 311112257287, 351116606317 and 321108577204

<sup>116</sup> e-Waybill No. 171110762978

<sup>117</sup> e-Waybill No. 771104396972

<sup>118</sup> e-Waybill No. 301022149998

<sup>119</sup> e-Waybill No. 771074097431

<sup>120</sup> e-Waybill No. 231336231192, 291346655942 and 201356829444

<sup>121</sup> GSTIN: 03AAAC\*\*\*\*\*1ZF, 03AAZF\*\*\*\*\*1ZD, 03AAGF\*\*\*\*\*1ZE, 03ABVP\*\*\*\*\*1ZF and 03AIQP\*\*\*\*\*1ZD

assessable value of ₹ 1.76 crore and tax of ₹ 0.32 crore. On scrutiny of these e-Waybills, Audit noticed that four suppliers passed on input tax credit of ₹ 0.27 crore involved in 28 e-Waybills to the purchaser taxpayers without movement of vehicles. Further verification revealed that purchaser taxpayers concerned had availed the passed-on credit of ₹ 0.27 crore in their GST returns. On being pointed out, no reply was furnished by the Department (October 2024).

**[D] Report on multiple movements of vehicles**

NIC prepares two reports on multiple movements of vehicles viz. B4 report on ‘multiple movement of same vehicle’ and B5 report on ‘multiple movements in other vehicles’ for use by tax officers of the Centre and States.

Audit observed that State Intelligence Preventive Units were not utilising the analytical reports prepared by NIC. Though Audit noticed that B4 and B5 reports for the State of Punjab were nil during the scope of audit, yet there was need in the Department to sensitise the tax officers about the usage of analytical reports prepared by NIC including reports discussed above under paragraphs 5.5.2 and 5.5.3 as these reports put red flags on risky transactions but the same were not being used by the State tax officers.

The issue was discussed in exit meeting held on 6 May 2024 wherein Financial Commissioner (Taxation) after considering the usefulness of analytical reports, instructed the Department to bring all monitoring reports under one dashboard so that officers do not have to navigate to multiple reporting modules for accessing various monitoring reports.

**[E] Non sharing of information related to violations noticed during interception of goods and conveyances**

Section 64 of the Punjab GST Act provides that the Proper Officer may, on any evidence showing a tax liability of a person coming to his notice, with the previous permission of Additional Commissioner or Joint Commissioner, proceed to assess the tax liability of such person to protect the interest of revenue and issue an assessment order, if he has sufficient grounds to believe that any delay in doing so may adversely affect the interest of revenue provided that where the taxable person to whom the liability pertains is not ascertainable and such liability pertains to supply of goods, the person-in-charge of such goods shall be deemed to be the taxable person liable to be assessed and liable to pay tax and any other amount due under this section.

During audit of sample 200 booked cases, Audit observed (August 2023) in a case<sup>122</sup> under the State Intelligence Preventive Unit, Shambhu that a conveyance transporting goods from Mandi Gobindgarh was intercepted by the Proper Officer on 10 January 2022. The conveyance was found to be transporting

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<sup>122</sup> Case No. 876 dated 7 January 2022

goods without mandatory e-Waybill and invoice. The Proper Officer imposed penalty and fine of ₹ 1.83 lakh on the taxpayer having GSTIN 03EMPP\*\*\*\*\*2ZC under Section 130 of the Punjab GST Act and released the goods and conveyance after realising the demanded penalty and fine from the taxpayer. On further audit scrutiny of payments made by taxpayer in DRC-03 against the demands raised by the Proper Officers revealed that the taxpayer had previously paid tax, penalty and fine of ₹ 1.26 crore on 44 occasions between October 2021 and March 2022. However, the taxpayer filed nil GSTR-1 and GSTR-3B returns during October 2021 to June 2023 and registration of the taxpayer was still active (December 2023). As seen in the audit, the taxpayer was involved in recurrent violations of GST provisions and was filing nil GST returns. The Department needed to take up the case of taxpayer in scrutiny because the possibility of tax evasion by the taxpayer could not be ruled out due to the fact that taxpayer had made regular supplies as per interceptions and filed nil GST returns. Further, such violations discovered by Proper Officers during interception of conveyances needed to be shared with the jurisdictional tax officers so that recurrent GST violations could be avoided in the interest of Government revenue. However, the Audit noticed that out of four selected State Intelligence Preventive Units<sup>123</sup> (SIPUs), only Patiala was in practice of sharing the details of offences noticed during interception of conveyances with the jurisdictional tax officers concerned.

In exit meeting held on 6 May 2024, the Financial Commissioner (Taxation) instructed the officers concerned to investigate the matter being serious issue.

### **3.11 Conclusion**

The Performance Audit brought out shortcomings in design of the e-Waybill system, due to which composition taxpayers were able to generate inter-State e-Waybills, whereas as per GST provisions, the taxpayers making inter-State supplies were not eligible for composition scheme. Moreover, the taxpayers exceeding the prescribed threshold limit of turnover were required to be brought out of composition scheme and pay tax as normal taxpayer but there was lack of co-ordination between the e-Waybill system and GSTN portal, due to which even those composition taxpayers were able to generate e-Waybills, whose turnover had exceeded threshold limit and the taxpayers continued business activities as composition taxpayer. Further, e-Waybill system allowed generation of e-Waybills by non-filers and nil filers of the GST return. The nil filers were able to pass on the input tax credit to the purchaser taxpayers in GSTR-1 returns, whereas these taxpayers had not paid tax in GST returns. The e-Waybill system also allowed generation of multiple e-Waybills on the strength of single invoice. Moreover, e-Waybill system lacked efficient use of Vahan data as it was unable to identify the risky vehicles prior to generation of e-Waybills despite being mapped to Vahan data and it allowed generation of

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<sup>123</sup> Bathinda, Ludhiana, Patiala and Shambhu

e-Waybills using such vehicles which were stolen, scrapped, surrendered, cancelled or suspended as per information available on Vahan.

This audit also noticed deficiencies in preventive and enforcement activities of the Department. The targets for conducting verifications of e-Waybills were not fixed in State Intelligence Preventive Units. Further, State Intelligence Preventive Units were not utilising the analytical reports on risky transactions being generated by National Informatics Centre for use by tax officers of the Centre and States. It was also seen in the audit that detained goods and conveyances were released by Proper Officers without realising tax and penalty in Government accounts by debiting electronic cash ledger and release orders were issued after the persons deposited demanded amount of tax and penalty in electronic cash ledger. Moreover, there was lack of intra-Department and inter-Department coordination as information related to offences noticed by Proper Officers of State Intelligence Preventive Units during interception of conveyances was not shared with the jurisdictional tax officers concerned. Audit also observed from e-Waybill transactions that unregistered persons had made supplies in excess of threshold limit of ₹ 40 lakh, beyond which GST registration was mandatory.

### **3.12 Best Practices**

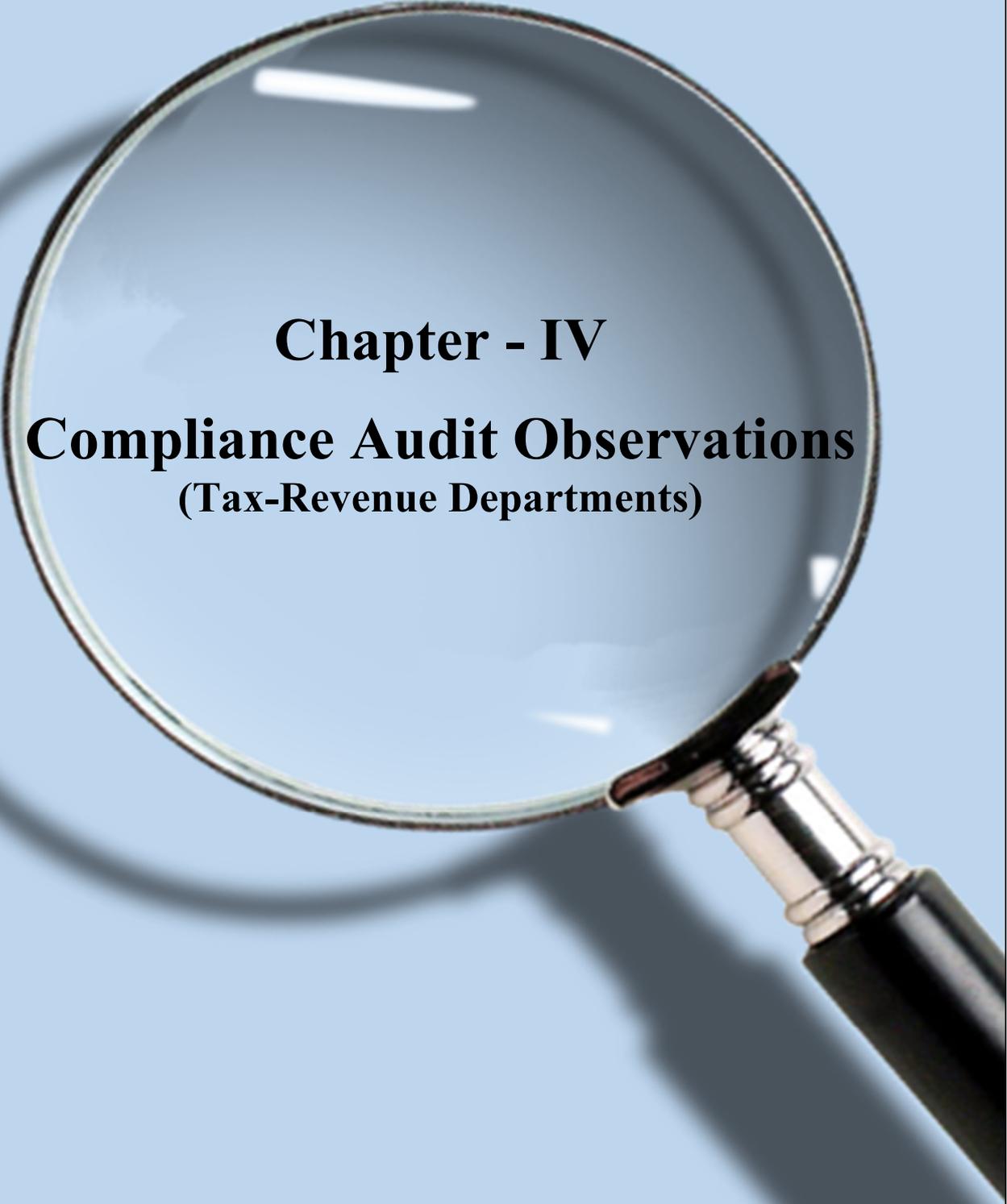
The Punjab Taxation Department has set up seven dedicated preventive units named State Intelligence Preventive Units at Amritsar, Bathinda, Fazilka, Jalandhar, Ludhiana, Patiala and Shambhu for checking the correctness of the documents carried in support of the goods transported in the State. These are integral parts of enforcement activities to supplement the efforts of the Department to prevent and check tax evasions. The State Intelligence Preventive Unit at Patiala is in practice of sharing details of offences discovered during interception of goods and conveyances with the jurisdictional tax officers of supplier taxpayers, which is in the interest of protecting the Government revenue. This practice may be followed by other State Intelligence Preventive Units in the State.

### **3.13 Recommendations**

1. The e-Waybill system may be designed to efficiently use the taxpayer's information available on GSTN and implement the requirements of GST provisions by restricting generation of inter-State e-Waybills by composition taxpayers.
2. Adequate validation checks may be introduced in the e-Waybill system so that e-Waybill system is able to analyse the taxpayer's profile and allow only such data which may be applicable to a category of taxpayer like type of supply and rates of taxes as applicable to composition taxpayer or normal taxpayer.
3. Validation checks may be implemented in e-Waybill system to identify status of the vehicle from Vahan data like stolen, scrapped, cancelled,

suspended, surrendered or active vehicle before generation of e-Waybill so that e-Waybills against risky vehicles are not generated.

4. The Department may consider issuing suitable instructions to the Proper Officers to analyse e-Waybills generated by the taxpayer before cancellation of registration of taxpayer retrospectively and take action for recovery of tax, whenever applicable.
5. The Department may consider including suitable validation controls in e-Waybill system to prevent use of same invoice for generation of multiple e-Waybills.
6. The analytical reports generated by National Informatics Centre on risky e-Waybill transactions may be utilised by Departmental officers for identifying probable cases of tax evasion.
7. Proper Officers in State Intelligence Preventive Units may be instructed to ensure that detained goods or conveyances are released only after the payments against demands are realised into the Government treasury.
8. The Department may consider incorporating validation control in e-Waybill system to prevent generation of e-Waybills of more than threshold limit, where the suppliers were unregistered persons.



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



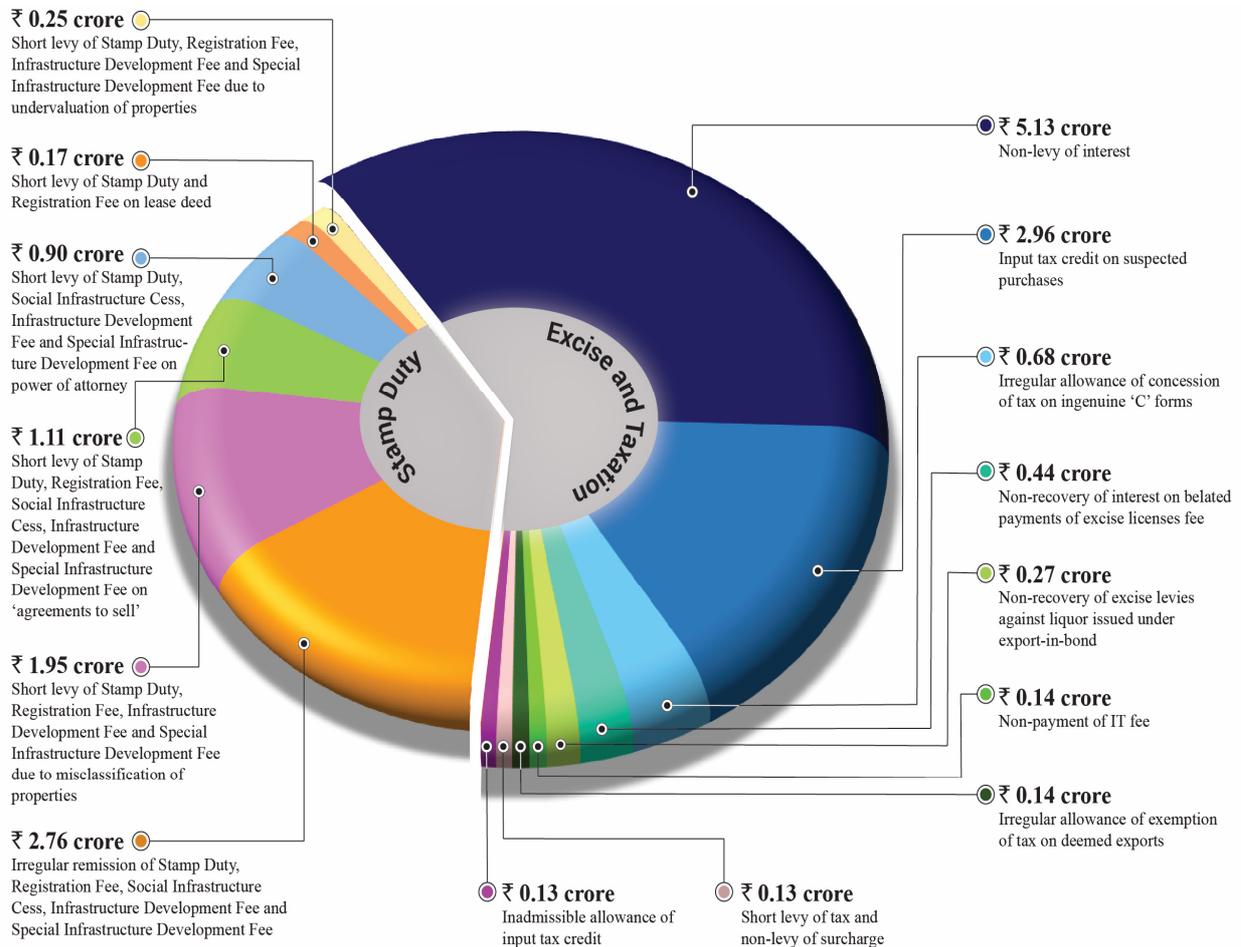
## Chapter-IV

### Compliance Audit Observations (Tax-Revenue Departments)

This chapter contains 15 observations covering compliance issues under Tax Revenue Departments involving financial effect of ₹ 17.16 crore in 1,661 cases. The Departments accepted audit observations involving ₹ 10.35 crore in 1,633 cases and recovered ₹ 0.48 crore in 412 cases. The replies provided by the authorities have been incorporated in the relevant observations. These are discussed in the following observations from paragraphs 4.1 to 4.15.

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

**Chart 4.1: Summary of audit observations**



This Chapter contains **15 Audit Observations** involving ₹ **17.16 crore** in **1,661 cases**



Departments accepted **1,633 cases** involving ₹ **10.35 crore**



Recoveries of ₹ **0.48 crore** made in **412 cases** up to finalisation of this Audit Report

## Excise and Taxation Department

### 4.1 Non-levy of interest

*Assessing Authorities in 10 ACSTs raised additional demand of ₹ 12.92 crore in 20 assessment cases due to non-submission of statutory declarations but did not levy interest of ₹ 5.13 crore.*

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

Audit scrutiny (between May 2022 and January 2023) of 20 assessment cases finalised during 2020-21 and 2021-22 under 10 Assistant Commissioners of State Tax<sup>1</sup> (ACSTs) revealed that dealers had declared inter-State sale/branch transfer/deemed export/transit sale of taxable goods in their annual tax returns for the period from 2012-13 to 2016-17, and availed concession/exemption from Central sales tax on such sales in their annual returns. However, at the time of assessment, the dealers failed to produce statutory declarations<sup>2</sup> in respect of transactions on which concession/exemption from the Central sales tax had been availed in annual returns. Consequently, the Assessing Authorities raised additional tax demands of ₹ 12.92 crore on account of differential tax amount due to non-submission of statutory declarations. Since the dealers had failed to produce statutory declarations, they were liable to pay interest of ₹ 5.13 crore at the rate of 0.5 *per cent* per month on the differential tax amount. However, Assessing Authorities did not levy interest of ₹ 5.13 crore (**Appendix 4.1**).

The matter was reported to the Government and Department (June 2023 and September 2023).

The Department replied (August 2023) that interest was not leviable for the period prior to date of assessment as per principles laid down by Hon'ble Supreme Court in case of J. K. Synthetics Ltd. vs CTO (1994). The Department also referred to the case of M/s Eicher Goodearth Ltd. vs State of Haryana decided by Punjab and Haryana High Court on 25 April 2013, where the High Court had relied on the principles laid down by the Apex Court in

<sup>1</sup> Amritsar-I, Amritsar-II, Faridkot, Fatehgarh Sahib, Ferozepur, Gurdaspur, Hoshiarpur, Jalandhar-I, Ludhiana-I and Ludhiana-III

<sup>2</sup> Forms applicable for statutory declarations as per Central Sales Tax (Registration & Turnover) Rules, 1957: Form 'C' for inter-State sale, Form 'E1' and 'E2' for transit sale and Form 'H' for deemed export

case of J. K. Synthetics Ltd.

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

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

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

In subsequent replies (November 2024) furnished to Audit, four Assistant Commissioners<sup>3</sup> informed that recovery proceedings in six cases were under process and one Assistant Commissioner<sup>4</sup> replied that notices for recoveries in four cases have been issued.

**The Government may direct the Department to recover interest of ₹ 5.13 crore referred to in this paragraph and avoid repetition of such errors.**

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<sup>3</sup> Amritsar-II, Faridkot, Fatehgarh Sahib and Ferozepur

<sup>4</sup> Hoshiarpur

## 4.2 Input tax credit on suspected purchases

*Assessing Authorities allowed input tax credit of ₹ 2.96 crore on suspected/doubtful purchases in two cases.*

Section 13(12) of the Punjab Value Added Tax Act, 2005 provides that in no case the amount of input tax credit on purchase of goods shall exceed the amount of tax actually paid into the Government treasury on purchase of such goods.

The Taxation Department maintained a network called ETTSA<sup>5</sup> on which each dealer was required to fill details of sale/purchase made by him. Quarterly return in VAT-15 and annual return in VAT-20 were also required to be filed by the dealers on the network. The network also captured the movement of goods in and out of the State in respect of dealers through Information Collection Centres (ICCs) and detail of tax paid by the dealers. The Department, *inter-alia*, used this network to validate the purchase details of purchaser dealer with sale details of seller dealer. Any break in sale/purchase chain of a dealer, unless justified, was indicative of creation of bogus input tax credit.

