



**GOVERNMENT OF MAHARASHTRA DEPARTMENT OF  
GOODS AND SERVICES TAX**



**Office of the  
Deputy Commissioner of State Tax,  
MUM-AUD-E-0503,  
Cabin No. E-15, Gr Floor, New  
Building, GST Bhavan, Mazgaon,  
Mumbai-400010. ☎ 022 23760059.  
email id- janagle.bn@mahagst.gov.in**

**NO. DC-AUD-MUM-0503/AUD-DIV-5/GST AUDIT 2021-22/TIAA/DRC-7/2025-26/B-MUMBAI Dt: -03/12/2025**

**To,**

**LEGAL NAME: TIAA GLOBAL CAPABILITIES PRIVATE LIMITED**

**TIN: 27AAFCT7076F1Z2**

**Address: 6th, 7th and 8th Floor, 601 - 604, 701 - 704 and 801 - 804, Winchester Building, Powai  
Business District, Powai, Mumbai, Mumbai Suburban, Maharashtra, 400076.**

**FORM GST DRC - 07**

**Order under Section 73 (9) of Central Goods & Services Tax Act, 2017 (CGST Act, 2017) / the  
Maharashtra Goods & Services Tax Act, 2017 (MGST Act, 2017) Read with Section 20 of Integrated  
Goods & Services Tax Act, 2017 (IGST Act, 2017)**

- Ref: 1) Audit proceedings u/s 65 initiated by this office in case of M/s. TIAA GLOBAL  
CAPABILITIES PRIVATE LIMITED (27AAFCT7076F1Z2) for the F.Y. 2021-22**
- 2) NRF-ZD2708250475426 Dt. 13/08/2025**
  - 3) Audit Report u/s 65(6) (GST ADT-02)- ZD270825125944Z dt. 28/08/2025**
  - 4) Reply dated 15/09/2025**
  - 5) DRC-1A issued No.51 dt.18/09/2025**
  - 6) Reply dated 25/09/2025**
  - 7) DRC 1- No. ZD2709251303476 dated 29 September 2025**
  - 8) Reply received from taxpayer ARN-ZD271125040913J dt. 12/11/25**
  - 9) Hearing dt.26/11/25 & 02/12/2025 attended by Mr.Sushant Ganguli**

The Tax payer M/s, TIAA GLOBAL CAPABILITIES PRIVATE LIMITED having GSTIN - 27AAFCT7076F1Z2 and having place of business at 6th, 7th and 8th Floor, 601 - 604, 701 - 704 and 801 - 804, Winchester Building, Powai Business District, Powai, Mumbai, Mumbai Suburban, Maharashtra, 400076 is primarily engaged in providing Information Technology Support Services (ITSS) such as Application Development, IT production Support, Network Services etc. to its client Teachers' Insurance Annuity

Association of America (hereinafter referred to as 'TIAA US') located outside India (i.e. United States) and certain support services such as Reconciliation support, Data Management/ verification and Data processing etc. to its client Nuveen Administration Limited (hereinafter referred to as "NAL"), a wholly owned subsidiary of TIAA US (located outside India i.e. United Kingdom) and TIAA GCPL in India is registered taxable person under the provisions of the Maharashtra Goods and Services Taxes Act, 2017.

This office issued Form GST ADT-01 to the taxpayer on Dt.13.12.2024 and visited their place of business at the above address on 01.07.2025 as per authorization received. Taxpayer produced documents like Balance sheet, PL account, GSTR 9/9C, GSTR 3B, GSTR 1, Sales Register, Purchase Register, RCM Register, etc. Verification and discussions were done, and the issues discussed, and additional requirements given to produce supporting documentation like invoice copies, etc.

The taxpayer has submitted related documents vide email dated 25 Jun, 26 Jun and 1 Aug 2025. Further, taxpayer has appeared in person at our office on 24 Feb and 22 July and submitted documents in physical format. Some documents are still pending. This office has verified the books of accounts produced during audit on sample basis.

