	Contents	Page		
Preface				
Executive summary				
Chapter I : Indirect Taxes Administration and Revenue Trend				
1.1	Nature of Indirect Taxes	1		
1.2	Organizational Structure	2		
1.3	Revenue Trend	3		
1.4	Conclusion	8		
Chap	ter II : Audit Mandate, Audit Universe and Response to udit	9-13		
2.1	Audit Mandate	9		
2.2	Audit Universe	10		
2.3	Audit Sample, Audit Efforts and Audit Products	11		
2.4	Follow-up of previous CAG's Audit Reports	12		
2.5	Response by Ministry to audit observations included in this report	13		
Chap	ter III : Effectiveness of Compliance Verification Mechanism under GST	15-44		
3.1	Status of implementation of simplified return mechanism	15		
3.2	Scrutiny of Returns under GST	20		
3.3	Monitoring mechanism with respect to Directorate General of Analytics and Risk Management (DGARM) Reports	22		
3.4	Internal Audit under GST	27		
3.5	Anti-Evasion functioning of DGGI	29		
3.6	Recovery of Arrears	33		
3.7	Conclusion	42		
3.8	Summary of Recommendations	43		
Chap	ter IV : Reliability of GST data maintained by Goods and Services Tax Network	45-53		
4.1	Scope of audit and methodology followed	45		
4.2	Inconsistencies between taxable values and tax liability declared – resulting in capture of unreliable data	46		
4.3	Inconsistencies in the CGST and SGST components of GST	47		
4.4	Inconsistencies in Input Tax Credit (ITC) figures	49		
4.5	Non-allocation of taxpayers, to either the Centre or the States	52		
4.6	Conclusion	53		
4.7	Recommendation	53		
Chapter V : Processing of Refund claims under GST 55-118				
5.1	Introduction	55		
5.2	Audit objectives	58		
	Audit scope, sample and methodology	59		

## Table fCo

	Contents	Page		
5.4	Non-production of records	60		
5.5	Audit criteria	61		
5.6	Systemic issues	61		
5.7	Compliance issues	79		
5.8	Other Issues	112		
5.9	Impact on State Goods and Services Tax	116		
5.10	Conclusion	116		
5.11	Summary of Recommendations	117		
Chapter VI : Transitional Credits under GST 1				
6.1	Introduction	119		
6.2	Transitional arrangements for input tax	119		
6.3	Trends and perspectives	120		
6.4	Audit objectives	122		
6.5	Audit scope and sample	122		
6.6	Audit methodology	124		
6.7	Audit criteria	124		
6.8	Scope limitation	124		
6.9	Audit findings	128		
Appendix-I: Audit findings noticed during the period prior to				
2020-21				
Appendix-II : Achievement of the recovery targets by the Field Formations				
Appendix-III : Payment of refunds				
Appendix-IV : Impact on State Goods and Services Tax				
Glossary				