Scrutiny of two assessment cases (August and November 2022) for the year 2014-15 assessed<sup>6</sup> under Assistant Commissioner of State Tax, Ludhiana-I and Ludhiana-III revealed that input tax credit of ₹ 2.96 crore<sup>7</sup> was allowed by the assessing authorities against the input purchases of ₹ 48.62 crore<sup>8</sup> declared by the purchaser dealers in their purchase returns<sup>9</sup>. Further audit analysis of information available on ETTSA network showed that there was either break in the purchase chain because the seller dealers had not shown sale to the purchaser dealers or seller dealers had declared purchases from such dealers whose registrations had been cancelled. Hence, no tax was paid to the Government account in the purchase chain which was indicative of creation of bogus input tax credit. The Assessing Authorities did not exercise due diligence and allowed the input tax credit of ₹ 2.96 crore against suspected/doubtful purchases despite having sale/purchase details of the dealers available on ETTSA network for verifications.

The cases are explained below:

**Ludhiana-III:** Dealer 'A' made purchases of ₹ 29.59 crore from dealer<sup>10</sup> 'B' during the year 2014-15 and claimed input tax credit of ₹ 1.79 crore against the purchases. The Assessing Authority under Assistant Commissioner of State

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<sup>5</sup> Excise and Taxation Technical Services Agency

<sup>6</sup> **Ludhiana-I:** Assessment Case Disposal No. 100 dated 10 September 2021

**Ludhiana-III:** Assessment Case Disposal No. 19 dated 16 August 2021

<sup>7</sup> **Ludhiana-I:** ₹ 1.17 crore plus **Ludhiana-III:** ₹ 1.79 crore

<sup>8</sup> **Ludhiana-I:** ₹ 19.03 crore plus **Ludhiana-III:** ₹ 29.59 crore

<sup>9</sup> Purchase information is filed in VAT-24 return.

<sup>10</sup> TIN: 03082115773

Tax (ACST), Ludhiana-III assessed<sup>11</sup> the case of the dealer ‘A’ in August 2021 and allowed input tax credit of ₹ 1.79 crore. Audit analysed sale<sup>12</sup> data of the dealer ‘B’ from information available on ETTSA network and found that the dealer ‘B’ had not made any sale to the dealer ‘A’ during the year 2014-15. Moreover, purchases of the dealer ‘B’ were from such dealers, whose registrations were cancelled<sup>13</sup> between 1 April 2012 and 31 December 2015. Further, it was observed that the dealer ‘B’ had requested for cancellation of registration on 21 August 2012 and same was cancelled on 2 October 2015. Thus, as per information available on ETTSA, the transactions in the purchase chain were suspicious but Assessing Authority allowed input tax credit of ₹ 1.79 crore to the dealer ‘A’ against these suspected transactions.

**Ludhiana-I:** Dealer ‘C’ made purchases of ₹ 19.03 crore from dealer<sup>14</sup> ‘D’ during the year 2014-15 and claimed input tax credit of ₹ 1.17 crore against the purchases. The Assessing Authority under Assistant Commissioner of State Tax (ACST), Ludhiana-I assessed<sup>15</sup> the case of the dealer ‘C’ in September 2021 and allowed input tax credit of ₹ 1.17 crore. Audit analysed purchase data of the dealer ‘D’ from information available on the ETTSA network and noticed that the dealer ‘D’ had shown his entire purchase from the dealer<sup>16</sup> ‘E’, whose registration had already been cancelled by the Department in February 2013. Hence, the transactions starting from dealer ‘C’ to ‘E’ were suspicious and Assessing Authority allowed input tax credit of ₹ 1.17 crore to the dealer ‘C’ without exercising due diligence.

The matter was reported to the Government and the Department (September 2023 and November 2023); their replies are awaited (January 2025). However, on being pointed out, Assistant Commissioners accepted (March 2024) the audit observations in both pointed out cases and stated that the cases would be reassessed.

**The Government may direct the Department to investigate the *modus operandi* for creation of bogus input tax credit and fix the responsibilities of person(s) involved besides making recoveries in the pointed-out cases.**

<sup>11</sup> Assessment Case Disposal No. 19 dated 16 August 2021

<sup>12</sup> Sale information is filed in VAT-23 return.

<sup>13</sup> Cancellation of registrations

Sr. No.	TIN	Cancellation date	Sr. No.	TIN	Cancellation date
1.	03281123909	01.04.2012	7.	03911154483	01.04.2015
2.	03262072412	14.10.2013	8.	03141160096	06.05.2015
3.	03142028343	01.04.2014	9.	03301032259	30.06.2015
4.	03692012084	13.10.2014	10.	03042048283	15.10.2015
5.	03111079942	27.01.2015	11.	03402098719	31.12.2015
6.	03552170659	23.02.2015			

<sup>14</sup> TIN: 03812155966

<sup>15</sup> Assessment Case Disposal No. 100 dated 10 September 2021

<sup>16</sup> TIN: 03512072420

### 4.3 Irregular allowance of concession of tax on in-genuine 'C' forms

*The Assessing Authority allowed irregular concession of Central Sales Tax of ₹ 0.68 crore in one assessment case without ensuring that 'C' forms were genuine.*

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

Scrutiny of records (January 2023) in the Assistant Commissioner of State Tax, Ferozpur revealed that Assessing Authority allowed the concessional tax (CST) of two *per cent* in one assessment case<sup>17</sup> of a dealer for the year 2013-14 against inter-State sale of goods worth ₹ 5.53 crore on the basis of four 'C' forms<sup>18</sup>. Audit noticed that these 'C' forms were suspected to be ingenuine as the same were not verifiable on Tinxsys<sup>19</sup> portal. On further verification from the taxation authorities concerned of Delhi and Uttarakhand by whom these 'C' forms were stated to have been issued, it was found that forms were not issued by the taxation authorities, hence were not genuine. The Assessing Authority allowed the concession of tax without ensuring that the forms were genuine. CST of ₹ 0.79 crore<sup>20</sup> at the normal rate of 14.30 *per cent*<sup>21</sup> (including surcharge) was leviable on the goods of ₹ 5.53 crore, whereas CST of ₹ 0.11 crore<sup>22</sup> at concessional rate of two *per cent* was levied. This resulted in irregular allowance of concession of tax of ₹ 0.68 crore.

The matter was reported to the Government and the Department (July 2023 and September 2023); their replies are awaited (January 2025). However, Assistant Commissioner, Ferozpur replied (November 2024) that recovery proceedings were under process.

**The Government may direct the Department to investigate the source of induction and circulation of fake statutory forms and recover the tax of ₹ 0.68 crore in the assessment case referred to in this para.**

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<sup>17</sup> Assessment Case Disposal No. 122 dated 17 November 2020

<sup>18</sup> Delhi: (i) 16P 9011423 (ii) 16P 8857578 (iii) 16P 8857579 Uttarakhand: (iv) UA/C-2014/4577152

<sup>19</sup> Tax Information Exchange System (Tinxsys) is online facility for tracking of inter-State transactions.

<sup>20</sup> ₹ 5,53,39,047 x 14.30/100 = ₹ 79,13,484

<sup>21</sup> Out of gross sale of ₹ 13,07,56,233, the sale of ₹ 12,90,98,278 is at the rate of 14.30 *per cent* which works out to 98.73 *per cent* of the gross sale. As significant portion of sale is at the rate of 14.30 *per cent*, this rate of tax has been adopted for levying tax at the normal rate.

<sup>22</sup> ₹ 5,53,39,047 x 2/100 = ₹ 11,06,781

#### 4.4 Irregular allowance of exemption of tax on deemed exports

*The Assessing Authority allowed inadmissible benefit of zero tax rate against deemed export without ensuring genuineness of statutory 'H' forms, resulting in irregular allowance of tax exemption of ₹ 0.14 crore.*

Section 6(1) read with Section 8(1) of the Central Sales Tax Act, 1956 provides for levy of tax at the rate of two *per cent* on all sales<sup>23</sup> in the course of inter-State trade or commerce. Further, Section 5(1) of the Act defines that sale or purchase of goods shall be deemed to take place in the course of the export of goods out of the territory of India, if the sale or purchase either occasions of such export or is effected by a transfer of documents of title to the goods after the goods have crossed the customs frontiers of India. Section 5(3) of the Act clarifies that last sale or purchase of any goods preceding the sale or purchase occasioning the export of those goods out of the territory of India shall also be deemed to be in the course of export, if such last sale or purchase took place after, and was for the purpose of complying with, the agreement or order for or in relation to such export. No tax is payable on such export of goods as per proviso below Section 6(1) read with Section 5(4) of the Act, if selling dealer furnishes to the prescribed authority, a declaration duly filled and signed by the exporter to whom the goods are sold under Section 5(3) of the Act, in a prescribed form (Form 'H')<sup>24</sup> obtained from the prescribed authority. The prescribed authority in this case is the sales tax authority of the appropriate State in terms of Section 9(2) of the Central Sales Tax Act, 1956 and Rule 2(cc) of the Central Sales Tax (Registration and Turnover) Rules, 1957.

Audit scrutiny (May 2023) of an assessment case<sup>25</sup> for the year 2014-15, assessed in November 2021 under Assistant Commissioner of State Tax, Moga revealed the Assessing Authority allowed benefit of zero tax rate to the selling dealer against deemed export of ₹ 2.53 crore on the basis of six 'H' forms<sup>26</sup>. Audit noticed that 'H' forms submitted by selling dealer were suspected to be ingenuine because these could not be verified on Tinxsys<sup>27</sup> as well as on the web portal of Taxation Department of Delhi, which was stated to be tax authority of the exporters. Audit got these 'H' forms verified from the Taxation Department of Delhi to ascertain the genuineness of the forms. As per information received from the Taxation Department of Delhi, the suspected 'H' forms were not verifiable because as per their records, the forms were not issued to the exporters, who were stated to have supplied these to the

<sup>23</sup> Other than electrical energy goods

<sup>24</sup> 'Certificate of export' in Form-H prescribed under Rule 12(10)(a) of the Central Sales Tax (Registration and Turnover) Rules, 1957.

<sup>25</sup> Assessment Case Disposal No. 102 dated 15 November 2021

<sup>26</sup> (i) Form No. 12226622871036: ₹ 0.31 crore (ii) Form No. 12226622871036: ₹ 0.51 crore (iii) Form No. 12225102469831: ₹ 0.66 crore (iv) Form No. 12225102469831: ₹ 0.61 crore (v) Form No. 12225102123954: ₹ 0.05 crore and (vi) Form No. 12225102123958: ₹ 0.39 crore

<sup>27</sup> Tax Information Exchange System (Tinxsys) is online facility for tracking inter-State transactions.

selling dealer. Thus, the Assessing Authority allowed the tax exemption to the selling dealer without ensuring genuineness of the forms. This resulted in irregular allowance of tax exemption of ₹ 0.14 crore<sup>28</sup>.

The matter was reported to the Government and the Department (December 2023 and March 2024); their replies are awaited (January 2025). However, on being pointed out, the Assistant Commissioner of State Tax stated (November 2024) that the case has been sent to jurisdictional officer concerned for verification of 'H' forms and final reply will be submitted after verification of forms.

**The Government may direct the Department to investigate the source of induction and circulation of fake statutory forms and recover the tax of ₹ 0.14 crore in the assessment case referred to in this paragraph.**

#### **4.5 Short levy of tax and non-levy of surcharge**

*Assessing Authority short levied tax of ₹ 5.39 lakh and did not levy surcharge of ₹ 7.95 lakh on inter-State sale without statutory declarations.*

Sections 8(1) and 8(4) of Central Sales Tax (CST) Act, 1956 read with Rule 12(1) of Central Sales Tax (Registration and Turnover) Rules, 1957 provides that concessional tax at the rate of two *per cent* in case of inter-State sale shall not apply unless the selling dealer furnishes to the prescribed authority, a declaration in Form 'C', duly filled and signed by the registered dealer to whom the goods are sold. Further, Section 8(B) of Punjab Value Added Tax Act, 2005 provides for levy of surcharge at the rate of 10 *per cent* of the tax.

Audit scrutiny (January 2023) of assessment records of Assistant Commissioner of State Tax, Faridkot revealed that the Assessing Authority in nine assessment cases levied tax of ₹ 20.23 lakh at the normal rate of tax applicable in the State due to non-submission of statutory declarations in Form 'C' against the inter-State sale. However, Assessing Authorities did not levy surcharge of ₹ 2.02 lakh applicable at the rate of 10 *per cent* of the tax. Further, in four similar cases of inter-State sale without statutory declarations, the Assessing Authority short levied the tax of ₹ 5.39 lakh by applying incorrect rate<sup>29</sup> of tax and also did not levy surcharge of ₹ 5.93 lakh. The omissions in these assessments resulted in short levy of tax and non-levy of surcharge amounting to ₹ 13.34 lakh (**Appendix 4.2**).

The matter was reported to the Government and the Department (August 2023 and September 2023); their replies are awaited (January 2025). However, Assistant Commissioner of State Tax replied (March and November 2024)

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<sup>28</sup> Tax has been worked out at the rate of 5 *per cent* plus 10 *per cent* surcharge applicable on paddy and rice sold by assessee against 'H' forms.

<sup>29</sup> Assessing Authority incorrectly applied 5 *per cent* rate of tax instead of applicable 5.5 *per cent*.

that recovery of ₹ 13,833 had been made in five cases<sup>30</sup> and notices for recovery of ₹ 13.20 lakh had been issued in remaining cases.

**The Government may direct the Department to recover remaining ₹ 13.20 lakh referred to in this paragraph and fix the responsibility of Assessing Authority concerned for lapse.**

#### 4.6 Inadmissible allowance of input tax credit

***Assistant Commissioner of State Tax, Ludhiana-I allowed input tax credit of ₹ 0.13 crore on goods, which were not used towards taxable sale.***

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

Audit scrutiny (November 2022) of assessment records of the Assistant Commissioner of State Tax, Ludhiana-I revealed that the Assessing Authority, while assessing the assessment case<sup>31</sup> of a dealer for the year 2014-15, allowed input tax credit of tax that was paid by the dealer on purchases of taxable goods, however, all such purchased goods were not used towards taxable sale. Audit observed that the dealer had taxable purchases worth ₹ 7.93 crore on which input tax credit of ₹ 0.48 crore (including surcharge) was availed. Further, the dealer used tax paid purchases worth ₹ 8.66 crore<sup>32</sup> towards sales, out of which only sale valuing ₹ 6.07 crore was taxable. The remaining sale valuing ₹ 2.59 crore was tax free. The dealer was not entitled for the input tax credit of ₹ 0.14 crore involved in the goods of ₹ 2.59 crore which were cleared without paying tax.

However, the Assessing Authority reversed only ₹ 0.009 crore during assessment, resulting in inadmissible allowance of input tax credit of ₹ 0.13 crore (**Appendix 4.3**).

The matter was reported to the Government and the Department (September 2023 and November 2023); their replies are awaited (January 2025). On being pointed out, the Assistant Commissioner accepted (March 2024) the audit observation and stated that the case would be reassessed.

**The Government may direct the Department to recover ₹ 0.13 crore referred to in this paragraph and fix the responsibility of Assessing Authority concerned for lapse.**

<sup>30</sup> Disposal No. 12 dated 9.10.2020: ₹ 2755, Disposal No. 25 dated 21.10.2020: ₹ 2,365, Disposal No. 26 dated 21.10.2020: ₹ 2,050, Disposal No. 27 dated 21.10.2020: ₹ 2,307, Disposal No. 66 dated 3.12.2020: ₹ 4,356

<sup>31</sup> Assessment Case Disposal No. 67 dated 13 August 2021

<sup>32</sup> The dealer had opening balance of taxable purchases of ₹ 2,02,93,680. During the year, taxable purchases were ₹ 7,93,25,909. Therefore, the dealer had total taxable purchases of ₹ 9,96,19,589 at his disposal.

#### 4.7 Non-levy of interest on belated payments of excise licenses fee

*Provisions of penal interest to enforce timely payment of excise dues were not applied by seven Assistant Commissioners (Excise) on belated payments of excise license fee, due to which interest of ₹ 0.44 crore was not recovered for the delayed payments of license fee against 1,507 licenses.*

Rule 11 read with Rule 12(b) of the Punjab Liquor License Rules, 1956 provides that the application for renewal of licenses shall be submitted by 31 January of each financial year and orders for renewals shall be made by 30 March in respect of licenses for the following financial year. The fee for renewal of a license shall be payable within seven days of renewal of license as per Rule 34. In March 2021, the Government of Punjab amended Punjab Liquor License Rules, 1956 and inserted a sub-Rule 5 below Rule 25 making the provisions for interest and penal action against the delayed payments of all types of duties or fee or charges from all licensees. The amendment came into force with effect from 1 April 2021<sup>33</sup> and as per provisions, an interest at the rate of 1.5 per cent per month, to be calculated on daily basis, was chargeable on delayed payments.

Scrutiny of the records (June to December 2022) of seven Assistant Commissioners<sup>34</sup> (Excise) revealed that excise license fee of ₹ 4.91 crore was belatedly deposited during 2021-22 against various categories<sup>35</sup> of 1,507 licenses<sup>36</sup> with delay ranging between 4 and 364 days, however, interest of ₹ 0.44 crore at the rate of 1.5 per cent per month for belated<sup>37</sup> payments was not levied by the Department.

The matter was reported to the Government and the Department (between August 2023 and April 2024); their replies are awaited (January 2025). However, on being pointed out, five Assistant Commissioners<sup>38</sup> reported (January 2025) recoveries of ₹ 0.10 crore against 403 licenses, out of which recoveries of ₹ 16,377 could not be verified due to mismatch in data. In addition to this, Assistant Commissioner, Jalandhar (East) intimated (January 2025) recoveries of ₹ 0.02 crore but did not provide details of licenses and challans. Further recovery is awaited (January 2025).

<sup>33</sup> Except for L-2 (Indian Made Foreign Liquor retail vend) and L-14A (Punjab Medium Liquor retail vend) licenses. In respect of these licenses, the Rule 25(5) became effective from 2 February 2021.

<sup>34</sup> Amritsar, Bhatinda, Hoshiarpur, Jalandhar (East), Jalandhar (West), Ludhiana (West) and Patiala

<sup>35</sup> **Hotel:** L-3 **Restaurant:** L-4, L-4A, L-5, L-5A, L-5B **Marriage Palace:** L-5D **Micro Brewery:** L-10C **Country Liquor wholesale and retail vend:** L-13 **Ahata:** L-52

<sup>36</sup> Amritsar:377, Bhatinda:18, Hoshiarpur:383, Jalandhar (East):274, Jalandhar (West):197, Ludhiana (West):256 and Patiala:2

<sup>37</sup> Delay has been worked out from 1 April 2021 by adopting conservative audit approach because specific last date for deposit of fee has not been provided in the rules. Generally, Excise Policy of a financial year with revised rates of excise duties and fees is finalised in the month of February or March of preceding financial year, hence licensees may not know rate of license fee prior to issue of new excise policy of next year. Therefore, delay has been worked out from 1<sup>st</sup> of April, since when the license becomes effective and licensee is well aware of rate of license fee to be paid.

<sup>38</sup> Bathinda (18 license: ₹ 38,038), Hoshiarpur (131 License: ₹ 3,40,014), Jalandhar-West (71 License: ₹ 1,87,441), Ludhiana-West (181 License: ₹ 3,81,179) and Patiala (2 License: ₹ 9,600)

The Government may direct the Department to enforce provisions of penal interest in cases of belated payments of excise dues and recover the balance amount of interest from the licensees referred to in this paragraph.

#### 4.8 Non-recovery of excise levies against liquor issued under export-in-bond

*Officer-in-Charge (Excise) did not recover excise levies of ₹ 0.27 crore from a bottling plant for failing to produce consignment receipt certificates against 5,926.50 proof litres of Indian Made Foreign Liquor issued under export-in-bond.*

Section 31 of the Punjab Excise Act, 1914 empowers the Government of Punjab to charge excise levies on the excisable articles. The excise levies at the rate of ₹ 450 per proof litre<sup>39</sup> were fixed in 2021-22 for Indian Made Foreign Liquor. However, excise levies were not payable under Rule 2-C of the Punjab Liquor Permit and Pass Rules, 1932 for removal of preparations containing rectified spirit under export-in-bond from the premises of approved manufacturer in the State of Punjab to other State or Union Territory in India, if the prescribed procedure as explained below was followed:

- The person importing preparations shall send an import-in-bond permit signed by the Collector or authorised officer of the district of destination to the approved manufacturer in the State of Punjab.
- Consignments of preparations shall be issued by the manufacturer in the State of Punjab under export-in-bond authority<sup>40</sup> granted by the Collector of the district in which premises of the approved manufacturer is situated.

The export-in-bond authority is granted when approved manufacturer in the State of Punjab had given a bond<sup>41</sup> binding himself to pay excise levies on the consignment in the event of failure to produce a consignment receipt certificate<sup>42</sup> signed by an authorised officer of the destination district within sixty days of the issuance of pass for consignment containing rectified spirit. In case such a certificate is not received by the approved manufacturer within sixty days, the Deputy Excise and Taxation Commissioner (Distilleries) has the power to allow an additional period of one hundred and twenty days, subject to the furnishing of a Bank Guarantee of twenty five *per cent* of the duty due.

Audit observed (March 2023) from the records of Officer-in-Charge (Excise) in a bottling plant<sup>43</sup> for the years 2019-20 to 2021-22 that the bottling plant

<sup>39</sup> Excise duty at the rate of ₹ 355 per proof litre + special license fee at the rate of ₹ 5 per proof litre + excise duty at the rate of ₹ 90 per proof litre (erstwhile known as Extra License Fee).