Based on information and records furnished for the completion of the audit, following objections were noticed and communicated. But no reply received hence ADT-2 was issued. As per reply received on 15/09/2025, DRC 1A was issued. Thereafter, DRC 1 was issued against which reply submitted by taxpayer on 12.11.2025. Thereafter Mr. Susahant Ganguli also attended for hearing and discussed the issues. Now the dues are modified as per DRC-7 as below:

**Para.1: Unmatched and Mismatched ITC in case of 2020-21 invoices claimed in 2021-22.**

**Issue in brief:** After verification of Table 8C GSTR9 for FY 2020-21 it is observed that the RTP has claimed ITC of 2020-21 in GSTR3B of FY 2021-22. In support of verification of ITC claim the RTP submitted the ITC register. But after verification, it is found that ITC Register is short as compared to the claim made in 8C of GSTR9. Further, **Unmatched, Mismatched and Tax mismatched ITC of Rs.3,72,554/-, Rs.11,73,678/- and Rs.92122/- respectively are also found.**

After verification of ITC register following detailed discrepancy were noted which are as below.

**Short ITC register:**

TABLE 8C OF GSTR 9 OF FY 2020-21					
PARTICULARS	IGST	CGST	SGST	CESS	TOTAL
ITC AS TABLE 8C OF GSTR 9 OF FY 2020-21 i.e. ITC AVAILED FOR FY 2020-21 IN FY 2021-22	28,07,599	1,52,20,735	1,52,20,735	0	3,32,49,069
ITC AS PER ITC REGISTER	28,02,734	15206143	1,52,06,143	0	3,32,15,020
<b>SHORT ITC REGISTER AS TABLE 8C OF GSTR 9 OF FY 2020-21 ie ITC AVAILED FOR FY 2020-21 IN FY 2021-22</b>	<b>4,865</b>	<b>14,592</b>	<b>14,592</b>	<b>0</b>	<b>34,049</b>

**Taxpayer reply:**

It is submitted that taxpayer has availed ITC amounting to INR 3,32,15,020 in GSTR-3B during FY 2021-22 in relation to documents issued during FY 2020-21 which is less than the value disclosed under Table 8C i.e., INR 3,32,49,069.

From the verification of ITC register it is found that taxpayer availed ITC at Rs. 3,32,15,020/- so excess declared in 8C of GSTR9 of FY 20-21 has not been claimed. **Therefore, the issue is dropped.**

**Unmatched ITC: -**

UNMATCHED ITC								
GSTIN	INVOICE_NO	INVOICE_DATE	IGST	CGST	SGST	TOTAL ITC	RESULT	REMARKS
27AAACI7573H1ZC	21	22-03-2021	0	91800	91800	183600	Not found in 2A	DISALLOWED
27AABCT3518Q1ZW	0610/2020	06-10-2020	0	40528	40528	81056	Not found in 2A	DISALLOWED
27AABCT3518Q1ZW	1512/2020	15-12-2020	0	7539	7539	15078	Not found in 2A	DISALLOWED
27AAFCT7076F1Z2	S1050002	14-04-2020	0	5062	5062	10124	Not found in 2A	DISALLOWED
27AABCT3518Q1ZW	1202/2021	12-02-2021	0	3383	3383	6765	Not found in 2A	DISALLOWED
27AAFCT7076F1Z2	S0930004	02-04-2020	0	3375	3375	6750	Not found in 2A	DISALLOWED
27AAFCT7076F1Z2	T0510015	20-02-2021	0	3150	3150	6300	Not found in 2A	DISALLOWED
34AACCA1237A1ZK	PYSI20013516	08-06-2020	5857	0	0	5857	Not found in 2A	DISALLOWED
27AAFCT7076F1Z2	S1370001	16-05-2020	0	2716	2716	5432	Not found in 2A	DISALLOWED
10AAECA0801E1ZS	Dbg1Dbg/20/2673	26-06-2020	0	2631	2631	5263	Not found in 2A	DISALLOWED
27AAFCT7076F1Z2	T0360211	05-02-2021	1381	1243	1243	3866	Not found in 2A	DISALLOWED
27AABCI6363G1ZJ	517500031989	01-04-2020	0	1510	1510	3020	Not found in 2A	DISALLOWED
24AAMFS4057K1ZU	IN-QWHL-2022	01-02-2021	2898	0	0	2898	Not found in 2A	DISALLOWED
27AAFCT7076F1Z2	S1440001	23-05-2020	0	1404	1404	2808	Not found in 2A	DISALLOWED
27AAFHS9059E1ZS	FUMH202100001640	22-02-2021	0	1304	1304	2608	Not found in 2A	DISALLOWED
27AAFCT7076F1Z2	S1050001	14-04-2020	0	1249	1249	2498	Not found in 2A	DISALLOWED
27AAFCT7076F1Z2	S0930009	02-04-2020	0	1149	1149	2298	Not found in 2A	DISALLOWED
27AAFCT7076F1Z2	S1060001	15-04-2020	0	1087	1087	2174	Not found in 2A	DISALLOWED
27AAFCT7076F1Z2	S2680001	24-09-2020	0	1042	1042	2084	Not found in 2A	DISALLOWED
27AAFCT7076F1Z2	S2470009	03-09-2020	0	900	900	1800	Not found in 2A	DISALLOWED
27AAFCT7076F1Z2	S1070006	16-04-2020	0	891	891	1782	Not found in 2A	DISALLOWED
27AAFCT7076F1Z2	S1010016	10-04-2020	0	768	768	1536	Not found in 2A	DISALLOWED
27AAFCT7076F1Z2	S0930015	02-04-2020	0	640	640	1280	Not found in 2A	DISALLOWED
27AABCI8134K1ZD	SZ/J/1896	22-02-2021	0	549	549	1098	Not found in 2A	DISALLOWED
27AAFCT7076F1Z2	T0500065	19-02-2021	0	539	539	1078	Not found in 2A	DISALLOWED
27AAFCT7076F1Z2	S1160003	25-04-2020	0	454	454	908	Not found in 2A	DISALLOWED
27AAFCT7076F1Z2	S0930002	02-04-2020	0	450	450	900	Not found in 2A	DISALLOWED
27AAFCT7076F1Z2	S1120004	21-04-2020	0	438	438	876	Not found in 2A	DISALLOWED
27AAFCT7076F1Z2	S1010014	10-04-2020	0	384	384	768	Not found in 2A	DISALLOWED
27AAFCT7076F1Z2	S1280011	07-05-2020	0	384	384	768	Not found in 2A	DISALLOWED
27AAFCT7076F1Z2	S1430001	22-05-2020	0	379	379	758	Not found in 2A	DISALLOWED
27AAFCT7076F1Z2	S0930007	02-04-2020	0	369	369	738	Not found in 2A	DISALLOWED
27AAFCT7076F1Z2	S0930010	02-04-2020	0	369	369	738	Not found in 2A	DISALLOWED
27AAFCT7076F1Z2	S0930005	02-04-2020	0	369	369	738	Not found in 2A	DISALLOWED
27AAACC0462F1Z4	Invoice5	20-02-2021	0	360	360	720	Not found in 2A	DISALLOWED
27AAFCT7076F1Z2	S1140012	23-04-2020	0	354	354	708	Not found in 2A	DISALLOWED
27ACWFS2287F1ZH	SCS/0807/19-20	21-04-2020	0	315	315	630	Not found in 2A	DISALLOWED
27AAFCT7076F1Z2	S0930008	02-04-2020	0	249	249	498	Not found in 2A	DISALLOWED
27AAFCT7076F1Z2	S0930003	02-04-2020	0	240	240	480	Not found in 2A	DISALLOWED
27AAFCT7076F1Z2	S0930006	02-04-2020	0	240	240	480	Not found in 2A	DISALLOWED
27AAXCS0655F1ZY	FAAAHN2100650222	16-06-2020	0	229	229	457	Not found in 2A	DISALLOWED
27AAFCT7076F1Z2	S1070009	16-04-2020	0	192	192	384	Not found in 2A	DISALLOWED
27AAFCT7076F1Z2	S1270001	06-05-2020	378	0	0	378	Not found in 2A	DISALLOWED
27AAFCT7076F1Z2	S2680010	24-09-2020	0	180	180	360	Not found in 2A	DISALLOWED
27AAFCT7076F1Z2	S0990001	08-04-2020	0	135	135	270	Not found in 2A	DISALLOWED
33AADFF6762B1ZS	IN-QSPY-18564	12-06-2020	268	0	0	268	Not found in 2A	DISALLOWED
27AAFCT7076F1Z2	S0940001	03-04-2020	0	123	123	246	Not found in 2A	DISALLOWED
27AAFCT7076F1Z2	S0930011	02-04-2020	0	120	120	240	Not found in 2A	DISALLOWED
36AALCA0171E1Z0	TG-HYD3-1034-2021	18-10-2020	99	0	0	99	Not found in 2A	DISALLOWED
27AAFCT7076F1Z2	S0930001	02-04-2020	0	45	45	90	Not found in 2A	DISALLOWED
		<b>TOTAL</b>	<b>10880</b>	<b>180837</b>	<b>180837</b>	<b>372554</b>		