<sup>40</sup> Form L-36

<sup>41</sup> Form L-37

<sup>42</sup> Form L-38

<sup>43</sup> M/s A-One Wineries, Sangrur

had issued two consignments<sup>44</sup> of Indian Made Foreign Liquor containing 5,926.50 proof liters in January and February 2020 to Uttarakhand under export-in-bond. The records related to bond furnished by the bottling plant and export-in-bond authority granted by the Collector were not produced to Audit. However, scrutiny of consignments records and further status verified by Audit from the Officer-in-Charge confirmed (March 2024) that consignment receipt certificates against both of the consignments were not produced by the bottling plant. Despite required consignment receipt certificates not produced against 5,926.50 proof litres, the excise levies of ₹ 0.27 crore at the rate of ₹ 450 per proof litre were not recovered by the Officer-in-Charge from the bottling plant.

The matter was reported to the Government and the Department (March and May 2024); their replies are awaited (January 2025). However, Officer-in-Charge accepted (May 2024) the audit observation and intimated recoveries of ₹ 0.07 crore<sup>45</sup>. Further recoveries were awaited (October 2024).

**The Government may direct the Department to recover the balance ₹ 0.20 crore in the above case and ensure that excise levies in such cases are invariably recovered.**

#### **4.9 Non-payment of IT fee**

***Officer-in-Charge at one distillery did not ensure payment of IT fee of ₹ 0.14 crore at the time of issue of Punjab Medium Liquor and Indian Made Foreign Liquor from the distillery during 2018-19.***

Rule 25(41) of the Punjab Liquor License Rules, 1956 as amended vide Notification<sup>46</sup> dated 22 March 2018 provided for levy of IT fee at the rate of ₹ 0.50 per proof litre on Punjab Medium Liquor (PML), Indian Made Foreign Liquor (IMFL) and ₹ 0.50 per bulk litre on Beer. The fee was leviable from 1 April 2018 at the time of issuance of transport permit for transport of PML, IMFL and Beer from the manufacturer to the wholesale licensees.

Scrutiny of records (March 2023) of Officer-in-Charge (Excise) at one<sup>47</sup> distillery revealed that 26,69,364 proof litre of PML and 1,85,539 proof litre of IMFL was issued by the distillery during 2018-19, on which IT fee of ₹ 0.14 crore<sup>48</sup>, payable under Rule 25(41) *ibid*, was not paid.

The matter was reported to the Government and the Department (August 2023 and September 2023); their replies are awaited (January 2025). However, on

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<sup>44</sup> **1,984.50 proof liters:** Permit No. ARL0205000010 dated 1 January 2020, Pass No. PA200127576 dated 10 January 2020 and **3,942 proof liters:** Permit No. ARL0205000012 dated 31 January 2020, Pass No. PA200130778 dated 7 February 2020

<sup>45</sup> Recovered on 12 April 2024.

<sup>46</sup> Notification No. G.S.R.14/P.A.1/1914/S.59/Amd.(136)/2018 dated 22 March 2018

<sup>47</sup> M/s A B Sugars Limited, Dasuya

<sup>48</sup> (26,69,364 proof litre of PML + 1,85,539 proof litre of IMFL) x ₹ 0.50 = ₹ 14,27,452

being pointed out, the Officer-in-Charge reported (August 2023) recovery of objected amount in August 2023.

Audit had issued similar observation to the Government in September 2021 involving two distilleries and one brewery with the money implication of ₹ 0.82 crore. Although recoveries in all the pointed-out cases were made by the Department after the issue was raised by Audit, yet it indicates that instructions related to State Excise issued by the Government were not being followed properly by the excise officers deployed in the distilleries and breweries.

**The Government may direct the Department to ensure that instructions issued by Government related to State Excise are complied by the excise officers deployed in the distilleries and breweries.**

### Department of Revenue, Rehabilitation and Disaster Management

#### 4.10 Irregular remission of Stamp Duty, Registration Fee, Social Infrastructure Cess, Infrastructure Development Fee and Special Infrastructure Development Fee

*The Joint Sub-Registrar, Sahnewal granted irregular remission of ₹ 2.76 crore on account of Stamp Duty, Registration Fee, Social Infrastructure Cess, Infrastructure Development Fee and Special Infrastructure Development Fee on 48 instruments of sale of immovable properties registered in favour of Municipal Corporation, Ludhiana.*

Conveyance deed executed for sale of immovable property is compulsorily registrable instrument as per Section 17 of the Registration Act, 1908, on which Registration Fee at the rate of one *per cent* subject to maximum of rupees two lakh is leviable. Further, Stamp Duty at the rate of five *per cent* on such instruments is leviable as per entry 23 of Schedule 1-A of the Indian Stamp Act, 1899 as applicable to the State of Punjab.

In addition to above, Government of Punjab levied Social Infrastructure Cess<sup>49</sup> at the rate of one *per cent* under Schedule 1-C of the Indian Stamp Act, 1899, Infrastructure Development Fee<sup>50</sup> at the rate of one *per cent* and Special Infrastructure Development Fee<sup>51</sup> at the rate of 0.25 *per cent* under Section 25 of the Punjab Industrial Development Act, 2002.

The Government of Punjab remitted Stamp Duty<sup>52</sup> and Registration Fee<sup>53</sup> on the instruments of sale executed by or on behalf of or in favour of Municipal Committee if purchase of land was for the purpose of construction of roads or buildings of schools, college, hospital and dispensaries. However, no such

<sup>49</sup> SIC levied vide Notification No. 12-Leg./2013 dated 6 February 2013

<sup>50</sup> IDF levied vide Notification No. S.O. 25/P.A.8/2002/S.25/2015 dated 24 June 2015

<sup>51</sup> SIDF levied vide Notification No. S.O. 33/P.A.8/2002/S.25-A/2021 dated 5 April 2021

<sup>52</sup> Stamp Duty remitted vide Order No. S.O.9/C.A.2/99/S9/81 dated 20 February 1981

<sup>53</sup> Registration Fee remitted vide Notification No. S.O.S./C.A.16/9/85, 78 and 79/Amd./81 dated 20 February 1981

remission was granted in respect of Social Infrastructure Cess, Infrastructure Development Fee and Special Infrastructure Development Fee.

Audit scrutiny of the records of Joint Sub-Registrar, Sahnewal for the period 2020-22 revealed (August 2022) that the Joint Sub-Registrar registered 48 instruments of sale of immovable property between August 2021 and February 2022 in the name of Municipal Corporation, Ludhiana, on which Stamp Duty, Registration Fee, Social Infrastructure Cess, Infrastructure Development Fee and Special Infrastructure Development Fee was remitted. As per information obtained by Audit from the Municipal Corporation, Ludhiana, the lands were purchased for the construction of water treatment plant which was not covered under the purposes specified in the exemption notifications for Stamp Duty and Registration Fee. Hence remission of Stamp Duty and Registration Fee besides Social Infrastructure Cess, Infrastructure Development Fee and Special Infrastructure Development Fee totaling ₹ 2.76 crore was irregular (**Appendix 4.4**).

The matter was reported to the Government and the Department (July 2023 and August 2023); their replies are awaited (January 2025). However, on being pointed out in audit, the Joint Sub-Registrar, Sahnewal replied (September 2023) that Municipal Corporation, Ludhiana has been asked to deposit the deficient Social Infrastructure Cess, Infrastructure Development Fee and Special Infrastructure Development Fee. Further, it was informed (November 2024) that earnest efforts were being made for recoveries from the Municipal Corporation, Ludhiana.

**The Government may direct the Department to ensure that remission from duties and fees are granted only for the purposes on which remissions have been allowed by the Government.**

#### **4.11 Short levy of Stamp Duty, Registration Fee, Infrastructure Development Fee and Special Infrastructure Development Fee due to misclassification of properties**

*10 Sub-Registrars/Joint Sub-Registrars short-levied Stamp Duty, Registration Fee, Infrastructure Development Fee and Special Infrastructure Development Fee of ₹ 1.95 crore in 26 cases due to misclassification of properties.*

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

Scrutiny of records (between June 2022 and March 2023) of 10 Sub-Registrars/Joint Sub-Registrars revealed that 26 instruments<sup>54</sup> of transfer of properties were valued at ₹ 32.98 crore and registered by applying rates for agricultural properties on which Stamp Duty, Registration Fee, Infrastructure Development Fee and Special Infrastructure Development Fee of ₹ 1.34 crore was levied. However, the category of these properties at the time of registration was residential/industrial as per revenue records. Therefore, the properties were required to be valued at ₹ 70.62 crore and Stamp Duty, Registration Fee, Infrastructure Development Fee and Special Infrastructure Development Fee of ₹ 3.29 crore was required to be levied. The misclassification of properties resulted in short levy of Stamp Duty, Registration Fee, Infrastructure Development Fee and Special Infrastructure Development Fee of ₹ 1.95 crore (**Appendix 4.5**).

The matter was reported to the Government and the Department (August 2023 and September 2023); their replies are awaited (January 2025). However, on being pointed out, Joint Sub-Registrar, Bathinda intimated (November 2024) recovery of ₹ 0.07 crore<sup>55</sup> in one case<sup>56</sup>, Sub-Registrar, Ludhiana (West) replied (November 2024) that summons have been issued in 11 cases to deposit the deficient amount, Joint Sub-Registrar, Amritsar-II replied (November 2024) that recovery efforts were being made in three cases, three Sub-Registrars<sup>57</sup> replied (November 2024) that five cases were sent to Collector for decision under Section 47-A of the Indian Stamp Act and four Sub-Registrars<sup>58</sup> replied (November 2024) that six cases were pending for decision under Section 47-A.

**The Government may direct the Department to ensure that correct rates are applied on the instruments of conveyance at the time of registrations and recover ₹ 1.89 crore in remaining 25 cases referred to in this paragraph.**

#### **4.12 Short levy of Stamp Duty, Registration Fee, Social Infrastructure Cess, Infrastructure Development Fee and Special Infrastructure Development Fee on 'agreements to sell'**

*The Joint Sub Registrar, Majri short levied Stamp Duty and fees of ₹ 1.11 crore on 'agreements to sell' evidencing delivery of possession of the properties.*

Entry 5(c) of Schedule I-A of the Indian Stamp Act, 1899, as applicable to the State of Punjab, levies Stamp Duty of ₹ 4,000 on the agreement relating to the

<sup>54</sup> Amritsar-II (3), Banur (1), Bathinda (1), Derabassi (2), Khanna (2), Kharar (1), Ludhiana West (11), Ludhiana South-Central (2), Majri (1) and Zirakpur (2)

<sup>55</sup> Including interest

<sup>56</sup> Deed 12825 dated 28.02.2022

<sup>57</sup> Banur, Derabassi and Ludhiana (South Central)

<sup>58</sup> Khanna, Kharar, Majri and Zirakpur

sale of immovable property. However, in case of an ‘agreement to sell’<sup>59</sup> is followed by or evidencing delivery of possession of the immovable property, the Entry 5(cc) of the Schedule provides that the same Stamp Duty would be applicable as is leviable in case of other conveyances<sup>60</sup> as per Entry 23 of Schedule I-A, subject to the adjustment of duty chargeable at the time of execution of conveyance made in pursuance of such agreement. Further, as per Entry 23 of Schedule I-A read with Rule 3-A of the Punjab Stamp (Dealing of Undervalued Instruments) Rules, 1983, the Stamp Duty is payable on the consideration set forth in the instrument subject to minimum market value of the land or property fixed by the Collector of the district.

Section 78 of the Registration Act, 1908 empowers the State Government to fix the fees for registration of documents. In exercise of this power, the Government of Punjab fixed Registration Fee at the rate of one *per cent* of the value of the document, subject to minimum of ₹ 50 and maximum of ₹ 2 lakh on all compulsorily registrable documents<sup>61</sup>.

The Government of Punjab levied Social Infrastructure Cess (SIC) at the rate of one *per cent* in February 2013 on the value of purchase of any immovable property mentioned under Entry 23 of Schedule I-A. Additionally, it also levied Infrastructure Development Fee (IDF) at the rate of one *per cent* in June 2015 and Special Infrastructure Development Fee (SIDF) at the rate of 0.25 *per cent* from 5 April 2021 on the value of purchase of any immovable property within the State of Punjab.

Scrutiny of records (February 2023) of Joint Sub-Registrar, Majri for the year 2021-22 revealed that 37 agreements were registered between April 2021 and March 2022 in favour of two developers by levying Stamp Duty and fees of ₹ 0.20 crore<sup>62</sup>. In these agreements, the owners of the properties bound themselves to register the conveyance deeds in favour of developers or their nominees and delivered physical possession of the properties to the developers in lieu of agreed cash and developed plots having consideration value of ₹ 20.87 crore. As per the provisions of Entry 5(cc) of Schedule I-A, these agreements were required to be levied with Stamp Duty and fees of ₹ 1.31 crore<sup>63</sup> on the consideration value of ₹ 20.87 crore<sup>64</sup>. However, the Joint Sub-Registrar levied Stamp Duty of ₹ 4,000 in each case by covering these agreements<sup>65</sup> under Entry 5(c) of the Schedule 1-A of the Indian Stamp

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<sup>59</sup> An ‘agreement to sell’ is a contractual document that outlines the terms and conditions including price for the transfer of ownership of a property at a future date.

<sup>60</sup> Stamp Duty at the rate of three *per cent* is applicable on other conveyances as per Entry 23 of Schedule I-A.

<sup>61</sup> Other than leases of immovable property.

<sup>62</sup> Stamp Duty: ₹ 1,48,000, Registration Fee: ₹ 18,11,347, IDF: ₹ 16,864 and SIDF: ₹ 444

<sup>63</sup> Stamp Duty: ₹ 62,61,824, Registration Fee: ₹ 20,83,967, SIC: ₹ 20,87,273, IDF: ₹ 20,87,273 and SIDF: ₹ 5,21,821

<sup>64</sup> Consideration value is higher of the collector value of the property agreed to be sold or consideration value agreed/received which comprises cash and minimum collector value of the developed plots.

<sup>65</sup> As per updated status obtained by Audit as on 19 February 2024, the ‘Conveyance deeds’ in pursuance of ‘agreements to sell’ were also not registered in favour of the developers till that date, which could have realised Stamp Duty and fee in full at the time of registration of ‘conveyance deeds’.

Act, 1899 apart from short levy of other fees, resulting in short levy of Stamp Duty and fees of ₹ 1.11 crore<sup>66</sup> (Appendix 4.6).

The matter was reported to the Government and the Department (July 2023 and May 2024); their replies are awaited (January 2025). However, on being pointed out, the Joint Sub-Registrar replied (January 2025) that cases have been decided under Section 47-A of the Indian Stamp Act, 1899 and efforts are being made for recovery.

**The Government may direct the Department to recover the Stamp Duty and fees of ₹ 1.11 crore in cases referred to in this paragraph and ensure that duty and fees leviable at the time of execution of ‘agreements to sell’ with delivery of possession are correctly levied.**

#### 4.13 Short levy of Stamp Duty, Social Infrastructure Cess, Infrastructure Development Fee and Special Infrastructure Development Fee on power of attorney

***Sub-Registrar Jalandhar-I did not levy Stamp Duty, Social Infrastructure Cess, Infrastructure Development Fee and Special Infrastructure Development Fee of ₹ 0.90 crore on power of attorney authorising developer for sale of immovable property in lieu of consideration.***

The Supreme Court of India in SLP (C) No. 13917 of 2009 observed that the power of attorney transactions were resorted to by the persons, *inter alia*, who deal in real estate to avoid multiple Stamp Duties/Registration Fees so as to increase their profit margin. Thereafter, the Government of Punjab amended (October 2016) Entry 48(f) of the Schedule I-A of Indian Stamp Act 1899 as applicable to Punjab and levied Stamp Duty on power of attorney at the rate<sup>67</sup> as applicable to conveyances (Entry 23), when power of attorney was given for consideration and the attorney was authorised to sell any immovable property. Additionally, Social Infrastructure Cess (SIC) at the rate of one *per cent*, Infrastructure Development Fee (IDF) at the rate of one *per cent* and Special Infrastructure Development Fee (SIDF) at the rate of 0.25 *per cent* on the value or amount of consideration was leviable.

Scrutiny of records of Sub-Registrar, Jalandhar-I (April 2022) for the year 2021-22 revealed that a power of attorney<sup>68</sup> along with agreement<sup>69</sup> was executed on 1 February 2022 between landowner and developer in continuation of Joint Development agreement<sup>70</sup>, where landowner granted full rights to the developer to develop a project on his land measuring 69 marla and 50 square feet. As agreed by the landowner, the developer was authorised to hold, defend possession, maintain the property and execute the sale deeds in

<sup>66</sup> Stamp Duty: ₹ 61,13,824, Registration Fee: ₹ 2,72,620, SIC: ₹ 20,87,273, IDF: 20,70,409 and SIDF: ₹ 5,21,377

<sup>67</sup> Five *per cent*

<sup>68</sup> Deed No. 1530 dated 1 February 2022

<sup>69</sup> Deed No. 1529 dated 1 February 2022

<sup>70</sup> Deed No. 2819 dated 28 March 2018.

the name of prospective buyers of built-up saleable area. In this deal, the landowner received ₹ 12.40 crore as consideration. Being power of attorney given by the landowner for consideration and authorising the attorney to sell the immovable property, the registering authority was required to levy Stamp Duty, SIC, IDF and SIDF of ₹ 0.90 crore. However, the power of attorney was registered by levying Stamp Duty of only ₹ 2,000. This resulted in short levy of Stamp Duty, SIC, IDF and SIDF of ₹ 0.90 crore (**Appendix 4.7**).

The matter was reported to the Government and the Department (June 2023 and August 2023); their replies are awaited (January 2025). However, on being pointed out, the Sub-Registrar replied (August 2023 and November 2024) that case had been sent for decision under Section 47-A of Indian Stamp Act, 1899.

**The Government may direct the Department to fix the responsibility for omission and recover the Stamp Duty, SIC, IDF and SIDF of ₹ 0.90 crore in respect of power of attorney referred to in this paragraph and ensure that applicable levies in such cases are levied invariably at the time of registration.**

#### **4.14 Short levy of Stamp Duty, Registration Fee, Infrastructure Development Fee and Special Infrastructure Development Fee due to undervaluation of properties**

*Two Sub-Registrars/Joint Sub-Registrars in five cases undervalued the properties and short-levied Stamp Duty, Registration Fee, Infrastructure Development Fee and Special Infrastructure Development Fee of ₹ 0.25 crore.*

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

Scrutiny of records (between August 2022 and January 2023) of two Sub-Registrars/Joint Sub-Registrars revealed that five instruments<sup>71</sup> of transfer of properties were valued at ₹ 6.68 crore at the time of registration, on which Stamp Duty, Registration Fee, Infrastructure Development Fee and Special Infrastructure Development Fee of ₹ 0.53 crore was levied.

However, the registered properties were at such locations for which higher rates were prescribed in the rate list. Accordingly, the instruments of transfer of properties were required to be valued at ₹ 9.78 crore with levy of Stamp Duty, Registration Fee, Infrastructure Development Fee and Special Infrastructure Development Fee of ₹ 0.78 crore. The undervaluation of

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<sup>71</sup> Banur (3) and Hoshiarpur (2)

properties resulted in short levy of Stamp Duty, Registration Fee, Infrastructure Development Fee and Special Infrastructure Development Fee of ₹ 0.25 crore (**Appendix 4.8**).

The matter was reported to the Government and the Department (September 2023 and November 2023); their replies are awaited (January 2025). However, on being pointed out, Joint Sub-Registrar, Banur replied (November 2024) that pointed out three cases<sup>72</sup> have been sent to the Collector for decision under Section 47-A of the Indian Stamp Act. Sub-Registrar, Hoshiarpur informed (November 2024) recovery of ₹ 7.56 lakh<sup>73</sup> along with interest in one case and stated that another case<sup>74</sup> was pending for decision under Section 47-A of the Indian Stamp Act.

**The Government may direct the Department to make recoveries of ₹ 0.18 crore in remaining four cases referred to in this paragraph and fix the responsibility of registering authorities concerned for short levy of duties.**

#### 4.15 Short levy of Stamp Duty and Registration Fee on lease deed

***Joint Sub-Registrar, Majri short-levied Stamp Duty and Registration Fee of ₹ 0.17 crore on one instrument of lease.***

Section 17(d) of the Registration Act, 1908 provides that leases of immovable property from year to year, or for any term exceeding one year, or reserving a yearly rent, should be compulsorily registered. Government of Punjab prescribed<sup>75</sup> the Registration Fee at the rate of one *per cent* subject to maximum of rupees two lakh on the registration of lease agreements.

Further, Entry 35 of Schedule I-A of Indian Stamp Act, 1899 as applicable to the State of Punjab, provides for levy of Stamp Duty at the prescribed rates<sup>76</sup> on instruments of lease on the basis of period of lease, money advanced and amount of average annual rent reserved.