**Mismatched ITC: -**

MISMATCHED ITC 2020-21									
GSTIN	INVOICE_NO	INV DATE	IGST	CGST	SGST	TOTAL ITC	RESULT	REMARKS	reason
07AAJCA9880A1ZL	219151000066	12-05-2020	391230	0	0	391230	Invoice No. Mismatch	DISALLOWED	
27AABCT3518Q1ZW	1911/2020	19-11-2020	0	139442	139442	278883	Weak Match	DISALLOWED	
27AABCC5320P1ZJ	202200039	25-11-2020	0	50285	50285	100569	Duplicate Invoice	DISALLOWED	DUPLICATE
27AAACI7904G1ZN	86999	06-10-2020	0	36900	36900	73800	Weak Match	DISALLOWED	
27AAACI7904G1ZN	87999	06-10-2020	0	36900	36900	73800	Weak Match	DISALLOWED	
27AABCT3518Q1ZW	0311/2020	03-11-2020	0	16772	16772	33544	Weak Match	DISALLOWED	
27ACVPN5694C1ZZ	2021/052	23-01-2021	0	14850	14850	29700	Invoice No. Mismatch	DISALLOWED	
27ACVPN5694C1ZZ	2021/056	02-03-2021	0	9900	9900	19800	Invoice No. Mismatch	DISALLOWED	
27ACVPN5694C1ZZ	20	02-01-2021	0	9900	9900	19800	Invoice No. Mismatch	DISALLOWED	
27ACVPN5694C1ZZ	21	02-12-2020	0	9900	9900	19800	Invoice No. Mismatch	DISALLOWED	
27ACVPN5694C1ZZ	2021/054	02-02-2021	0	9900	9900	19800	Invoice No. Mismatch	DISALLOWED	
27ACVPN5694C1ZZ	2021/055	11-02-2021	0	8100	8100	16200	Invoice No. Mismatch	DISALLOWED	
27ACVPN5694C1ZZ	2021/053	23-01-2021	0	7200	7200	14400	Invoice No. Mismatch	DISALLOWED	
27AAACC0462F1Z4	FT21100007152587	25-03-2021	0	5400	5400	10800	Weak Match	DISALLOWED	
27AABCC5320P1ZJ	303200110	04-08-2020	0	4253	4253	8505	Weak Match	DISALLOWED	
27AAHCA6300M1ZN	AFS/20-21/089	30-06-2020	0	4080	4080	8160	Weak Match	DISALLOWED	
06AAACA3384H1ZQ	AB/19-20/00543	12-04-2020	7771	0	0	7771	Invoice No. Mismatch	DISALLOWED	
27AAACB2894G1ZN	BM21271012177636	06-11-2020	0	2735	2735	5470	Weak Match2	DISALLOWED	
27AAACB2894G1ZN	FT21271001125455	03-09-2020	0	2700	2700	5400	Invoice No. Mismatch	DISALLOWED	
27AAACB2894G1ZN	FT21271001640520	03-11-2020	0	2700	2700	5400	Invoice No. Mismatch	DISALLOWED	
27AAACB2894G1ZN	FT21271002177857	03-01-2021	0	2700	2700	5400	Invoice No. Mismatch	DISALLOWED	
27AAACB2894G1ZN	FT21271002434076	03-02-2021	0	2700	2700	5400	Weak Match	DISALLOWED	
27AAACB2894G1ZN	FT21271002466006	03-02-2021	0	2700	2700	5400	Weak Match	DISALLOWED	
27AAACB2894G1ZN	FT21271002730364	03-03-2021	0	2700	2700	5400	Weak Match	DISALLOWED	
27AAACB2894G1ZN	FT21271002763454	03-03-2021	0	2700	2700	5400	Weak Match	DISALLOWED	
27AAACH5332B1Z4	SHS/2020-21/2111	31-03-2021	0	492	492	984	GSTIN Mismatch	DISALLOWED	GSTN MISMATCHED
27AAACH5332B1Z4	SHS/2020-21/1532	31-12-2020	0	410	410	820	GSTIN Mismatch	DISALLOWED	GSTN MISMATCHED
27AAACH5332B1Z4	SHS/2020-21/1915	28-02-2021	0	401	401	802	GSTIN Mismatch	DISALLOWED	GSTN MISMATCHED
27AAACH5332B1Z4	SHS/2020-21/1354	30-11-2020	0	346	346	693	GSTIN Mismatch	DISALLOWED	GSTN MISMATCHED
27AAACH5332B1Z4	SHS/2020-21/1727	31-01-2021	0	274	274	547	GSTIN Mismatch	DISALLOWED	GSTN MISMATCHED
		<b>TOTAL</b>	<b>399001</b>	<b>387339</b>	<b>387339</b>	<b>1173678</b>			

**Tax mismatched ITC: -**

TAX MISMATCHED ITC 2020-21											
GSTIN	INVOICE_NO	INVOICE_DATE	IGST	CGST	SGST	TOTAL ITC	RESULT	TOTAL 8A	REMARKS	reason	DIFFERENCE IN TOTAL GST (ITC-8A)
27AADCE5360R1Z3	20-21/281/044	06-08-2020	0	47772	47772	95544	Tax Mismatch	47771.86	DISALLOWED	DIFF DISALLOWED	47772
27AADCE5360R1Z3	20-21/281/045	06-08-2020	0	33045	33045	66091	Tax Mismatch	33045.3	DISALLOWED	DIFF DISALLOWED	33045
27AAACC0462F1Z4	FT20100006122298	30-06-2020	0	10800	10800	21600	Tax Mismatch	10800	DISALLOWED	DIFF DISALLOWED	10800
27AAACC0462F1Z4	MN20MAN101625717	30-06-2020	0	360	360	720	Tax Mismatch	360	DISALLOWED	DIFF DISALLOWED	360
27AAACU4328G1ZF	1004010820002	04-08-2020	0	145	145	291	Tax Mismatch	145.32	DISALLOWED	DIFF DISALLOWED	145
	<b>TOTAL</b>					<b>184245</b>		<b>92122</b>			<b>92122</b>

You are hereby asked to submit the details pertaining to the above discrepancies.

**Para.2: Unmatched and Mismatched ITC in case of 2021-22 invoices claimed in 2021-22.**

**Issue in brief:** RTP has claimed ITC of 2021-22 in GSTR3B of FY 2021-22. In support of this, RTP submitted the ITC register. But after verification, it is found that there is **Unmatched, Mismatched and Tax mismatched ITC of Rs.97,72,131/-, Rs.3,80,645/- and Rs.1,89,000/- respectively.**

After verification of ITC register following detailed discrepancy were noted which are as below.