<sup>72</sup> Deed No. 73 dated 15.06.2020, Deed No. 125 dated 06.05.2021 and Deed No. 1122 dated 04.01.2022

<sup>73</sup> Deed No. 1803 dated 06.07.2021 (Objected amount ₹ 6,09,988 plus interest ₹ 1,46,400)

<sup>74</sup> Deed No. 4313 dated 21.12.2021

<sup>75</sup> Notification No. S.O.90/C.A.16/1908/Ss.78 and 79/2012 dated 23 October 2012

<sup>76</sup> Rate of Stamp Duty on lease agreements:

Period of Lease	Rate of Stamp Duty	Amount on which payable
Less than one year	Eight <sup>#</sup> <i>per cent</i>	Whole amount payable under the lease
One year to five years	Eight <sup>#</sup> <i>per cent</i>	Average annual rent
Five years to ten years	Three <i>per cent</i>	Average annual rent
Ten years to 20 years	Three <i>per cent</i>	Twice the average annual rent
20 years to 30 years	Three <i>per cent</i>	Thrice the average annual rent
30 years to 100 years	Three <i>per cent</i>	Four times the average annual rent

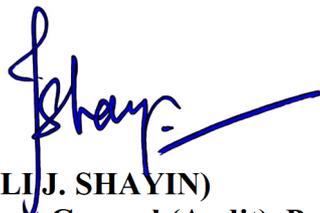
<sup>#</sup> Government of Punjab increased (30 January 2019) rate of Stamp Duty on lease deeds from four *per cent* to eight *per cent* of average annual rent, where lease is for a period up to five years.

Scrutiny of records (February 2023) of Joint Sub-Registrar, Majri for the year 2021-22 revealed that one instrument of lease<sup>77</sup> with a tenure of 33 years was registered by levying Stamp Duty and Registration Fee of ₹ 0.02 crore. In this case, Stamp Duty and Registration Fee of ₹ 0.19 crore was leviable on a value equal to four times<sup>78</sup> of annual average rent of ₹ 1.41 crore. The omission resulted in short levy of Stamp Duty and Registration Fee of ₹ 0.17 crore **(Appendix 4.9)**.

The matter was reported to the Government and the Department (June 2023 and August 2023); their replies are awaited (January 2025). However, on being pointed out, the Joint Sub-Registrar, Majri replied (December 2024) that case had been sent to the Collector for decision under Section 47-A of Indian Stamp Act, 1899.

**The Government may direct the Department to recover Stamp Duty and Registration Fee of ₹ 0.17 crore in respect of instrument of lease referred to in this paragraph.**

Chandigarh  
The 17 September 2025

  
(NAZLIJ. SHAYIN)  
Principal Accountant General (Audit), Punjab

Countersigned

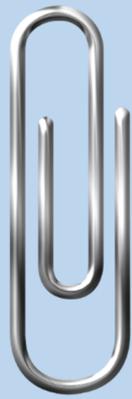
New Delhi  
The 30 September 2025

  
(K. SANJAY MURTHY)  
Comptroller and Auditor General of India

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<sup>77</sup> Deed No. 5589 dated 21.03.2022

<sup>78</sup> ₹ 1,40,78,792 x 4 = ₹ 5,63,15,168



# **Appendices**



## Appendix 1.1

(Referred to in Table 1.3)

### Receipts under Heads of Non-Tax Revenue included in 'Others' at Sr. No. 12 of Table 1.3

Sr. No.	Head of Revenue	Receipt (₹ in crore)		per cent* increase (+) or decrease (-) over 2021-22	
		2021-22	2022-23		
1	0050-Dividend and Profits	6.66	3.11	-	53.30
2	0051-Public Service Commission	30.19	32.40	+	7.32
3	0056-Jails	2.07	2.74	+	32.37
4	0057-Supplies and Disposals	0.13	0.07	-	46.15
5	0058-Stationery and Printing	3.20	0.77	-	75.94
6	0071-Contributions and Recoveries towards Pension and Other Retirement Benefits	148.35	159.42	+	7.46
7	0211-Family Welfare	0.03	0.20	+	566.67
8	0215-Water Supply and Sanitation	1.09	5.87	+	438.53
9	0216-Housing	10.03	14.94	+	48.95
10	0217-Urban Development	92.52	134.12	+	44.96
11	0220-Information and Publicity	0.07	0.03	-	57.14
12	0230-Labour and Employment	39.87	34.94	-	12.37
13	0235-Social Security and Welfare	280.42	92.35	-	67.07
14	0250-Other Social Services	2.32	3.35	+	44.40
15	0401-Crop Husbandry	7.14	177.81	+	2,390.34
16	0403-Animal Husbandry	8.54	9.51	+	11.36
17	0404-Dairy Development	0.006	0.04	+	566.67
18	0405-Fisheries	0.54	1.16	+	114.81
19	0415-Agricultural Research and Education	0.0023	0	-	100.00
20	0435-Other Agricultural Programmes	4.85	2.52	-	48.04
21	0515-Other Rural Development Programmes	3.42	57.01	+	1,566.96
22	0802-Petroleum	0.0001	0	-	100.00
23	0810-Non-Conventional Sources of Energy	0	99.89	+	100.00
24	0851-Village and Small Industries	0.73	25.29	+	3,364.38
25	0852-Industries	0.03	0.02	-	33.33
26	1054-Roads and Bridges	92.49	53.05	-	42.64
27	1055-Road Transport	99.77	69.34	-	30.50
28	1275-Other Communication Services	0.0001	0.0001		0.00
29	1452-Tourism	0.10	1.67	+	1,570.00
30	1456-Civil Supplies	246.41	206.92	-	16.03
31	1475-Other General Economic Services	63.47	402.40	+	534.00
<b>Total</b>		<b>1,144.44</b>	<b>1,590.94</b>	<b>+</b>	<b>39.01</b>

\* Due to rounding of the figures in crores of rupees in above table, the per cent increase (+) or decrease (-) over 2021-22 may appear different from that shown in Finance Accounts, where amounts have been rounded in lakhs of rupees.

## Appendices 2.1

(Referred to in Paragraph 2.5)

### [A]-Details of samples selected for ‘Circle Audit’

Sr. No.	Circle	Return Year
1	Amritsar-I	1 April 2020 to 31 March 2021, Scrutiny conducted in 2022-23
2	Amritsar-II	1 April 2020 to 31 March 2021, Scrutiny conducted in 2022-23
3	Fazilka	1 April 2020 to 31 March 2021, Scrutiny conducted in 2022-23
4	Gurdaspur	1 April 2020 to 31 March 2021, Scrutiny conducted in 2022-23
5	Hoshiarpur	1 April 2020 to 31 March 2021, Scrutiny conducted in 2022-23
6	Jalandhar-III	1 April 2020 to 31 March 2021, Scrutiny conducted in 2022-23
7	Mansa	1 April 2020 to 31 March 2021, Scrutiny conducted in 2022-23
8	Moga	1 April 2020 to 31 March 2021, Scrutiny conducted in 2022-23
9	Pathankot	1 April 2020 to 31 March 2021, Scrutiny conducted in 2022-23
10	Ropar	1 April 2020 to 31 March 2021, Scrutiny conducted in 2022-23

### [B]-Details of samples selected for ‘Centralised Audit’

Sr. No.	Circle	Number of instances	Number of Taxpayers	Return Year
1	Amritsar-I	15	9	2018-21
2	Amritsar-II	24	12	2018-21
3	Barnala	2	2	2018-21
4	Bathinda	24	14	2018-21
5	Faridkot	3	2	2018-21
6	Fatehgarh Sahib	38	26	2018-21
7	Fazilka	3	1	2018-21
8	Ferozepur	3	1	2018-21
9	Gurdaspur	3	1	2018-21
10	Hoshiarpur	16	8	2018-21
11	Jalandhar-I	12	8	2018-21
12	Jalandhar-II	24	11	2018-21
13	Jalandhar-III	31	17	2018-21
14	Kapurthala	14	7	2018-21
15	Ludhiana-I	48	28	2018-21
16	Ludhiana-II	46	21	2018-21
17	Ludhiana-III	29	16	2018-21
18	Ludhiana-IV	27	20	2018-21
19	Ludhiana-V	39	27	2018-21
20	Mansa	10	5	2018-21
21	Moga	3	2	2018-21
22	Nawan Shahar	4	2	2018-21
23	Pathankot	10	5	2018-21
24	Patiala	28	16	2018-21
25	Ropar	18	10	2018-21
26	Sangrur	5	3	2018-21
27	SAS Nagar	172	90	2018-21
28	Tarn Taran	3	2	2018-21
<b>Total</b>		<b>654</b>	<b>366</b>	

**[C]-Details of samples selected for ‘Detailed Audit’**

Sr. No.	Circle	Number of Taxpayers	Return Year
1	Amritsar-I	1	2018-21
2	Amritsar-II	4	2018-21
3	Bathinda	4	2018-21
4	Fazilka	2	2018-21
5	Gurdaspur	1	2018-21
6	Hoshiarpur	1	2018-21
7	Jalandhar-I	2	2018-21
8	Jalandhar-III	1	2018-21
9	Ludhiana-I	1	2018-21
10	Ludhiana-II	1	2018-21
11	Ludhiana-III	4	2018-21
12	Ludhiana-IV	3	2018-21
13	Ludhiana-V	2	2018-21
14	Mansa	1	2018-21
15	Moga	2	2018-21
16	Pathankot	1	2018-21
17	Patiala	3	2018-21
18	Ropar	2	2018-21
19	SAS Nagar	34	2018-21
<b>Total</b>		<b>70</b>	

**Appendix 2.2***(Referred to in Paragraph 2.7.2.1-A and B)*

☛ Tables I to XI included in this Appendix are listed below:

- I Details of cases where mismatches were due to data entry errors
- II Details of cases where action had been taken before audit query
- III Details of cases where Department had valid explanations
- IV Details of cases where Department had accepted audit queries and recoveries were made
- V Details of cases where Show Cause Notices were issued in response to audit queries
- VI Details of cases where ASMT-10 were issued in response to audit queries
- VII Details of cases which were under correspondence by the Department with taxpayers in response to audit queries
- VIII Details of cases in which Department’s replies were not acceptable (Audit Rebuttal)
- IX Details of cases where Department stated that they were examining the audit query
- X Details of cases where Department’s replies were not furnished with appropriate documentary evidences
- XI Details of cases where Department’s reply not received

**I-Details of cases where mismatches were due to data entry errors**

Sr. No.	Circle	Number of instances	Mismatch Amount (₹)
1	Bathinda	2	67,27,194
2	Fatehgarh Sahib	1	23,79,06,000
3	Jalandhar-III	1	3,03,27,644
4	Ludhiana-I	2	1,88,91,958
5	Ludhiana-II	1	2,94,84,522
6	Ludhiana-IV	1	1,01,97,74,976
7	Ludhiana-V	4	60,52,23,774
8	Mansa	2	4,73,90,064
9	Patiala	1	0
10	Sangrur	2	6,65,92,562
11	SAS Nagar	5	13,67,35,648
<b>Total</b>		<b>22</b>	<b>2,19,90,54,342</b>

**II-Details of cases where action had been taken before audit query**

Sr. No.	Circle	Number of instances	Mismatch Amount (₹)
1	Amritsar-I	2	3,55,42,944
2	Barnala	2	19,13,54,712
3	Bathinda	2	12,74,74,450
4	Fatehgarh Sahib	4	41,28,72,266
5	Fazilka	1	5,97,59,640
6	Jalandhar-II	1	5,57,52,045
7	Jalandhar-III	4	32,82,40,237
8	Ludhiana-I	5	14,98,50,082
9	Ludhiana-III	2	9,15,74,562
10	Ludhiana-IV	6	13,68,66,064
11	Ludhiana-V	2	10,87,94,622
12	Mansa	2	5,49,31,376
13	Patiala	2	61,06,25,630
14	Ropar	2	24,55,161
15	SAS Nagar	7	9,37,73,532
<b>Total</b>		<b>44</b>	<b>2,45,98,67,323</b>

**III-Details of cases where Department had valid explanations**

Sr. No.	Circle	Number of instances	Amount (₹)
1	Amritsar-I	4	8,24,02,772
2	Amritsar-II	7	12,21,11,972
3	Bathinda	8	5,27,82,98,882
4	Fatehgarh Sahib	3	75,66,82,28,696
5	Hoshiarpur	6	15,63,41,71,993
6	Jalandhar-I	3	22,54,72,500
7	Jalandhar-II	11	1,01,79,10,11,840
8	Jalandhar-III	11	78,33,12,059
9	Kapurthala	5	27,24,11,758
10	Ludhiana-I	21	17,12,32,93,983
11	Ludhiana-II	13	65,25,59,815
12	Ludhiana-III	13	30,92,79,436
13	Ludhiana-IV	8	89,23,96,229
14	Ludhiana-V	12	2,14,81,73,265
15	Mansa	5	2,17,77,64,480
16	Moga	3	23,79,75,648
17	Nawan Shahar	2	6,04,04,992
18	Pathankot	1	1,76,80,664
19	Patiala	22	32,78,51,93,079
20	Ropar	14	2,02,85,08,768
21	Sangrur	2	18,112
22	SAS Nagar	43	40,76,16,23,628
23	Tarn Taran	1	9,71,71,187
<b>Total</b>		<b>218</b>	<b>2,99,14,94,65,758</b>

**IV-Details of cases where Department had accepted audit queries and recoveries were made**

Sr. No.	Circle	Number of instances	Amount (₹)
1	Amritsar-I	2	47,51,070
2	Amritsar-II	3	5,17,840
3	Faridkot	1	12,53,780
4	Fatehgarh Sahib	3	2,56,247
5	Fazilka	2	4,31,598
6	Ferozepur	2	1,07,078
7	Jalandhar-III	1	60,895
8	Kapurthala	3	24,18,127

Sr. No.	Circle	Number of instances	Amount (₹)
9	Ludhiana-I	2	8,41,405
10	Ludhiana-III	6	14,95,498
11	Ludhiana-V	3	91,66,346
12	Nawan Shahar	2	80,000
13	Patiala	1	1,264
14	SAS Nagar	2	24,018
<b>Total</b>		<b>33</b>	<b>2,14,05,166</b>

**V-Details of cases where Show Cause Notices were issued in response to audit queries**

Sr. No.	Circle	Number of instances	Amount (₹)
1	Amritsar-I	4	1,87,48,147
2	Amritsar-II	14	6,81,28,584
3	Bathinda	2	46,49,768
4	Faridkot	2	3,97,25,441
5	Fatehgarh Sahib	15	98,95,16,208
6	Ferozepur	1	21,53,852
7	Gurdaspur	3	31,48,793
8	Hoshiarpur	4	5,94,51,521
9	Jalandhar-I	6	9,32,16,984
10	Jalandhar-II	9	6,62,68,047
11	Jalandhar-III	13	8,37,12,461
12	Kapurthala	3	2,14,00,459
13	Ludhiana-I	6	11,29,23,884
14	Ludhiana-II	6	18,09,29,619
15	Ludhiana-III	5	5,99,30,176
16	Ludhiana-IV	8	53,44,51,969
17	Ludhiana-V	15	64,65,86,608
18	Pathankot	5	1,98,29,201
19	Patiala	1	14,12,331
20	Ropar	2	2,84,56,57,399
21	Sangrur	1	79,32,871
22	SAS Nagar	58	8,85,97,43,858
23	Tarn Taran	1	80,04,402
<b>Total</b>		<b>184</b>	<b>14,72,75,22,583</b>

**VI-Details of cases where ASMT-10 were issued in response to audit queries**

Sr. No.	Circle	Number of instances	Amount (₹)
1	Amritsar-I	1	9,17,85,104
2	Jalandhar-I	1	1,94,52,733
3	Jalandhar-II	1	2,825
4	Kapurthala	1	8,01,962
5	Ludhiana-I	5	17,97,49,195
6	Ludhiana-III	1	10,15,25,173
7	Ludhiana-IV	1	1,09,59,595
8	Ludhiana-V	1	48,708
9	Mansa	1	2,97,317
10	Pathankot	1	48,21,468
11	Patiala	1	80,03,571
12	SAS Nagar	2	7,93,46,858
13	Taran Tarn	1	9,93,088
<b>Total</b>		<b>18</b>	<b>49,77,87,597</b>

**VII-Details of cases which were under correspondence by the Department with taxpayers in response to audit queries**

Sr. No.	Circle	Number of instances	Amount (₹)
1	Amritsar-I	2	21,98,343
2	Bathinda	10	28,47,06,733
3	Jalandhar-I	1	3,02,689
4	Ludhiana-I	4	66,08,766
5	Ludhiana-II	21	13,63,13,590
6	SAS Nagar	47	72,81,95,384
<b>Total</b>		<b>85</b>	<b>1,15,83,25,505</b>

**VIII-Details of cases in which Department's replies were not acceptable (Audit Rebuttal)**

Sr. No.	Circle	Number of instances	Amount (₹)
1	Kapurthala	2	22,26,297
2	Ludhiana-III	2	0
3	Ludhiana-IV	1	5,19,79,108
4	SAS Nagar	1	7,52,623
<b>Total</b>		<b>6</b>	<b>5,49,58,028</b>

**IX-Details of cases where Department stated that they were examining the audit query**

Sr. No.	Circle	Number of instances	Amount (₹)
1	Fatehgarh Sahib	11	28,85,77,139
2	Hoshiarpur	2	36,29,016
3	Ludhiana-II	3	2,39,93,750
4	Ludhiana-IV	1	1,36,77,678
5	Pathankot	1	25,642
6	SAS Nagar	6	28,54,87,735
<b>Total</b>		<b>24</b>	<b>61,53,90,960</b>

**X-Details of cases where Department's replies were not furnished with appropriate documentary evidences**

Sr. No.	Circle	Number of instances	Amount (₹)
1	Fatehgarh Sahib	1	5,73,79,341
2	Ludhiana-I	1	25,373
3	Ludhiana-II	2	12,14,05,000
4	Ludhiana-IV	1	29,39,58,400
5	Pathankot	2	29,75,945
6	SAS Nagar	1	8,46,783
<b>Total</b>		<b>8</b>	<b>47,65,90,842</b>

**XI-Details of cases where Department's reply not received**

Sr. No.	Circle	Number of instances	Amount (₹)
1	Hoshiarpur	4	3,57,12,053
2	Jalandhar-I	1	6,13,23,648
3	Jalandhar-II	2	5,59,90,960
4	Jalandhar-III	1	5,19,40,668
5	Ludhiana-I	2	18,61,42,028
6	Ludhiana-V	2	12,32,63,090
<b>Total</b>		<b>12</b>	<b>51,43,72,447</b>

### Appendix 2.3

(Referred to in Paragraph 2.7.2.2)

#### Non-production of records

Sr. No.	Circle	Number of Taxpayers	Detail of records not produced
1	Amritsar-I	1	1. Information regarding whether the taxpayer was audited by the department under section 65 or 66 of Punjab-GST Act, 2017 for the years/year 2018-19 to 2020-21 along with the copy of internal audit report.  2. The bank details mapped with GSTIN, and details of bank guarantee given by parent company/subsidiary company/ Director/KMP etc. for availing loan and balance sheet along with details of Notes and Schedules.  3. Input and sale invoices of selected months.  4. Information/ records regarding other registrations, addition and deletion of fixed assets, other income, Job work, sundry creditors and details of inputs (inputs, inputs contained in semi-finished goods, inputs contained in finished goods) lost due to fire or otherwise etc.
2	Amritsar-II	4	
3	Bathinda	4	
4	Fazilka	1	
5	Gurdaspur	1	
6	Hoshiarpur	1	
7	Jalandhar-I	1	
8	Jalandhar-III	2	
9	Ludhiana-III	3	
10	Ludhiana-IV	3	
11	Ludhiana-V	2	
12	Mansa	1	
13	Moga	1	
14	Pathankot	1	
15	Ropar	2	
16	SAS Nagar	27	
<b>Total</b>		<b>55</b>	

### Appendix 2.4

(Referred to in Paragraph 2.7.2.2)

#### Details of cases where records were partially produced

Sr. No.	Circle	Number of Taxpayers	Detail of records not produced
1	SAS Nagar	2	1. Copies of sale and purchase invoices in case of fixed asset deleted and copies of purchase invoices in case of fixed assets added and depreciation schedule of fixed assets.  2. Details of inputs (inputs, inputs contained in semi-finished goods, inputs contained in finished goods) lost due to fire, theft or otherwise for the years 2018-19 to 2020-21.  3. Details in respect of related party transaction with invoices and also invoices with unrelated party having similar transaction in near term as of with related party for the years 2018-19 to 2020-21 etc.
<b>Total</b>		<b>2</b>	

### Appendix 2.5

(Referred to in Paragraph 2.7.2.2(A))

#### Non-payment of interest

Sr. No.	Circle	Number of Taxpayers	Delay Range	Interest Payable (₹)
			(in days)	
1	Amritsar-II	2	2 to 60	29,188
2	Bathinda	1	42 to 375	70,112
3	Fazilka	1	7	576
4	Ludhiana-III	1	1 to 22	6,525
5	Ludhiana-IV	3	1 to 304	2,49,357
6	Mansa	1	4 to 116	4,35,759
7	Ropar	1	4 to 89	11,27,901
8	SAS Nagar	11	1 to 168	29,49,543
<b>Total</b>		<b>21</b>	<b>1 to 375</b>	<b>48,68,961</b>