**Unmatched ITC:**

UNMATCHED ITC 2021-22									
GSTIN	INVOICE_NO	INVOICE_DATE	IGST	CGST	SGST	total itc	RESULT	REMARKS	GSTIN
27AAFCT7076F1Z2	GBSRM/21-22/03	31-07-2021	2081255	0	0	2081255	Not found in 2A	DISALLOWED	FALSE
27AAFCT7076F1Z2	GBSRM/21-22/14	28-02-2022	1950218	0	0	1950218	Not found in 2A	DISALLOWED	FALSE
27AAFCT7076F1Z2	GBSRM/21-22/09	30-11-2021	1934608	0	0	1934608	Not found in 2A	DISALLOWED	FALSE
27AAFCT7076F1Z2	GBSRM/21-22/06	07-10-2021	1572722	0	0	1572722	Not found in 2A	DISALLOWED	FALSE
27AAFCT7076F1Z2	GBSRM/21-22/01	18-05-2021	1007220	0	0	1007220	Not found in 2A	DISALLOWED	FALSE
27AAFCT7076F1Z2	GBSRM/21-22/11	31-12-2021	474774	0	0	474774	Not found in 2A	DISALLOWED	FALSE
27AAFCT7076F1Z2	GBSRM/21-22/10	30-11-2021	336704	0	0	336704	Not found in 2A	DISALLOWED	FALSE
27AAFCT7076F1Z2	GBSRM/21-22/02	31-07-2021	133910	0	0	133910	Not found in 2A	DISALLOWED	FALSE
27AAECI9693N1ZM	GBSRM/21-22/12	31-12-2021	0	43875	43875	87750	Not found in 2A	DISALLOWED	FALSE
27AAFCT7076F1Z2	GBSRM/21-22/15	28-02-2022	72631	0	0	72631	Not found in 2A	DISALLOWED	FALSE
27AAACC0462F1Z4	Invoice	31-07-2021	0	21419	21419	42839	Not found in 2A	DISALLOWED	FALSE
27AAPD8418K1ZP	202109-0016	07-09-2021	0	11864	11864	23729	Not found in 2A	DISALLOWED	FALSE
27AAPD8418K1ZP	202201-0163	18-02-2022	0	8318	8318	16635	Not found in 2A	DISALLOWED	FALSE
27AAACC0462F1Z4	Invoice	31-07-2021	0	5580	5580	11160	Not found in 2A	DISALLOWED	FALSE
27AAFCT7076F1Z2	Invoice	31-07-2021	4864	2742	2742	10349	Not found in 2A	DISALLOWED	FALSE
27AAFCT7076F1Z2	GBSRM/21-22/08	30-11-2021	0	4050	4050	8100	Not found in 2A	DISALLOWED	FALSE
27AAFCT7076F1Z2	T2040043	23-07-2021	0	1525	1525	3050	Not found in 2A	DISALLOWED	FALSE
27AAFCT7076F1Z2	T2040026	23-07-2021	0	765	765	1530	Not found in 2A	DISALLOWED	FALSE
27AAFCT7076F1Z2	T1970018	16-07-2021	0	765	765	1530	Not found in 2A	DISALLOWED	FALSE
27AAFCT7076F1Z2	T1890037	08-07-2021	180	360	360	900	Not found in 2A	DISALLOWED	FALSE
27AAFCT7076F1Z2	T1970013	16-07-2021	0	260	260	519	Not found in 2A	DISALLOWED	FALSE
		<b>TOTAL</b>	<b>9569086</b>	<b>101523</b>	<b>101523</b>	<b>9772131</b>			

**Mismatched ITC:**

GSTIN	INVOICE_NO	INVOICE_DATE	IGST	CGST	SGST	total itc	RESULT	REMARKS	Reason
27AABCL9950A1ZL	2721011000681900	27-11-2021	0	136905	136905	273810	Invoice No. Mismatch	DISALLOWED	
29AAKFC1201H1ZT	G2122M0521	07-06-2021	0	27000	27000	54000	Fully Matched	DISALLOWED	GSTIN NOT MATCHED
27AAACZ3214A1ZV	IP2122000059	28-04-2021	0	9820	9820	19641	Fully Matched	DISALLOWED	GSTIN NOT MATCHED
27AAICS2894R2ZA	2021102000900	06-07-2021	0	8467	8467	16934	Fully Matched	DISALLOWED	GSTIN NOT MATCHED
27AAACC0462F1Z4	Invoice4	30-09-2021	0	5400	5400	10800	Invoice No. Mismatch	DISALLOWED	
27AABCL9950A1ZL	2721011000775620	09-03-2022	0	1286	1286	2573	Invoice No. Mismatch	DISALLOWED	
27AAFCT7076F1Z2	T1970032	16-07-2021	0	574	574	1147	Weak Match2	DISALLOWED	GSTN MISMATCHED
27AAACC0462F1Z4	Invoice2	30-09-2021	0	540	540	1080	Weak Match	DISALLOWED	
27AAACC0462F1Z4	Invoice1	30-09-2021	0	180	180	360	Invoice No. Mismatch	DISALLOWED	
27AAACC0462F1Z4	Invoice3	30-09-2021	0	150	150	301	Weak Match	DISALLOWED	
		<b>TOTAL</b>	<b>0</b>	<b>190323</b>	<b>190323</b>	<b>380645</b>			