### Appendix 2.6

(Referred to in Paragraph 2.7.2.2(B))

#### Excess input tax credit availed (Table 6J of GSTR-9)

(Amount in ₹)

Sr. No.	Circle	Number of Taxpayers	ITC availed as per GSTR-3B in Table 6A of GSTR-9	ITC break-up provided by the taxpayer in Table 6I of GSTR-9	Deviation as per Table 6J of GSTR-9 (6I-6A)
1	Amritsar-I	1	78,12,89,410	72,05,07,568	6,07,81,842
2	Amritsar-II	3	5,92,72,712	4,99,87,113	92,85,599
3	Fazilka	1	2,92,04,037	2,88,56,408	3,47,629
4	Jalandhar-III	1	77,98,835	0	77,98,835
5	Ludhiana-IV	1	20,38,480	20,36,756	1,724
6	Ludhiana-V	1	14,02,11,859	9,73,04,763	4,29,07,096
7	Mansa	1	48,18,67,521	48,15,74,090	2,93,431
8	SAS Nagar	9	13,64,48,90,715	12,81,79,27,056	82,69,63,659
<b>Total</b>		<b>18</b>	<b>15,14,65,73,569</b>	<b>14,19,81,93,754</b>	<b>94,83,79,815</b>

### Appendix 2.7

(Referred to in Paragraph 2.7.2.2(B))

#### Excess input tax credit availed (Table 8D of GSTR-9)

(Amount in ₹)

Sr. No.	Circle	Number of Taxpayers	ITC available in GSTR-2A as per Table 8A of GSTR-9	ITC availed in GSTR-3B as per Table 8B of GSTR-9	ITC availed in subsequent year as per Table 8C of GSTR-9	Deviation as per Table 8D of GSTR-9
1	Amritsar-I	1	38,37,08,506	37,69,73,264	73,31,106	5,95,864
2	Amritsar-II	1	5,42,57,883	6,21,58,814	77,02,561	1,56,03,492
3	Bathinda	1	18,59,84,569	18,84,10,167	0	24,25,598
4	Fazilka	1	2,49,68,912	3,17,31,725	1,22,083	68,84,896
5	Hoshiarpur	1	41,32,59,085	41,64,31,168	53,15,447	84,87,530
6	Ludhiana-III	2	48,42,87,507	51,89,38,225	5,73,61,794	9,20,12,512
7	Ludhiana-IV	2	71,10,711	88,12,560	0	17,01,849
8	Ludhiana-V	1	7,22,57,481	8,03,57,091	49,42,682	1,30,42,292
9	Moga	1	3,21,25,586	3,23,73,385	0	2,47,799
10	Ropar	2	11,77,90,11,414	11,75,27,65,277	14,30,20,575	11,67,74,438
11	SAS Nagar	14	14,94,44,48,272	15,11,79,49,350	45,35,06,234	62,70,07,312
<b>Total</b>		<b>27</b>	<b>28,38,14,19,926</b>	<b>28,58,69,01,026</b>	<b>67,93,02,482</b>	<b>88,47,83,582</b>

## Appendix 2.8

(Referred to in Paragraph 2.7.2.2(B))

### Mismatch in availing of input tax credit or short reversal under input service distribution credit

#### I-ISD input tax credit availed comparison (GSTR-9 and GSTR-6)

(Amount in ₹)

Sr. No.	Circle	Number of Taxpayers	Table 6G-(7B or 7H) of GSTR-9	ITC distributed by the ISD as per Table 5A, 8A and 9A (considering adjustments) of GSTR-6	Deviation
1	SAS Nagar	4	63,27,73,978	59,14,766	62,68,59,212
<b>Total-I</b>		<b>4</b>	<b>63,27,73,978</b>	<b>59,14,766</b>	<b>62,68,59,212</b>

#### II-ISD input tax credit reversal comparison

(Amount in ₹)

Sr. No.	Circle	Number of Taxpayers	ITC reversal as per GSTR-6	ITC reversed under Rule 39 as per Table 7B and 7H of GSTR-9	Short reversal of ITC
1	Amritsar-II	2	21,110	0	21,110
2	Bathinda	2	40,99,34,754	1,84,84,973	39,14,49,781
3	Hoshiarpur	1	2,44,74,964	2,44,74,962	2
4	Jalandhar-III	1	20,97,46,864	14,57,99,827	6,39,47,037
5	Ludhiana-III	1	7,68,01,122	0	7,68,01,122
6	Ludhiana-V	1	1,53,01,893	1,52,98,944	2,949
7	Moga	1	3,15,271	Not available	3,15,271
8	SAS Nagar	1	2,24,95,710	0	2,24,95,710
<b>Total-II</b>		<b>10</b>	<b>75,90,91,688</b>	<b>20,40,58,706</b>	<b>55,50,32,982</b>

#### III-ISD input credit tax credit availed comparison (GSTR-3B and GSTR-6)

(Amount in ₹)

Sr. No.	Circle	Number of Taxpayers	ISD credit received by the taxpayer in Table 4A (4) of GSTR-3B	ITC distributed by the ISD as per Table 5A, 8A and 9A (considering adjustments) of GSTR-6	Deviation
1	SAS Nagar	1	2,36,72,885	1,65,26,332	71,46,553
<b>Total-III</b>		<b>1</b>	<b>2,36,72,885</b>	<b>1,65,26,332</b>	<b>71,46,553</b>
<b>Gross Total (I+II+III)</b>					<b>1,18,90,38,747</b>

## Appendix 2.9

(Referred to in Paragraph 2.7.2.2(B))

### Mismatch of input tax credit between GSTR-2A and GSTR-3B

(Amount in ₹)

Sr. No.	Circle	Number of Taxpayers	ITC as per GSTR-2A	ITC availed as per GSTR-3B minus ITC RCM [Table 4A(5) of GSTR-3B + Table 8C of GSTR-9]	Excess ITC availed
1	Amritsar-I	1	37,53,99,296	38,62,76,001	1,08,76,705
2	Amritsar-II	4	8,45,74,743	12,11,45,896	3,65,71,153
3	Bathinda	1	18,52,85,912	18,84,10,039	31,24,127
4	Fazilka	1	2,50,08,256	3,18,53,807	68,45,551
5	Hoshiarpur	1	41,49,86,016	42,17,46,617	67,60,601
6	Ludhiana-III	1	33,13,71,968	43,97,28,870	10,83,56,902
7	Ludhiana-IV	2	96,87,843	1,19,03,622	22,15,779
8	Ludhiana-V	1	11,34,55,834	15,77,75,619	4,43,19,785
9	Ropar	2	11,80,89,56,814	11,90,67,56,843	9,78,00,029
10	SAS Nagar	19	13,72,35,88,612	14,83,18,20,588	1,10,82,31,977
<b>Total</b>		<b>33</b>	<b>27,07,23,15,294</b>	<b>28,49,74,17,902</b>	<b>1,42,51,02,609</b>

☞ Data of GSTR-2A shown in above Table may vary from the figures of GSTR-2A returns available on GSTN. The variation is caused due to amendments considered by Audit in the above data, which were carried out in the subsequent year.

### Appendix 2.10

(Referred to in Paragraph 2.7.2.2(B))

#### Unreconciled input tax credit

(Amount in ₹)

Sr. No.	Circle	Number of Taxpayers	ITC Claimed as per GSTR-9	ITC availed in Financial Statements	Unreconciled ITC
1	Amritsar-I	1	0	77,95,27,524	77,95,27,524
2	Bathinda	2	17,45,36,680	12,65,30,34,164	12,47,84,97,484
3	Ludhiana-IV	1	1,48,62,489	1,49,52,343	89,854
4	Ludhiana-V	1	0	10,95,03,48,959	10,95,03,48,959
5	Ropar	1	31,29,79,263	32,90,34,356	1,60,55,093
6	SAS Nagar	7	9,86,26,60,160	9,94,97,13,483	8,70,53,323
<b>Total</b>		<b>13</b>	<b>10,36,50,38,592</b>	<b>34,67,66,10,829</b>	<b>24,31,15,72,237</b>

### Appendix 2.11

(Referred to in Paragraph 2.7.2.2(B))

#### Mismatch of input tax credit

(Amount in ₹)

Sr. No.	Circle	Number of Taxpayers	ITC available in GSTR-2A as per Table 8A of GSTR-9	ITC available in GSTR-2A	Mismatch of ITC
1	Amritsar-I	1	75,88,27,995	1,80,92,67,076	1,05,04,39,081
2	Amritsar-II	3	9,18,12,805	9,48,24,890	30,12,085
3	Bathinda	4	34,96,71,53,698	35,68,00,71,630	71,29,17,932
4	Hoshiarpur	1	1,35,72,28,438	1,36,18,85,346	46,56,908
5	Ludhiana-III	2	48,42,87,513	49,32,91,696	90,04,183
6	Ludhiana-V	2	6,88,37,56,705	6,90,46,30,744	2,08,74,039
7	SAS Nagar	20	15,84,11,90,322	16,41,58,19,128	56,56,28,806
<b>Total</b>		<b>33</b>	<b>60,39,32,57,476</b>	<b>62,75,97,90,510</b>	<b>2,36,65,33,034</b>

### Appendix 2.12

(Referred to in Paragraph 2.7.2.2(C))

#### Short payment of tax under reverse charge

(Amount in ₹)

Sr. No.	Circle	Number of Taxpayers	RCM tax payable [Table 3.1(D) of GSTR-3B)/ 4G of GSTR-9]	RCM ITC as per GSTR-9 [Table 6C+6D+6F]	Deviation
1	Amritsar-I	1	5,62,476	10,77,019	5,14,543
2	Amritsar-II	1	10,41,784	10,60,063	18,279
3	Ludhiana-III	1	4,08,076	5,12,085	1,04,009
4	SAS Nagar	6	46,25,26,751	54,81,16,233	8,55,89,482
<b>Total</b>		<b>9</b>	<b>46,45,39,087</b>	<b>55,07,65,400</b>	<b>8,62,26,313</b>

**Appendix 2.13**

(Referred to in Paragraph 2.7.2.2(C))

**Tax liability mismatch between GSTR-1 and GSTR-9**

Sr. No.	Circle	Number of Taxpayers	Tax Liability as per GSTR-1	Tax payable as per GSTR-9	Tax liability Col. A or Col. B, whichever is higher	Tax paid as per GSTR-9 (Net of RCM)	Tax short paid as per GSTR-9
			Col. A	Col. B [Table 4N- 4G+10-11]	Col. C	Col. D	[Col. C - Col. D]
1	Amritsar-I	1	77,93,74,048	77,65,93,343	77,93,74,048	77,67,18,479	26,55,569
2	Amritsar-II	3	22,15,96,533	22,15,40,235	22,23,82,638	21,50,79,783	73,02,855
3	Bathinda	3	1,46,45,32,295	1,48,33,15,458	1,48,46,50,480	1,47,98,89,670	47,60,810
4	Gurdaspur	1	11,12,340	11,60,129	11,60,129	11,20,261	39,868
5	Hoshiarpur	1	1,38,26,79,044	1,38,30,83,133	1,38,30,83,133	1,38,25,43,698	5,39,435
6	Jalandhar-I	1	8,26,04,45,950	11,44,31,57,419	11,44,31,57,419	11,42,94,21,269	1,37,36,150
7	Jalandhar-III	1	1,34,75,83,904	1,25,47,44,192	1,34,75,83,904	1,30,59,03,897	4,16,80,007
8	Ludhiana-V	1	10,73,99,570	10,03,02,017	10,73,99,570	10,51,95,999	22,03,571
9	Pathankot	1	1,30,69,776	1,20,42,492	1,30,69,776	1,19,84,384	10,85,392
10	Ropar	1	10,94,87,36,000	10,93,17,35,101	10,94,87,36,000	10,93,22,60,683	1,64,75,317
11	SAS Nagar	14	11,09,83,52,213	11,48,57,92,099	11,49,27,99,221	11,17,04,02,560	32,23,96,661
	<b>Total</b>	<b>28</b>	<b>35,62,48,81,673</b>	<b>39,09,34,65,618</b>	<b>39,22,33,96,318</b>	<b>38,81,05,20,683</b>	<b>41,28,75,635</b>

### Appendix 2.14

(Referred to in Paragraph 2.7.2.2(C))

#### Short declaration of taxable value under reverse charge

(Amount in ₹)

Sr. No.	Circle	Number of Taxpayers	Taxable value as per Table 3.1(d) of GSTR-3B	Taxable value as per GSTR-2A under RCM	Short taxable value under RCM
1	Ludhiana-IV	1	0	15,151	15,151
2	Ropar	1	9,07,050	28,21,557	19,14,507
3	SAS Nagar	7	19,60,77,393	24,45,28,330	4,84,50,937
<b>Total</b>		<b>9</b>	<b>19,69,84,443</b>	<b>24,73,65,038</b>	<b>5,03,80,595</b>

### Appendix 2.15

(Referred to in Paragraph 2.7.2.2(C))

#### Mismatch in tax paid, taxable and total turnover

##### I-Mismatch of total and taxable turnover

(Amount in ₹)

Sr. No.	Circle	Number of Taxpayers	Taxable Turnover as per Financial Statement	Taxable Turnover as per GSTR-9	Difference in GSTR-9C (Table 5R)
1	Amritsar-I	1	3,26,54,89,097	3,26,54,55,652	33,445
2	Ludhiana-V	1	79,79,86,20,996	79,52,76,26,202	27,09,94,794
3	SAS Nagar	4	5,61,91,74,351	5,25,65,82,102	36,25,92,249
<b>Total-I</b>		<b>6</b>	<b>88,68,32,84,444</b>	<b>88,04,96,63,956</b>	<b>63,36,20,488</b>

##### II-Mismatch in tax paid

(Amount in ₹)

Sr. No.	Circle	Number of Taxpayers	Tax paid as per financial statement in Table 9P of GSTR-9C	Tax paid as per annual return in Table 9Q of GSTR-9C	Deviation (9R) unreconciled tax paid
1	Amritsar-I	1	39,33,49,288	39,33,45,273	4,015
2	SAS Nagar	2	33,61,48,190	32,96,17,440	65,30,750
<b>Total-II</b>		<b>3</b>	<b>72,94,97,478</b>	<b>72,29,62,713</b>	<b>65,34,765</b>
<b>Gross Total (I+II)</b>					<b>64,01,55,253</b>

### Appendix 2.16

(Referred to in Paragraph 2.7.2.2(C))

#### Suppression of taxable turnover on unbilled revenue

(Amount in ₹)

Sr. No.	Circle	Number of Taxpayers	Table 5B of GSTR-9C	Table 5H of GSTR-9C of Previous Year	Deviation
1	SAS Nagar	1	6,16,86,335	6,41,56,879	24,70,544
<b>Total</b>		<b>1</b>	<b>6,16,86,335</b>	<b>6,41,56,879</b>	<b>24,70,544</b>

## Appendix 2.17

(Referred to in Paragraph 2.7.2.2(C)(a))

### Undischarged tax liability

#### I-Tax liability mismatch between GSTR-1 and GSTR-9

(Amount in ₹)

Sr. No.	Circle	Number of Taxpayers	Tax liability declared as per GSTR-1	Tax liability as per annual return	Deviation
1	Amritsar-I	1	77,93,74,048	77,65,93,343	27,80,705
2	Amritsar-II	1	2,06,52,174	1,98,09,771	8,42,403
3	Bathinda	2	48,95,24,944	48,79,66,412	15,58,532
4	Jalandhar-I	1	8,27,41,51,005	8,22,85,67,034	4,55,83,971
5	Ludhiana-III	1	44,89,47,904	44,83,69,659	5,78,245
6	Ludhiana-V	1	16,16,94,418	14,98,05,261	1,18,89,157
7	Patiala	1	55,41,56,350	47,28,43,635	8,13,12,715
8	SAS Nagar	10	15,69,36,64,050	15,65,47,33,906	3,89,30,144
<b>Total-I</b>		<b>18</b>	<b>26,42,21,64,893</b>	<b>26,23,86,89,021</b>	<b>18,34,75,872</b>

#### II-Tax liability mismatch between GSTR-1 and GSTR-3B

(Amount in ₹)

Sr. No.	Circle	Number of Taxpayers	Tax liability declared as per GSTR-1	Tax liability declared as per Table 3.1(a) of GSTR-3B	Tax liability declared as per Table 3.1(b) of GSTR-3B	Tax liability declared as per GSTR-3B	Deviation
1	SAS Nagar	1	55,164	16,476	0	16,476	38,688
<b>Total-II</b>		<b>1</b>	<b>55,164</b>	<b>16,476</b>	<b>0</b>	<b>16,476</b>	<b>38,688</b>
<b>Gross Total (I+II)</b>							<b>18,35,14,560</b>

**Appendix 3.1**

(Referred to in Paragraph 3.10.1.1)

**Details of records not produced to Audit**

Sr. No.	GSTIN	Sample e-Waybills of taxpayer	Jurisdiction	Records not produced
1	03AARF*****1ZR	1	Jalandhar-I	<ul style="list-style-type: none"> <li>Financial statements i.e. Trading Account, Profit and Loss Account and Balance Sheet for 2019-20</li> </ul>
2	03ASLP*****1ZH	2	Ludhiana-I	<ul style="list-style-type: none"> <li>Financial statements i.e. Trading, Profit and Loss accounts and Balance Sheet for 2018-19</li> </ul>
3	03ADTP*****1Z9 (Taxpayer with same PAN)	1	Ludhiana-I Ludhiana-I	<ul style="list-style-type: none"> <li>Details of Show Cause Notice(s) issued, if any.</li> <li>Proof of movement of conveyance for e-Waybill 301301419033</li> </ul>
	03ADTP*****3Z7 (Taxpayer with same PAN)			<ul style="list-style-type: none"> <li>Details of Show Cause Notice(s) issued, if any.</li> <li>Report of physical verification conducted by the Department for business premises</li> <li>Proof of movement of conveyance for e-Waybill 301301000000</li> <li>Invoice wise details for 2020-21.</li> </ul>
4	03AAAC*****1ZX	1	Ludhiana-I	<ul style="list-style-type: none"> <li>Physical verification report of business premises</li> <li>Invoice wise details of August 2021</li> </ul>
5	03AAWF*****1ZX	1	Ludhiana-I	<ul style="list-style-type: none"> <li>Details of Show Cause Notice(s) issued, if any.</li> <li>Physical verification report of business premises</li> <li>Proof of movement of conveyance for e-Waybill 171145556841</li> </ul>
6	03COTP*****2ZK	2	Ludhiana-IV	<ul style="list-style-type: none"> <li>Physical verification report of business premises</li> <li>Financial statements i.e. Trading, Profit and Loss accounts and Balance Sheet for 2018-19</li> <li>Month-wise GSTR-1, GSTR-2A and GSTR-3B returns for 2018-19</li> <li>Proof of movement of conveyance for e-Waybill 311018206453 and 391019545010</li> </ul>
7	03DEGP*****1ZL	8	Ludhiana-IV	<ul style="list-style-type: none"> <li>Physical verification report of business premises</li> </ul>
8	03ABKF*****1Z0	2	Ludhiana-IV	<ul style="list-style-type: none"> <li>Physical verification report of business premises</li> <li>Financial statements i.e. Trading, Profit and Loss accounts and Balance Sheet for 2019-20</li> </ul>
9	03ABYP*****1ZL	6	Ludhiana-V	<ul style="list-style-type: none"> <li>Financial statements i.e. Trading, Profit and Loss accounts and Balance Sheet for 2018-19 and 2019-20</li> <li>Invoice wise details for inward supplies for 2018-19 as per GSTR-2A</li> </ul>
10	03IFHP*****1Z5	40	Ludhiana-V	<ul style="list-style-type: none"> <li>Financial statements i.e. Trading, Profit and Loss accounts and Balance Sheet for 2018-19 and 2019-20</li> <li>Invoice wise details for inward supplies for the period from 27.12.2018 to 26.04.2019 as per GSTR-2A</li> </ul>
11	03AAPF*****1ZL	1	Ludhiana-V	<ul style="list-style-type: none"> <li>Invoice wise details of inward and outward supply from December 2020 to March 2021</li> <li>Financial statements i.e. Trading, Profit and Loss accounts and Balance Sheet for 2020-21</li> </ul>

Sr. No.	GSTIN	Sample e-Waybills of taxpayer	Jurisdiction	Records not produced
12	03EVJP*****1ZK	2	Ludhiana-V	<ul style="list-style-type: none"> <li>▪ Month wise GSTR-1 returns along with invoice wise details for 2019-20</li> <li>▪ Physical verification report of business premises</li> <li>▪ Comparison report of GSTR-1 with GSTR-3B for 2019-20</li> </ul>
13	03CLVP*****1ZZ	5	Patiala	<ul style="list-style-type: none"> <li>▪ Financial statements i.e. Trading, Profit and Loss accounts and Balance Sheet for 2018-19</li> </ul>
14	03AABC*****1ZU	1	SAS Nagar	<ul style="list-style-type: none"> <li>▪ MIS report regarding movement of consignments</li> <li>▪ Export documents such as shipping bills, export invoice related to e-Waybill 321315348802</li> </ul>
15	03AAAC*****1ZK	2	SAS Nagar	<ul style="list-style-type: none"> <li>▪ Invoice-wise details of May 2021 as per GSTR-1</li> </ul>
16	03CLVP*****1ZV	18	SAS Nagar	<ul style="list-style-type: none"> <li>▪ Physical verification report of business premises</li> <li>▪ MIS report regarding movement of consignments for E-way bills for 2018-19</li> <li>▪ Financial statements i.e. Trading, Profit and Loss accounts and Balance Sheet for 2018-19</li> </ul>
<b>Total</b>		<b>93</b>		

### Appendix 3.2

(Referred to in Paragraph 3.10.1.4)

#### Generation of e-Waybills by nil filers

Sr. No.	GSTIN	e-Waybill	Assessable Value (₹)	Tax involved (₹)	Jurisdiction
1	03EQXP*****1Z3	301213050917	11,05,643	1,99,015	Fatehgarh Sahib
		341207334944	11,00,061	1,98,010	
2	03CWOP*****1Z0	341078493247	85,821	15,448	Ferozepur
3	03AARF*****1ZR	351102992527	71,700	12,906	Jalandhar-I
4	03AAAA*****1ZG	391027343323	50,308	9,056	Jalandhar-I
		321028072649	50,308	9,056	
5	03ANTP*****1Z0	371213961058	22,38,240	1,11,912	Ludhiana-I
6	03JDSP*****1ZE	331252584418	67,89,120	3,39,456	Ludhiana-III
7	03DIRP*****1Z6	391049623542	63,240	7,589	Ludhiana-III
8	03ABYP*****1ZL	371095334791	4,27,200	428	Ludhiana-V
		301096697829	5,37,320	538	
		341095947318	4,96,260	496	
		381094782246	4,67,832	468	
		381097031806	6,53,200	654	
		341096283336	6,33,400	634	
9	03BWIP*****1ZH	361013706940	2,59,500	46,710	Patiala
10	03CLVP*****1ZV	361026846642	44,000	7,920	SAS Nagar
		311027573012	57,000	10,260	
		301027923090	75,600	13,608	
		331027710446	4,04,700	72,846	
		381028019149	3,99,000	71,820	
		321026595487	3,99,000	71,820	
		391027737612	4,27,500	76,950	
		361026609230	8,55,000	1,53,900	
		371026536267	5,70,000	1,02,600	
		341026539452	5,70,000	1,02,600	
		391029402833	6,84,000	1,23,120	

Sr. No.	GSTIN	e-Waybill	Assessable Value (₹)	Tax involved (₹)	Jurisdiction
		351026539640	5,60,000	1,00,800	
		331027130264	6,84,000	1,23,120	
		351026593745	8,55,000	1,53,900	
		321026538747	2,85,000	51,300	
		301028288406	8,55,000	1,53,900	
		381026608741	8,55,000	1,53,900	
		371026541261	8,55,000	1,53,900	
<b>Total (34 e-Waybills)</b>			<b>2,44,63,953</b>	<b>26,50,640</b>	

### Appendix 3.3

(Referred to in Paragraph 3.10.1.5)

#### Generation of e-Waybills by non-filers

Sr. No.	GSTIN	e-Waybill	Assessable Value (₹)	Tax involved (₹)	Jurisdiction
1	03ARFP*****1Z8	301039352224	5,65,268	1,01,748	Fatehgarh Sahib
		341039789309	5,65,268	1,01,748	
2	03ASLP*****1ZH	371050377179	16,53,350	1,98,402	Ludhiana-I
		391050376578	16,53,350	1,98,402	
3	03AAAC*****1Z2	361069070068	12,67,200	63,360	Ludhiana-IV
		381030833355	15,00,000	2,70,000	
		341030744381	10,00,000	1,80,000	
		341030742682	10,00,000	1,80,000	
4	03DEGP*****1ZL	351036765587	6,00,000	1,08,000	Ludhiana-IV
		371051267910	5,30,120	26,506	
		381051268341	5,30,120	26,506	
		351051267240	3,65,000	18,250	
		321042884583	4,10,980	20,550	
		301042884350	4,94,550	24,728	
		391050543734	4,93,000	24,650	
5	03COTP*****2ZK	341044828019	3,29,300	39,516	Ludhiana-IV
		361044826981	3,29,300	39,516	
6	03AAOF*****1ZN	311018206453	3,09,750	55,755	Ludhiana-IV
		391019545010	4,75,750	85,635	
7	03AAOF*****1ZN	331190018727	72,44,640	3,62,232	Ludhiana-IV
8	03AAPH*****1ZL	341290453186	2,00,000	10,000	Ludhiana-V
8	03IFHP*****1Z5	321099799540	3,92,625	70,672	Ludhiana-V
		351099572234	4,39,307	52,718	
		371097545320	4,13,400	20,670	
		321096518964	4,44,540	80,018	
		381097545138	4,29,000	21,450	
		321095549121	4,99,083	89,834	
		351100240291	5,25,760	94,636	
		301095868880	4,88,920	88,006	
		331095550353	4,59,520	82,714	
		321096520071	4,87,560	87,760	
		371096516653	5,53,880	99,698	
		311096515821	7,53,960	1,35,712	
		321100089611	8,50,787	1,53,142	
		321097992518	6,01,172	1,08,210	
		371097545250	4,86,720	24,336	
		331097991828	7,65,128	1,37,724	
		341095869492	5,95,058	29,752	
		341096516232	5,43,390	97,810	
		361100093292	7,44,108	1,33,940	
				321096520589	

Sr. No.	GSTIN	e-Waybill	Assessable Value (₹)	Tax involved (₹)	Jurisdiction
		381099800923	7,11,315	1,28,036	
		371096186302	5,42,950	97,730	
		361095549503	6,02,543	30,128	
		391100095309	6,20,305	1,11,654	
		321096517060	7,48,313	1,34,696	
		351095550081	9,98,410	1,79,714	
		341100240694	8,87,813	1,59,806	
		371096188593	10,32,019	1,85,764	
		371095790050	10,13,454	1,82,422	
		381097990619	8,98,128	1,61,664	
		311100094344	8,86,835	1,59,630	
		321100090220	8,51,466	1,53,264	
		361100240830	8,49,743	1,52,954	
		351095549740	7,99,576	1,43,924	
		391100092339	7,45,159	1,34,128	
		301097989895	7,32,501	1,31,850	
		351100241108	7,31,416	1,31,654	
		341095869786	7,24,300	1,30,374	
		301100240957	6,91,668	1,24,500	
		381099808125	6,79,941	1,22,390	
<b>Total (61 e-Waybills)</b>			<b>4,85,64,154</b>	<b>65,41,860</b>	

### Appendix 3.4

(Referred to in Paragraph 3.10.1.6)

#### Generation of multiple e-Waybills on the strength of same invoice

Sr. No.	GSTIN	Invoice	e-Waybill	Assessable Value (₹)	Tax involved (₹)	Jurisdiction
1	03ARFP*****1Z8	0008 18.08.2018	301039352224	5,65,268	1,01,748	Fatehgarh Sahib
			341039789309	5,65,268	1,01,748	
2	03AAAA*****1ZG	41178 30.06.2018	391027343323	50,308	9,056	Jalandhar-I
			321028072649	50,308	9,056	
3	03AYVP*****1Z0	15 05.10.2018	301052990296	3,80,000	68,400	Ludhiana-I
			401030313555	3,80,000	68,400	
			401030326652	3,80,000	68,400	
4	03ASLP*****1ZH	347 26.09.2018	371050377179	16,53,350	1,98,402	Ludhiana-I
			391050376578	16,53,350	1,98,402	
5	03DEGP*****1ZL	114 28.09.2018	371051267910	5,30,120	26,506	Ludhiana-IV
			381051268341	5,30,120	26,506	
		65 06.09.2018	341044828019	3,29,300	39,516	
			361044826981	3,29,300	39,516	
6	03AZWP*****1ZU	163 21.06.2018	391023979250	4,25,000	76,500	Ludhiana-IV
			3410 23985421	4,25,000	76,500	
7	03CLVP*****1ZZ	092 18.08.2018	371039503753	1,12,02,150	31,36,602	Patiala
			391039554843	1,12,02,150	20,16,387	
			311039527768	1,12,02,150	20,16,387	
		142 24.08.2018	351041255437	34,73,950	6,25,311	
			331041272951	34,73,950	6,25,311	
8	03CLVP*****1ZV	F24418906777 30.06.2018	321026538747	2,85,000	51,300	SAS Nagar
			361026536772	2,85,000	51,300	
9	03AAAC*****1ZK	21/TI001367 11.05.2021	371316758612	9,65,000	48,250	SAS Nagar
			461178825192	9,65,000	48,250	
<b>Total (24 e-Waybills)</b>				<b>5,13,01,042</b>	<b>97,27,754</b>	

**Appendix 3.5**

(Referred to in Paragraph 3.10.1.7)

**Non-follow up of cancelled taxpayers**

Sr. No.	GSTIN	Date of cancellation	e-Waybill		Assessable Value (₹)	Tax involved (₹)	Jurisdiction
			Number	Date			
1	03ARFP*****1Z8	02.08.2018	301039352224	18.08.2018	5,65,268	1,01,748	Fatehgarh Sahib
			341039789309	20.08.2018	5,65,268	1,01,748	
2	03ACYP*****1ZC	17.02.2018	361035106665	02.08.2018	4,91,201	88,416	Fatehgarh Sahib
3	03BCCP*****1ZP	14.11.2017	391058595977	24.10.2018	4,00,000	72,000	Fatehgarh Sahib
4	03EQXP*****1Z3	07.12.2018	301213050917	30.06.2020	11,05,643	1,99,015	Fatehgarh Sahib
			341207334944	06.06.2020	11,00,061	1,98,010	
5	03AARF*****1ZR	01.04.2019	351102992527	10.04.2019	71,700	12,906	Jalandhar-I
6	03AGWP*****1ZD	03.07.2017	301034105467	30.07.2018	5,01,795	90,324	Ludhiana-I
7	03ASLP*****1ZH	26.09.2017	371050377179	26.09.2018	16,53,350	1,98,402	Ludhiana-I
			391050376578	26.09.2018	16,53,350	1,98,402	
8	03ANTP*****1Z0	01.07.2017	371213961058	04.07.2020	22,38,240	1,11,912	Ludhiana-I
9	03DIRP*****1Z6	12.03.2018	391049623542	23.09.2018	63,240	7,589	Ludhiana-III
10	03JDSP*****1ZE	15.05.2020	331252584418	04.11.2020	67,89,120	3,39,456	Ludhiana-III
11	03AZWP*****1ZU	21.12.2017	341023985421	21.06.2018	4,25,000	76,500	Ludhiana-IV
			391023979250	21.06.2018	4,25,000	76,500	
12	03AAAC*****1Z2	19.12.2018	361069070068	03.12.2018	12,67,200	63,360	Ludhiana-IV
			381030833355	17.07.2018	15,00,000	2,70,000	
			341030744381	17.07.2018	10,00,000	1,80,000	
			341030742682	17.07.2018	10,00,000	1,80,000	
			351036765587	08.08.2018	6,00,000	1,08,000	
13	03DEGP*****1ZL	19.07.2018	371051267910	28.09.2018	5,30,120	26,506	Ludhiana-IV
			381051268341	28.09.2018	5,30,120	26,506	
			351051267240	28.09.2018	3,65,000	18,250	
			321042884583	30.08.2018	4,10,980	20,550	
			301042884350	30.08.2018	4,94,550	24,728	
			391050543734	26.09.2018	4,93,000	24,650	
			341044828019	06.09.2018	3,29,300	39,516	
			361044826981	06.09.2018	3,29,300	39,516	
14	03AAOF*****1ZN	10.12.2019	331190018727	14.02.2020	72,44,640	3,62,232	Ludhiana-IV
15	03ABKF*****1Z0	01.03.2019	391133318851	31.07.2019	19,68,000	2,36,160	Ludhiana-IV
			381108606311	30.04.2019	1,32,97,500	6,64,875	
16	03COTP*****2ZK	01.05.2018	311018206453	30.05.2018	3,09,750	55,755	Ludhiana-IV
			391019545010	05.06.2018	4,75,750	85,635	
17	03EVJP*****1ZK	01.01.2020	391190399930	15.02.2020	1,97,36,640	23,68,396	Ludhiana-V
			301179007705	08.01.2020	2,06,49,420	24,77,930	
18	03ABYP*****1ZL	31.03.2018	371095334791	13.03.2019	4,27,200	428	Ludhiana-V
			301096697829	18.03.2019	5,37,320	538	
			341095947318	15.03.2019	4,96,260	496	
			381094782246	11.03.2019	4,67,832	468	
			381097031806	19.03.2019	6,53,200	654	
19	03IFHP*****1Z5	10.01.2019	321099799540	29.03.2019	3,92,625	70,672	Ludhiana-V
			351099572234	28.03.2019	4,39,307	52,718	
			371097545320	20.03.2019	4,13,400	20,670	
			321096518964	16.03.2019	4,44,540	80,018	
			381097545138	20.03.2019	4,29,000	21,450	
			321095549121	13.03.2019	4,99,083	89,834	
			351100240291	30.03.2019	5,25,760	94,636	
			301095868880	14.03.2019	4,88,920	88,006	
			331095550353	13.03.2019	4,59,520	82,714	
			321096520071	16.03.2019	4,87,560	87,760	
			371096516653	16.03.2019	5,53,880	99,698	
			311096515821	16.03.2019	7,53,960	1,35,712	
			321100089611	30.03.2019	8,50,787	1,53,142	
321097992518	23.03.2019	6,01,172	1,08,210				

Sr. No.	GSTIN	Date of cancellation	e-Waybill		Assessable Value (₹)	Tax involved (₹)	Jurisdiction
			Number	Date			
			371097545250	20.03.2019	4,86,720	24,336	
			331097991828	23.03.2019	7,65,128	1,37,724	
			341095869492	14.03.2019	5,95,058	29,752	
			341096516232	16.03.2019	5,43,390	97,810	
			361100093292	30.03.2019	7,44,108	1,33,940	
			321096520589	16.03.2019	8,25,435	41,272	
			381099800923	29.03.2019	7,11,315	1,28,036	
			371096186302	15.03.2019	5,42,950	97,730	
			361095549503	13.03.2019	6,02,543	30,128	
			391100095309	30.03.2019	6,20,305	1,11,654	
			321096517060	16.03.2019	7,48,313	1,34,696	
			351095550081	13.03.2019	9,98,410	1,79,714	
			341100240694	30.03.2019	8,87,813	1,59,806	
			371096188593	15.03.2019	10,32,019	1,85,764	
			371095790050	14.03.2019	10,13,454	1,82,422	
			381097990619	23.03.2019	8,98,128	1,61,664	
			311100094344	30.03.2019	8,86,835	1,59,630	
			321100090220	30.03.2019	8,51,466	1,53,264	
			361100240830	30.03.2019	8,49,743	1,52,954	
			351095549740	13.03.2019	7,99,576	1,43,924	
			391100092339	30.03.2019	7,45,159	1,34,128	
			301097989895	23.03.2019	7,32,501	1,31,850	
			351100241108	30.03.2019	7,31,416	1,31,654	
			341095869786	14.03.2019	7,24,300	1,30,374	
			301100240957	01.10.2018	6,91,668	1,24,500	
			381099808125	29.03.2019	6,79,941	1,22,390	
20	03AAPF*****1ZL	31.12.2020	341290453186	23.02.2021	2,00,000	10,000	Ludhiana-V
21	03BWIP*****1ZH	31.10.2018	361013706940	10.05.2018	2,59,500	46,710	Patiala
22	03CLVP*****1ZZ	24.07.2018	371039503753	18.08.2018	1,12,02,150	31,36,602	Patiala
			391039554843	18.08.2018	1,12,02,150	20,16,387	
			311039527768	18.08.2018	1,12,02,150	20,16,387	
			351041255437	24.08.2018	34,73,950	6,25,311	
			331041272951	24.08.2018	34,73,950	6,25,311	
23	03CLVP*****1ZV	14.06.2018	361026846642	02.07.2018	44,000	7,920	SAS Nagar
			311027573012	05.07.2018	57,000	10,260	
			301027923090	06.07.2018	75,600	13,608	
			331027710446	05.07.2018	4,04,700	72,846	
			381028019149	06.07.2018	3,99,000	71,820	
			321026595487	01.07.2018	3,99,000	71,820	
			391027737612	05.07.2018	4,27,500	76,950	
			361026609230	01.07.2018	8,55,000	1,53,900	
			371026536267	30.06.2018	5,70,000	1,02,600	
			341026539452	30.06.2018	5,70,000	1,02,600	
			391029402833	12.07.2018	6,84,000	1,23,120	
			351026539640	30.06.2018	5,60,000	1,00,800	
			331027130264	03.07.2018	6,84,000	1,23,120	
			351026593745	01.07.2018	8,55,000	1,53,900	
			321026538747	30.06.2018	2,85,000	51,300	
			301028288406	07.07.2018	8,55,000	1,53,900	
			381026608741	01.07.2018	8,55,000	1,53,900	
			371026541261	30.06.2018	8,55,000	1,53,900	
<b>Total (106 e-Waybills)</b>					<b>17,12,90,576</b>	<b>2,37,30,039</b>	

☞ Out of the above 23 taxpayers, DRC-01 to three taxpayers and DRC-07 to three taxpayers were already issued by the Department as detailed below.

- Ludhiana-I** GSTIN: 03ANTP\*\*\*\*\*1Z0, DRC-07 ₹ 1.14 crore  
GSTIN: 03AGWP\*\*\*\*\*1ZD, DRC-07 ₹ 16.58 crore
- Ludhiana-III** GSTIN: 03JDSP\*\*\*\*\*1ZE, DRC-01 ₹ 7.43 crore
- Ludhiana-IV** GSTIN: 03AZWP\*\*\*\*\*1ZU, DRC-07 ₹ 5.10 crore  
GSTIN: 03AAOF\*\*\*\*\*1ZN, DRC-01 ₹ 0.69 crore  
GSTIN: 03COTP\*\*\*\*\*2ZK, DRC-01 ₹ 0.10 crore

### Appendix 3.6

(Referred to in Paragraph 3.10.1.10)

#### Outward supplies without or disproportionate to inward supplies

Sr. No.	GSTIN	e-Waybill	Assessable Value (₹)	Tax involved (₹)	Jurisdiction
1	03AARF*****1ZR	351102992527	71,700	12,906	Jalandhar-I
2	03ASLP*****1ZH	371050377179	16,53,350	1,98,402	Ludhiana-I
		391050376578	16,53,350	1,98,402	
3	03DEGP*****1ZL	321042884583	4,10,980	20,550	Ludhiana-IV
		301042884350	4,94,550	24,728	
		341044828019	3,29,300	39,516	
		361044826981	3,29,300	39,516	
		391050543734	4,93,000	24,650	
		371051267910	5,30,120	26,506	
		381051268341	5,30,120	26,506	
		351051267240	3,65,000	18,250	
4	03CLVP*****1ZV	371026536267	5,70,000	1,02,600	SAS Nagar
		341026539452	5,70,000	1,02,600	
		351026539640	5,60,000	1,00,800	
		321026538747	2,85,000	51,300	
		371026541261	8,55,000	1,53,900	
		361026846642	44,000	7,920	
		311027573012	57,000	10,260	
		301027923090	75,600	13,608	
		331027710446	4,04,700	72,846	
		381028019149	3,99,000	71,820	
		321026595487	3,99,000	71,820	
		391027737612	4,27,500	76,950	
		361026609230	8,55,000	1,53,900	
		391029402833	6,84,000	1,23,120	
		331027130264	6,84,000	1,23,120	
		351026593745	8,55,000	1,53,900	
		301028288406	8,55,000	1,53,900	
		381026608741	8,55,000	1,53,900	
<b>Total (29 e-Waybills)</b>			<b>1,62,95,570</b>	<b>23,28,196</b>	

### Appendix 3.7

(Referred to in Paragraph 3.10.2.1 [B])

#### Position of vacancies in State Intelligence Preventive Units

Sr. No.	Name of the Post	Sanctioned Posts	Persons in position	Vacant Posts	Vacancies (per cent)
1	Assistant Commissioner	4	4	0	0.00
2	State Tax Officer	17	15	2	11.76
3	State Tax Inspector	21	19	2	9.52
4	Sr. Assistant	3	3	0	0.00
5	Jr. Scale Stenographer	4	3	1	25.00
6	Clerk	13	10	3	23.08
7	Steno	4	3	1	25.00
<b>Total</b>		<b>66</b>	<b>57</b>	<b>9</b>	<b>13.64</b>

### Appendix 3.8

(Referred to in Paragraph 3.10.2.2 [A])

#### Details of records not produced to Audit

Sr. No.	SIPU	Date of Detention	Vehicle Number
1	Shambhu	25.12.2021	HR**AA**75
		05.04.2021	PB**GK**96
		17.11.2021	UP**CT**71
		23.01.2021	PB**V**37
		29.12.2021	PB**FF**86
2	Patiala	06.07.2018	HR**B3**0/PB**GK**45
		23.11.2018	PB**T1**0
		04.03.2021	RJ**GA**36

### Appendix 3.9

(Referred to in Paragraph 3.10.2.2 [C] i)

#### Release of goods and conveyance without realising money in Government Account

(Amount in ₹)

Sr. No.	SIPU	Release Order		Tax	Fine	Total
		Number	Date			
1	Bathinda	183	03.12.2018	5,02,840	-	5,02,840
2	Ludhiana	11	30.05.2018	2,05,752	-	2,05,752
3	Ludhiana	25	15.06.2018	14,17,758	-	14,17,758
4	Ludhiana	263	29.11.2018	1,61,481	-	1,61,481
5	Ludhiana	292	23.02.2019	52,500	-	52,500
6	Ludhiana	356	01.01.2019	50,917	-	50,917
7	Ludhiana	980	11.02.2021	1,38,650	-	1,38,650
8	Patiala	34	30.03.2018	1,70,945	-	1,70,945
9	Patiala	259	14.12.2018	30,488	-	30,488
10	Patiala	1292	16.06.2021	1,73,756	-	1,73,756
11	Shambhu	76	21.04.2018	2,34,953	-	2,34,953
12	Shambhu	392	18.08.2021	0	2,35,191	2,35,191
13	Shambhu	1314	01.05.2019	0	51,250	51,250
<b>Total</b>				<b>31,40,040</b>	<b>2,86,441</b>	<b>34,26,481</b>

### Appendix 3.10

(Referred to in Paragraph 3.10.2.2 [C] ii)

#### Delay in adjustment of taxpayer's liability

(Amount in ₹)

Sr. No.	SIPU	Release Order		Tax	Penalty	Fine	Total	Delay in days
		Number	Date					
1	Bathinda	49	02.11.2018	72,131	72,131	-	1,44,262	297
2	Bathinda	58	12.07.2018	27,248	27,248	-	54,496	391
3	Bathinda	89	15.11.2018	13,680	13,680	-	27,360	264
4	Bathinda	112	18.05.2018	11,700	11,700	-	23,400	382
5	Bathinda	151	02.08.2018	37,620	37,620	-	75,240	370
6	Bathinda	203	09.03.2019	44,400	44,400	-	88,800	66
7	Bathinda	245	21.05.2019	12,020	46,500	-	58,520	258
8	Bathinda	403	14.07.2019	2,000	40,000	-	42,000	468
9	Bathinda	426	19.10.2019	4,536	25,200	-	29,736	373
10	Ludhiana	25	15.06.2018	43,516	43,516	-	87,032	848
11	Ludhiana	73	28.09.2018	85,212	85,212	-	1,70,424	210
12	Ludhiana	157	11.04.2018	12,850	12,850	-	25,700	966

Sr. No.	SIPU	Release Order		Tax	Penalty	Fine	Total	Delay in days
		Number	Date					
13	Ludhiana	265	05.12.2018	5,400	30,000	-	35,400	1,656
14	Ludhiana	321	28.02.2019	1,515	30,225	-	31,740	597
15	Ludhiana	410	05.04.2019	9,000	50,000	-	59,000	545
16	Ludhiana	700	26.02.2020	4,575	78,870	-	83,445	221
17	Patiala	92	08.04.2018	13,680	82,000	-	95,680	900
18	Patiala	183	06.10.2018	84,720	5,72,000	-	6,56,720	198
19	Patiala	257	31.05.2018	18,900	1,05,000	-	1,23,900	850
20	Shambhu	392	27.08.2021	12,379	12,379	2,35,191	2,59,949	238
21	Shambhu	752	13.10.2021	2,57,427	2,57,427	2,57,427	7,72,281	63
22	Shambhu	1039	31.08.2018	86,229	86,229	-	1,72,458	236
23	Shambhu	1066	18.09.2018	2,72,217	2,72,217	-	5,44,434	268
24	Shambhu	1176	11.12.2018	66,385	66,385	66,385	1,99,155	182
25	Shambhu	1183	03.01.2019	63,568	63,568	-	1,27,136	124
26	Shambhu	1186	30.12.2018	2,05,632	2,05,632	2,05,632	6,16,896	99
27	Shambhu	020006	13.07.2018	1,64,584	1,64,584	7,49,771	10,78,939	284
<b>Total</b>				<b>16,33,124</b>	<b>25,36,573</b>	<b>15,14,406</b>	<b>56,84,103</b>	

### Appendix 3.11

(Referred to in Paragraph 3.10.2.2 [D])

#### Non-reporting of invoices for outward supplies

(Amount in ₹)

Sr. No.	GSTIN	SIPU	Release Order		Invoice		Assessable Value	Tax
			No.	Date	No.	Date		
1	03EQPP*****1ZJ	Ludhiana	321	28.02.2019	TI-102	25.02.2019	44,720	2,236
2	03DAIP*****1Z4				115	25.02.2019	31,174	1,559
					117	25.02.2019	42,140	2,107
					120	26.02.2019	26,001	1,300
3	03AEHP*****1ZP	Ludhiana	2240	26.11.2021	241	24.11.2021	28,350	7,938
4	03AZVP*****1ZC				244	24.11.2021	35,500	9,940
					275	23.11.2021	28,000	7,840
					276	24.11.2021	24,000	4,320
					277	24.11.2021	7,800	1,404
					297	24.11.2021	28,000	7,840
5	03ADVP*****1ZD							
<b>Total</b>							<b>2,95,685</b>	<b>46,484</b>

### Appendix 3.12

(Referred to in Paragraph 3.10.2.3 [A])

#### Availing of Input Tax Credit by the recipients in respect of consignments booked during interception for e-Waybill related violations

Sr. No.	SIPU	Consignee's GSTIN	Release Order		Tax (₹)
			Number	Date	
1	Bathinda	03ABCP*****1ZJ	112	18.05.2018	11,060
2	Bathinda	03AAPF*****1Z4	299	06.07.2019	22,319
3	Bathinda	03GHMP*****2ZH	419	25.09.2019	12,162
4	Bathinda	03MRHP*****1Z4	702	04.07.2020	26,748
5	Bathinda	03LKTP*****1Z7	712	15.07.2020	12,664
6	Bathinda	03AAEC*****1Z4	1014	01.04.2021	49,392
7	Bathinda	03DYDP*****1ZM	1090	29.05.2021	12,660
8	Bathinda	03AHEP*****2Z4	1139	19.06.2021	67,889
9	Bathinda	03AAHF*****1ZL	1203	23.06.2021	11,988
10	Bathinda	03AELF*****1Z6	1267	21.07.2021	62,776
11	Bathinda	03AAEC*****1Z4	1400	10.12.2020	32,508
12	Bathinda	03GLGP*****1ZM	1437	24.11.2021	63,677

Sr. No.	SIPU	Consignee's GSTIN	Release Order		Tax (₹)
			Number	Date	
13	Patiala	03BNCP*****1ZK	892	02.02.2021	28,553
14	Patiala	03BGRP*****1Z5	929	13.02.2021	75,397
15	Patiala	03ADXP*****1ZG	1033	09.04.2021	18,736
16	Patiala	03AFAP*****1Z7	1222	31.05.2021	51,638
17	Patiala	07AOYP*****1ZF	1225	08.06.2021	94,625
18	Patiala	03IJP*****1ZC	1226	10.06.2021	74,126
19	Patiala	03FLZP*****1Z0	1484	14.08.2021	48,114
20	Patiala	03GHAP*****1ZS	1494	03.09.2021	51,062
21	Shambhu	03BLHP*****1ZW	78	25.05.2021	73,260
22	Shambhu	03AACC*****2Z5	342	05.07.2021	48,158
23	Shambhu	03AESP*****2Z9	406	15.06.2021	1,07,128
24	Shambhu	03AAAC*****1ZM	752	13.10.2021	2,57,427
25	Shambhu	03ADFP*****1ZF	795	07.12.2021	2,09,385
26	Shambhu	03AAAC*****1ZF	1183	26.12.2018	63,568
27	Shambhu	03AEMP*****1ZK	1209	07.11.2020	61,004
28	Shambhu	03BLHP*****1ZW	1256	24.12.2020	50,324
29	Shambhu	03AIZP*****1ZA	1517	26.11.2020	32,018
<b>Total</b>					<b>17,30,366</b>

### Appendix 3.13

(Referred to in Paragraph 3.10.2.3 [B])

#### Unregistered persons making supplies beyond threshold limit

Sr. No.	e-Waybill		GSTIN (Generator)	Invoice		Assessable value (₹)
	Number	Date		Number	Date	
1	371060393206	30.10.2018	03AADC*****1ZB	5015	30.10.2018	5,39,98,240
2	371060277096	30.10.2018	03AADC*****1ZB	5012	30.10.2018	4,39,75,140
3	231336231192	09.09.2021	27AGSP*****1Z6	MSTC/CDG/1639	09.09.2021	2,85,55,004
4	181172795788	02.11.2019	29AAAC*****1ZW	1	31.10.2021	1,75,00,000
5	361141213015	30.08.2019	03ADVP*****1ZV	st1/v02/19/0112	26.06.2019	1,58,00,000
6	771104396972	19.11.2019	07AADC*****1ZR	107008F20ROC0003	19.11.2019	1,31,30,000
7	491026448363	13.09.2018	09AAAF*****1ZI	0	13.09.2018	1,18,81,000
8	721023577231	08.08.2018	07AAHC*****1ZO	862018	06.08.2018	1,06,95,000
9	291346655942	07.10.2021	27AGSP*****1Z6	MSTC/CDG/2312	07.10.2021	1,03,95,711
10	741010468973	09.05.2018	07AANF*****1ZP	6299688	09.05.2018	99,38,565
11	201356829444	02.11.2021	27AGSP*****1Z6	MSTC/CDG/2764	02.11.2021	97,80,000
12	301022149998	14.06.2018	06AAIC*****1ZO	6752026	11.06.2018	83,43,650
13	331371472218	20.10.2021	03AADF*****1ZH	5882418	18.10.2021	81,98,611
14	171110762978	08.03.2019	29AAAC*****1Z2	2057592	14.02.2019	79,08,970
15	751009502821	28.04.2018	07AANF*****1ZP	45175	28.04.2018	75,80,163
16	771074097431	27.05.2019	07AAAC*****1Z2	1920DLDC00207	27.05.2019	75,62,660
17	331320708544	28.05.2021	06AAFC*****1Z1	001/21-22	28.05.2021	71,87,500
18	711059671421	07.03.2019	07AAAP*****1ZL	BBC260202019	26.02.2019	65,62,916
19	311112257287	14.05.2019	03BXWP*****1ZW	T/19-20/1359	14.05.2019	64,48,350
20	351061663285	03.11.2018	03AADC*****1ZB	8572	03.11.2018	64,15,548
21	351116606317	30.05.2019	03BXWP*****1ZW	T/19-20/1731	29.05.2019	64,07,760
22	321108577204	30.04.2019	03BXWP*****1ZW	T/19-20/920	30.04.2019	63,45,437
<b>Total</b>						<b>30,46,10,225</b>

**Appendix 3.14**

(Referred to in Paragraph 3.10.2.3 [C])

**Passing-on of input tax credit without movement of conveyance carrying goods**

(Amount in ₹)

Sr. No.	GSTIN	Jurisdiction	e-Waybill				Passed on credit
			Number	Date	Assessable value	Tax involved	
1	03AAAC*****1ZF	Fatehgarh Sahib	361381655019	18.11.2021	9,89,590	1,78,126	0
			391382223421	20.11.2021	13,81,905	2,48,742	0
2	03AAGF*****1ZD	Fazilka	301398263683	04.01.2022	4,46,093	80,297	80,297
			311397416968	01.01.2022	2,95,697	53,226	53,226
			311399729398	09.01.2022	3,13,963	56,513	56,513
			311401097617	13.01.2022	5,85,117	1,05,321	1,05,321
			311401108836	13.01.2022	4,44,026	79,925	79,925
			311405449067	25.01.2022	5,21,781	93,921	93,921
			311406825547	29.01.2022	3,16,197	56,916	56,916
			321404019822	21.01.2022	5,80,548	1,04,499	1,04,499
			331397416865	01.01.2022	1,58,309	28,496	28,496
			331406823956	29.01.2022	2,86,957	51,652	51,652
			341398263911	04.01.2022	4,99,601	89,928	89,928
			351399729473	09.01.2022	3,06,059	55,091	55,091
			351404381791	21.01.2022	4,48,023	80,644	80,644
			351405715663	26.01.2022	4,86,053	87,490	87,490
			361402735964	18.01.2022	1,52,533	27,456	27,456
			361402736066	18.01.2022	3,13,209	56,378	56,378
			371399431826	08.01.2022	3,42,035	61,566	61,566
			381397416790	01.01.2022	3,01,036	54,186	54,186
			381399431395	08.01.2022	3,05,996	55,079	55,079
			381400216454	10.01.2022	4,51,580	81,284	81,284
381405451584	25.01.2022	2,84,933	51,288	51,288			
391400623277	11.01.2022	5,34,896	96,281	96,281			
391401098487	13.01.2022	10,85,314	1,95,356	1,95,356			
391402735851	18.01.2022	5,15,699	92,826	92,826			
391404382118	21.01.2022	4,85,755	87,436	87,436			
3	03AAGF*****1ZE	SAS Nagar	381370268189	17.10.2021	12,18,131	2,19,264	2,19,264
4	03ABVP*****1ZF	Bathinda	381352158262	28.08.2021	17,85,855	3,21,452	3,21,452
5	03AIQP*****1ZD	Fatehgarh Sahib	351405785215	26.01.2022	17,41,160	3,13,408	3,13,408
<b>Total (30 e-Waybills)</b>					<b>1,75,78,051</b>	<b>31,64,047</b>	<b>27,37,179</b>

### Appendix 4.1

(Referred to in Paragraph 4.1)

#### Non-levy of interest

(Amount in ₹)

Sr. No.	ACST	Assessment Year	Disposal No./Date	CST Demand	Month	Interest leviable
1	Amritsar-I	2014-15	32/06-09-2021	2,54,71,181	78	99,33,761
2			40/04-09-2021	13,33,565	78	5,20,090
3	Amritsar-II	2013-14	479/09-12-2020	15,37,072	81	6,22,514
4			485/14-12-2020	24,88,191	81	10,07,717
5			825/30-11-2021	45,35,370	80	18,14,148
6	Faridkot	2014-15	65/27-10-2021	28,12,712	79	11,11,021
7	Fatehgarh Sahib	2014-15	104/30-11-2021	22,76,919	80	9,10,768
8	Ferozepur	2013-14	99/17-11-2020	20,96,746	80	8,38,698
9	Gurdaspur	2013-14	96/09-12-2020	4,23,72,075	81	1,71,60,690
10		2014-15	124/30-11-2021	11,23,933	80	4,49,573
11	Hoshiarpur	2012-13	03/20-08-2020	13,01,078	89	5,78,980
12			04/20-08-2020	6,95,379	89	3,09,444
13			148/31-10-2019	3,01,198	79	1,18,973
14		2014-15	27/29-11-2021	1,90,917	80	76,367
15	Jalandhar-I	2015-16	25/27-08-2021	11,09,474	65	3,60,579
16		2016-17	37/10-02-2022	16,86,667	59	4,97,567
17	Ludhiana-I	2014-15	111/17-11-2021	75,366	80	30,146
18	Ludhiana-III	2014-15	03/08-04-2021	11,13,382	73	4,06,384
19			83/18-10-2021	3,66,91,801	79	1,44,93,261
20			151/16-11-2021	26,099	80	10,440
<b>Total</b>				<b>12,92,39,125</b>		<b>5,12,51,121</b>

### Appendix 4.2

(Referred to in Paragraph 4.5)

#### Short levy of tax and non-levy of surcharge

(Amount in ₹)

Sr. No.	Disposal No. and Date	Assessment Year	Interstate sale without statutory declarations	Tax leviable @ 5.50 %	Tax levied	Tax short levied	Surcharge not levied
1	33/30-10-2020	2013-14	3,19,45,157	17,56,984	17,56,984	0	1,75,698
2	70/04-12-2020	2013-14	10,43,149	57,373	57,373	0	5,737
3	66/03-12-2020	2013-14	7,92,000	43,560	43,560	0	4,356
4	39/05-11-2020	2013-14	5,74,219	31,582	31,582	0	3,158
5	129/18-11-2019	2012-13	5,37,482	29,562	29,562	0	2,956
6	31/27-10-2020	2013-14	5,84,463	32,145	32,145	0	3,215
7	26/21-10-2020	2015-16	3,72,675	20,497	20,498	0	2,050
8	25/21-10-2020	2014-15	4,30,008	23,650	23,650	0	2,365
9	12/09-10-2020	2013-14	5,00,964	27,553	27,553	0	2,755
<b>Total-I</b>			<b>3,67,80,117</b>	<b>20,22,906</b>	<b>20,22,907</b>	<b>0</b>	<b>2,02,291</b>
10	71/16-12-2020	2014-15	3,68,82,870	20,28,558	18,44,143	1,84,415	2,02,856
11	72/16-12-2020	2015-16	4,52,42,961	24,88,363	22,62,148	2,26,215	2,48,836
12	73/16-12-2020	2016-17	2,52,55,268	13,89,040	12,62,763	1,26,277	1,38,904
13	27/21-10-2020	2016-17	4,19,439	23,069	21,199	1,870	2,307
<b>Total-II</b>			<b>10,78,00,538</b>	<b>59,29,030</b>	<b>53,90,253</b>	<b>5,38,777</b>	<b>5,92,903</b>
<b>Gross Total (Total I + II)</b>			<b>14,45,80,655</b>	<b>79,51,936</b>	<b>74,13,160</b>	<b>5,38,777</b>	<b>7,95,194</b>
						<b>13,33,971</b>	

**Appendix 4.3**

(Referred to in Paragraph 4.6)

**Calculation showing allowance of input tax credit on goods not used towards taxable sale**

**Disposal No. 67 dated 13 August 2021 (Ludhiana-I)**

(Amount in ₹)

1	Opening Balance of inventory as on 1 April 2014	2,02,93,680
2	<b>Add:</b> Taxable purchase during 2014-15 on which input tax credit was allowed	7,93,25,909
3	Value of total taxable goods (Row 1+2)	9,96,19,589
4	<b>Less:</b> Closing Balance of inventory as on 31 March 2015	1,30,03,973
5	Value of tax paid goods consumed during 2014-15 (Row 3-4)	8,66,15,616
6	<b>Less:</b> Taxable Sales (Taxable local sale ₹ 5,55,72,639 plus taxable inter-State sale ₹ 51,27,773)	6,07,00,412
7	Value of tax paid goods that were not used towards taxable sale (Row 5-6)	2,59,15,204
8	Tax implication* on goods mentioned at Row 7 (₹ 1,42,60,831 at the rate of 4.95 per cent and remaining ₹ 1,16,54,373 at the rate of 6.05 per cent)	14,11,001
9	<b>Less:</b> Input tax credit disallowed in Assessment Order	87,216
10	<b>Excess allowance of ITC (Row 8-9)</b>	<b>13,23,785</b>

\* Tax implication has been worked out by adopting conservative audit approach. Out of ₹ 2,59,15,204, the value of ₹ 1,42,60,831 has been worked out at the rate of 4.95 per cent by considering the entire value of tax paid goods of the dealer that was purchased at the rate of 4.95 per cent. Thereafter, tax implication on remaining amount of ₹ 1,16,54,373 has been worked out at next higher rate (6.05 per cent) of tax paid, that dealer paid on taxable purchases during the year.

## Appendix 4.4

(Referred to in Paragraph 4.10)

## Irregular remission of SD, SIC, RF, IDF and SIDF on instruments of sale

(Amount in ₹)

Sr. No.	Sale Deed No. and Date		Area of land		Consideration Amount	Irregular Remissions			Total
			Kanal	Marla		SD @ 5%	RF @1%	SIC, IDF, SIDF	
1	4608	12-08-2021	4	0	31,50,000	1,57,500	31,500	70,875	2,59,875
2	4609	12-08-2021	29	11.5	2,32,90,312	11,64,516	2,00,000	5,24,032	18,88,548
3	4610	12-08-2021	29	11.5	2,32,90,312	11,64,516	2,00,000	5,24,032	18,88,548
4	4611	12-08-2021	17	17	1,40,56,875	7,02,844	1,40,569	3,16,280	11,59,693
5	4612	12-08-2021	8	2	63,78,750	3,18,938	63,788	1,43,523	5,26,249
6	4633	13-08-2021	13	1	1,02,76,875	5,13,844	1,02,769	2,31,230	8,47,843
7	4634	13-08-2021	8	0	63,00,000	3,15,000	63,000	1,41,750	5,19,750
8	4642	16-08-2021	21	16.5	1,71,87,188	8,59,359	1,71,872	3,86,712	14,17,943
9	4643	16-08-2021	1	4.3	9,57,304	47,865	9,573	21,539	78,977
10	4644	16-08-2021	1	9.3	11,54,179	57,709	11,542	25,969	95,220
11	4645	16-08-2021	2	8.83	19,23,502	96,175	19,235	43,279	1,58,689
12	4646	16-08-2021	3	0	23,62,500	1,18,125	23,625	53,156	1,94,906
13	4660	17-08-2021	2	19.75	23,52,656	1,17,633	23,527	52,936	1,94,096
14	4661	17-08-2021	21	5	1,67,34,375	8,36,719	1,67,344	3,76,524	13,80,587
15	4662	17-08-2021	5	19.5	47,05,313	2,35,266	47,053	1,05,869	3,88,188
16	4663	17-08-2021	2	19.75	23,52,656	1,17,633	23,527	52,936	1,94,096
17	4664	17-08-2021	15	13	1,23,24,375	6,16,219	1,23,244	2,77,299	10,16,762
18	4665	17-08-2021	15	13	1,23,24,375	6,16,219	1,23,244	2,77,299	10,16,762
19	4678	18-08-2021	4	0.25	31,59,844	1,57,992	31,598	71,096	2,60,686
20	4679	18-08-2021	4	0.25	31,59,844	1,57,992	31,598	71,096	2,60,686
21	4700	19-08-2021	11	14.5	92,33,437	4,61,672	92,334	2,07,752	7,61,758
22	4716	20-08-2021	9	15	76,78,125	3,83,906	76,781	1,72,757	6,33,444
23	4758	24-08-2021	13	13.5	1,07,69,062	5,38,453	1,07,691	2,42,305	8,88,449
24	4759	24-08-2021	13	13.5	1,07,69,062	5,38,453	1,07,691	2,42,305	8,88,449
25	4770	25-08-2021	11	14.5	92,33,437	4,61,672	92,334	2,07,752	7,61,758
26	4771	25-08-2021	8	0.5	63,19,687	3,15,984	63,197	1,42,193	5,21,374
27	4772	25-08-2021	8	0.5	63,19,687	3,15,984	63,197	1,42,193	5,21,374
28	4795	26-08-2021	6	5.5	49,41,562	2,47,078	49,416	1,11,186	4,07,680
29	4815	27-08-2021	13	16.5	1,08,87,188	5,44,359	1,08,872	2,44,962	8,98,193
30	4829	31-08-2021	16	9.67	1,29,80,362	6,49,018	1,29,804	2,92,059	10,70,881
31	4843	01-09-2021	8	4.83	64,90,181	3,24,509	64,902	1,46,029	5,35,440
32	4844	01-09-2021	16	9.67	1,29,80,362	6,49,018	1,29,804	2,92,059	10,70,881
33	4863	02-09-2021	4	0.25	31,59,843	1,57,992	31,598	71,096	2,60,686
34	4864	02-09-2021	16	9.67	1,29,80,362	6,49,018	1,29,804	2,92,059	10,70,881
35	4977	15-09-2021	2	18.63	23,08,359	1,15,418	23,084	51,939	1,90,441
36	5021	20-09-2021	0	9.78	3,84,464	19,223	3,845	8,651	31,719
37	5210	25-10-2021	8	4.83	64,90,181	3,24,509	64,902	1,46,029	5,35,440
38	5370	25-10-2021	4	0.25	31,59,844	1,57,992	31,598	71,096	2,60,686
39	5489	29-10-2021	9	14.5	76,58,437	3,82,922	76,584	1,72,314	6,31,820
40	5490	29-10-2021	4	14.67	37,27,236	1,86,362	37,272	83,862	3,07,496
41	5492	29-10-2021	2	0	15,75,000	78,750	15,750	35,438	1,29,938
42	5493	29-10-2021	3	19.33	31,23,618	1,56,181	31,236	70,281	2,57,698
43	5494	29-10-2021	4	7	34,25,625	1,71,281	34,256	77,076	2,82,613
44	5682	18-11-2021	0	7.31	2,87,831	14,392	2,878	6,476	23,746
45	5683	18-11-2021	1	11.14	12,26,137	61,307	12,261	27,587	1,01,155
46	6434	04-01-2022	0	4.25	1,67,343	8,367	1,673	3,764	13,804
47	6435	04-01-2022	6	5.5	49,41,562	2,47,078	49,416	1,11,186	4,07,680
48	7732	24-02-2022	6	0	47,25,000	2,36,250	47,250	1,06,313	3,89,813
Total			405	418	33,53,84,229	1,67,69,212	32,88,038	75,46,151	2,76,03,401
			425 K - 18 M						

# Includes one per cent SIC, one per cent IDF and 0.25 per cent SIDF.

**Appendix 4.5**

(Referred to in paragraph 4.11)

**Details of deeds in which Stamp Duty, Registration Fee, Infrastructure Development Fee and Special Infrastructure Development Fee was short levied due to misclassification of properties**

(Amount in ₹)

Sr. No.	SR/JSR	Deed No./Date	##	Area of Property	Value as per Collector Rate	Value as per deed	Short levied (SD, SIC, RF, IDF, SIDF)
1	Amritsar-II	7464/25.08.2021	R	7K 8M	1,38,78,700	16,89,100	10,05,588
2	Amritsar-II	12236/05.01.2022	R	2K 19M	55,32,725	6,85,000	3,99,837
3	Amritsar-II	7349/23.08.2021	R	4K 15.50M	92,44,400	24,25,000	4,26,112
4	Banur	844/29.10.2021	A+I	120B 1B 0B	33,63,90,000	20,80,00,000	28,88,711
5	Bathinda*	12825/28.02.2022	R	11731 SY	2,11,15,800	1,38,63,750	5,86,932
6	Derabassi	5852/11.02.2022	I	2B 0B 0B	1,33,00,000	10,50,000	10,10,525
7	Derabassi	2842/02.09.2021	R+I	3B4B 0B	93,50,000	32,00,000	5,07,099
8	Khanna	1301/06.07.2021	A+I	37K 8.33M	1,83,20,530	82,65,000	8,29,203
9	Khanna	2213/24.09.2021	A+I				
10	Kharar	13713/03.01.2022	R	7K 8M	1,77,60,000	90,00,000	7,22,700
11	Ludhiana South-Central	4776/28.07.2021	R	8K	96,80,000	25,00,000	5,92,350
12	Ludhiana South-Central	10608/04.01.2022	R	8K	96,80,000	25,00,000	5,92,350
13	Ludhiana West	5702/05.08.2021	R	2K 10M	1,60,02,250	13,50,000	9,15,767
14	Ludhiana West	6289/11.08.2021	R	2K 10M	1,60,02,250	13,50,000	12,08,812
15	Ludhiana West	2714/20.05.2021	R	3K	1,14,79,875	21,00,000	7,73,741
16	Ludhiana West	13333/31.12.2021	R	4K	1,16,88,600	27,00,000	7,41,560
17	Ludhiana West	13334/31.12.2021	R	4K	1,16,88,600	27,00,000	7,41,560
18	Ludhiana West	13336/31.12.2021	R	4K	1,16,88,600	27,00,000	7,41,560
19	Ludhiana West	10515/28.10.2021	R	2K 10M	95,66,563	12,00,000	6,90,142
20	Ludhiana West	17582/07.03.2022	I	7K 6M	97,16,300	25,00,000	5,95,245
21	Ludhiana West	8675/21.09.2021	A+R	15K 16M	93,26,322	33,85,000	4,89,857
22	Ludhiana West	8676/21.09.2021	A+R				
23	Ludhiana West	8677/21.09.2021	A+R				
24	Majri	2026/10.08.2021	R	12K 13M	8,03,59,125	2,60,90,625	12,20,416
25	Zirakpur	12921/ 02.02.2022	R	4K 18M 8S	89,71,175	20,00,000	5,75,017
26	Zirakpur	5809/24.08.2021	R	11B 14B 0B	4,54,66,200	2,85,00,000	12,30,050
<b>Total</b>					<b>70,62,08,015</b>	<b>32,97,53,475</b>	<b>1,94,85,134</b>

## Actual classification of property as per revenue record (A-Agricultural, I-Industrial, R-Residential)

\* Recovery of ₹ 6,92,324 has been made in case of Bathinda tabulated at Sr. No. 5. The recovered amount includes interest.

**Appendix 4.6**

(Referred to in Paragraph 4.12)

**Short levy of Stamp Duty, Registration Fee, SIC, IDF and SIDF on 'agreements to sell'**

Sr. No.	Deed No. and Date	Village	Collector value of land handed over to the developer		Consideration set forth in Agreement				Amount on which duties are leviable ('C' or 'F+G', whichever is higher)	SD, RF, SIC, IDF & SIDF		Short levied
			Area of land	Collector value	Land in S.Y.	#	Collector value of [D]	Additional cash consideration		Leviable	Levied##	
	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	
1	105/28-04-2021	Saini Majra	13K 3M	85,47,500	1,315.00	R	37,16,777	82,188	85,47,500	5,34,219	89,475	4,44,744
2	410/24-08-2021	Saini Majra	21K 1M	1,36,82,500	3,188.00	R	1,62,10,531	1,31,563	1,63,42,094	10,21,381	1,40,964	8,80,417
3	429/26-08-2021	Saini Majra	3K	63,51,000	1,155.00	R	60,99,545	0	63,51,000	3,96,938	67,586	3,29,352
		Bhagat Majra	5K 8M		105.00	C						
4	430/26-08-2021	Saini Majra	3K	68,40,000	1,237.50	R	65,35,227	0	68,40,000	4,27,500	72,476	3,55,024
		Bhagat Majra	6K		112.50	C						
5	446/31-08-2021	Ghandoli	7-4M	20,94,625	500.00	R	14,13,223	0	20,94,625	1,30,914	10,083	1,20,831
		Bhagat Majra	2K 5.5M									
6	458/03-09-2021	Ghandoli	11K 8.05M	74,11,625	1,537.00	R	79,44,158	40,71,266	1,20,15,424	7,50,964	75,576	6,75,388
					133.33	C						
7	476/09-09-2021	Saini Majra	5K	32,50,000	670.00	R	36,93,539	31,250	37,24,789	2,32,800	36,576	1,96,224
					66.66	C						
8	495/14-09-2021	Ghandoli	8K	52,00,000	1,200.00	R	60,91,736	6,00,000	66,91,736	4,18,232	56,076	3,62,156
					100.00	C						
9	528/24-09-2021	Ghandoli	4K 7M	47,42,750	1,005.00	R	51,01,829	6,41,876	57,43,705	3,58,981	51,576	3,07,405
		Bhagat Majra	2K 7M		83.75	C						
10	529/24-09-2021	Rasulpur	1K 16.37M	11,82,025	340.96	R	9,63,705	11,366	11,82,025	73,876	15,820	58,056
					1,088.00	R						
11	558/01-10-2021	Saini Majra	8K	52,00,000	33.33	C	39,75,084	5,40,000	52,00,000	3,25,000	56,000	2,69,000
					525.00	R						
12	562/01-10-2021	Saini Majra	3K 10M	22,75,000	43.75	C	26,65,134	21,875	26,87,009	1,67,938	26,826	1,41,112
					275.00	R						
13	599/18-10-2021	Ghandoli	2K	13,00,000	25.00	C	14,52,273	0	14,52,273	90,768	4,000	86,768
		Sangala	11K 5M									
14	606/9-10-2021	Ghandoli	2K 13.34M	1,07,43,695	2,400.00	R	1,21,83,471	1,00,001	1,22,83,472	7,67,718	1,11,664	6,56,054
		Bhagat Majra	2K 1.66M		200.00	C						
15	637/25-10-2021	Ghandoli	26K 11.96M	1,72,88,700	3,950.00	R	2,01,64,373	1,66,238	2,03,30,611	12,67,357	2,20,864	10,46,493
					333.33	C						
16	638/25-10-2021	Rasulpur	1K 15.62M	11,57,650	333.93	R	9,43,835	11,131	11,57,650	72,355	15,577	56,778
					1,800.00	R						
17	643/26-10-2021	Ghandoli	11K 5.32M	73,22,900	133.33	C	86,87,513	70,413	87,57,926	5,47,370	78,076	4,69,294
		Sangala	3K 15M									
18	682/01-11-2021	Bhagat Majra	1K 7.21M	88,68,833	2,050.00	R	1,02,94,035	83,119	1,03,77,154	6,48,574	1,07,772	5,40,802
		Ghandoli	8K 3.77M		166.66	C						

**Audit Report on State Revenues for the period ended March 2023**

Sr. No.	Deed No. and Date	Village	Collector value of land handed over to the developer		Consideration set forth in Agreement			Amount on which duties are leviable ('C' or 'F+G', whichever is higher)		SD, RF, SIC, IDF & SIDF		
			Area of land	Collector value	Land in S.Y.	#	Collector value of [D]	Additional cash consideration	[H]	Leviable	Levied##	Short levied
[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]		
19	720/12-11-2021	Saini Majra	14M	4,90,000	475.00	R	13,42,562	0	13,42,562	83,911	17,426	66,485
20	884/31-12-2021	Ghandoli	2K 16.33M	18,30,725	250.00	R	7,06,612	17,603	18,30,725	1,14,420	22,307	92,113
21	885/31-12-2021	Dhode Majra	4K 5.66M	27,83,950	800.00	R	22,61,157	26,769	27,83,950	1,73,999	31,840	1,42,159
22	886/31-12-2021	Ghandoli	3K 13M	23,72,500	600.00	R	25,95,778	22,813	26,18,591	1,63,662	28,176	1,35,486
23	1099/15-02-2022	Ghandoli	1K 14M	11,05,000	33.33	C	9,89,256	10,625	11,05,000	69,063	15,050	54,013
24	1106/18-02-2022	Saini Majra	10K	65,00,000	1,200.00	R	60,91,736	62,500	65,00,000	4,06,250	69,000	3,37,250
25	13/05-04-2021	Sangalan	2K 5.6M	14,82,000	100.00	C	13,75,289	7,52,500	21,27,789	1,32,987	19,730	1,13,257
26	35/09-04-2021	Ranemajra	2K 4M	14,30,000	200.00	R	15,12,818	0	15,12,818	94,551	19,128	75,423
27	101/28-04-2021	Sangalan	2K	13,00,000	220.00	R	13,75,289	0	13,75,289	85,956	17,753	68,203
28	102/28-04-2021	Sangalan	2K 10.78M	16,50,350	30.00	C	13,75,289	14,48,562	28,23,851	1,76,493	21,530	1,54,963
29	160/17-06-2021	Ranemajra	4K	26,00,000	200.00	R	40,89,120	0	40,89,120	2,55,570	30,026	2,25,544
30	506/16-09-2021	Sangalan	4K 3.33M	27,08,225	256.00	R	27,64,079	3,97,917	31,61,996	1,97,625	32,726	1,64,899
31	568/06-10-2021	Rasulpur	3K	19,50,000	400.00	R	21,05,331	0	21,05,331	1,31,582	17,500	1,14,082
32	588/12-10-2021	Saini Majra	4K	26,00,000	45.00	C	28,91,901	0	28,91,901	1,80,744	29,800	1,50,944
33	787/16-12-2021	Ranemajra	17K 11.44M	1,14,21,800	60.00	C	1,27,04,120	0	1,27,04,120	7,94,007	1,19,000	6,75,007
34	952/11-01-2022	Bharaunjian	8K 16.86M	57,47,950	1,976.85	R	62,01,446	25,00,000	87,01,446	5,43,839	80,576	4,63,263
35	1015/25-01-2022	Sangalan	14K 0.13M	91,04,225	125.00	C	1,01,26,444	0	1,01,26,444	6,32,901	95,100	5,37,801
36	1152/03-03-2022	Bharaunjian	8K	52,00,000	210.10	C	62,01,446	15,00,000	77,01,446	4,81,339	56,000	4,25,339
37	1251/24-03-2022	Ranemajra	2K	13,00,000	1,000.00	R	14,45,950	0	14,45,950	90,374	17,000	73,374
			<b>Total</b>	<b>17,70,35,528</b>	<b>18,62,91,611</b>	<b>1,33,01,575</b>	<b>20,87,27,322</b>	<b>1,30,42,158</b>	<b>19,76,655</b>	<b>1,10,65,503</b>		

# Classification of property as per 'agreement to sell' (R-Residential; C-Commercial)

## Portion of excess amount of Registration Fee paid, if any, has been ignored in the column [J] 'levied' to avoid calculation misrepresentation because excess amount of Registration Fee is not being adjusted against short-levied Stamp Duty.

☞ In column [G], recurring additional cash consideration on monthly basis has been calculated for one year only as a measure of conservative audit approach.

### Appendix 4.7

(Referred to in Paragraph 4.13)

#### Short levy of Stamp Duty, SIC, IDF and SIDF on Power of Attorney

(Amount in ₹)

Sr. No	Sub Registrar	Power of Attorney No./Date	Area of Property	Consideration Amount	Duty/ Cess/ Fee	Rate	Leviable*	Levied	Short levied
1	Jalandhar-I	1530 01.02.2022	69 Marla 50 Sq. Feet	12,40,00,000	SD	5%	62,00,000	2,000	61,98,000
					SIC	1%	12,40,000	0	12,40,000
					IDF	1%	12,40,000	0	12,40,000
					SIDF	0.25%	3,10,000	0	3,10,000
<b>Total</b>							<b>89,90,000</b>	<b>2,000</b>	<b>89,88,000</b>

\* On Collector Value or Consideration, whichever is higher.

### Appendix 4.8

(Referred to in paragraph 4.14)

#### Details of deeds in which Stamp Duty, Registration Fee, Infrastructure Development Fee and Special Infrastructure Development Fee were short levied due to undervaluation of properties

(Amount in ₹)

Sr. No.	SR/JSR	Deed No./Date	Area of Property	Value as per Collector Rate	Value as per deed	SD+SIC+RF+IDF+SIDF*		
						Leviable	Levied	Short levied
1	Banur	125 06.05.2021	13B 17B 5B	2,35,30,000	1,59,00,000	19,05,925	13,11,920	5,94,005
2	Banur	1122 04.01.2022	10B 6B 13.75B	1,74,10,000	1,29,00,000	14,36,325	10,64,250	3,72,075
3	Banur	73 15.06.2020	27B 2B 0B	3,84,49,920	3,30,00,000	28,91,494	25,10,300	3,81,194
4	Hoshiarpur	1803 06.07.2021	20K	1,03,95,000	30,00,000	8,57,588	2,47,600	6,09,988
5	Hoshiarpur	4313 21.12.2021	18K 1M	80,41,275	20,00,000	6,63,406	1,65,100	4,98,306
<b>Total</b>				<b>9,78,26,195</b>	<b>6,68,00,000</b>	<b>77,54,738</b>	<b>52,99,170</b>	<b>24,55,568</b>

\* **Stamp Duty (SD):** Five per cent for male, three per cent for female, four per cent for joint deed of male and female; **Special Infrastructure Cess (SIC):** One per cent; **Registration Fee (RF):** One per cent subject to maximum of ₹ 2 lakh; **Infrastructure Development Fee (IDF):** One per cent; **Special Infrastructure Development Fee (SIDF):** 0.25 per cent

### Appendix 4.9

(Referred to in Paragraph 4.15)

#### Short levy of Stamp Duty and Registration Fee on lease deeds

(Amount in ₹)

Sr. No.	JSR	Deed No./Date	Duration of Lease	Average Annual Rent	Weightage of Average Annual Rent	Leviable		Levied	Short levied	
1	Majri	5589 21.03.22	33 Years	1,40,78,792	Four times	SD	3%	16,89,455	1,60,500	15,28,955
						RF	1%	2,00,000	53,500	1,46,500
<b>Total</b>							<b>18,89,455</b>	<b>2,14,000</b>	<b>16,75,455</b>	



## GLOSSARY OF ABBREVIATIONS

ACsST	Assistant Commissioners of State Tax
ATN	Action Taken Note
B2B	Business to Business
BIFA	Business Intelligence and Fraud Analytics
CAG	Comptroller and Auditor General of India
CBIC	Central Board of Indirect Taxes and Customs
CGST	Central Goods and Services Tax
CST	Central Sales Tax
DGARM	Directorate General of Analytics and Risk Management
ETTSA	Excise and Taxation Technical Services Agency
e-Waybill	Electronic Waybill
GST	Goods and Services Tax
GSTIN	Goods and Services Tax Identification Number
GSTN	Goods and Services Tax Network
ICEGATE	Indian Customs Electronic Data Interchange Gateway
IDF	Infrastructure Development Fee
IFMS	Integrated Financial Management System
IGST	Integrated Goods and Services Tax
IMFL	Indian Made Foreign Liquor
ISD	Input Service Distributor
KPA	Key Problem Area
MIS	Management Information System
NIC	National Informatics Centre
PAC	Public Accounts Committee
PAN	Permanent Account Number
PGEIU	Punjab GST Enforcement and Investigation Unit Portal
PGST	Punjab Goods and Services Tax
PML	Punjab Medium Liquor
PUCC	Pollution Under Control Certificate
SCN	Show Cause Notice
SGST	State Goods and Services Tax
SIC	Social Infrastructure Cess
SIDF	Special Infrastructure Development Fee
SIPU	State Intelligence Preventive Unit
SOP	Standard Operating Procedures
SSCA	Subject Specific Compliance Audit
TCS	Tax Collected at Source
TDS	Tax Deducted at Source
Tinxsys	Tax Information Exchange System
TIU	Tax Intelligence Unit
UTGST	Union Territory Goods and Services Tax
VAT	Value Added Tax





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