### **Tax mismatched ITC:**

GSTIN	INVOICE_NO	INVOICE_DATE	IGST	CGST	SGST	total itc	RESULT	total 8a	REMARKS	ITC-8A)
29AACFT1571F1Z7	BAN/2122/B003061	28-02-2022	81000	0	0	81000	Tax Mismatch	0	DISALLOWED	81000
33AABCF7152N1ZH	449/2021-22	17-02-2022	63000	0	0	63000	Tax Mismatch	0	DISALLOWED	63000
29AACFT1571F1Z7	BAN/2122/B002285	28-12-2021	45000	0	0	45000	Tax Mismatch	0	DISALLOWED	45000
		<b>TOTAL</b>	<b>189000</b>	<b>0</b>	<b>0</b>	<b>189000</b>		<b>0</b>		<b>189000</b>

You are hereby asked to submit the details pertaining to the above discrepancies.

### **Taxpayer reply:**

Taxpayer consolidated all the mismatched and unmatched ITC and provided remarks against each line item. The summary of remarks in consolidated annexure 2 is verified and ITC disallowed as below:

Particulars		Amount (INR)	Taxpayer Remarks/ Our submission	Remarks
Total amount as per allegation above		1,19,80,130		
A.	RCM transactions, thus, the same does not require reporting in GSTR-2A/ 2B.	99,43,255	Please refer our submission in this respect at Para 2.4 to 2.5	Allowed
B.	Transactions tagged as not appearing in GSTR-2A but are reflecting in Form GSTR-2A	1,56,898	Please refer our submission in this respect at Para 2.6	Allowed
C.	ITC mismatch/ Tax mismatch/ not appearing in GSTR-2A transactions –  ITC debited at the time of filing refund for Aug-21 and Sep to Dec-21 and rejected at the time of processing the refund (no re-credit / appeal against rejection of refund amounting to INR 2,01,802 has been claimed)	2,05,648	Please refer our submission in this respect at Para 2.7 to 2.10	Allowed
D.	ITC not reflecting in Form GSTR-2A	2,88,048	Please refer our submission in this respect at Para 2.11 to 2.45	Disallowed
E.	Transactions tagged as mismatch with GSTR-2A, however the same is	13,86,281	Please refer our submission in this respect at	9,95,051/- disallowed

matching with GSTR-2A with minor differences.	Para 2.46 to 2.48
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PARTICULARS	IGST	CGST	SGST
DISALLOWED ITC	23696	629702	629702

### **Taxpayer Reply in DRC-1A:**

Regarding disallowed ITC, taxpayer submitted his reply as below:

A. Reply to Allegation 1(B) and 2(A) – ITC Not appearing in GSTR-2A (2,86,901)

The reply seems incomplete hence Para retained.

B. Reply to Allegation 1(C), 1(D) and 2(B) - Transactions tagged as mismatch with GSTR-2A, however the same is matching with GSTR-2A/ there are minor mis-match due to clerical error in the ITC register (INR 9,96,198)

The clerical errors needs to be explained properly at the time hearing. Therefore, para retained.

### **Taxpayer Reply in DRC-1 & Conclusion:**

Taxpayer submitted list of invoices and his remarks. Further he also submitted circular No. 193/05/2023-GST dated 17 July 2023 & Circular bearing No. 183/15/2022-GST dated 27 December 2022. From the verification of submission, the ITC at Rs.180168/- is allowed and ITC at Rs.1102931/- is disallowed on account of invoice No. mismatch, invoice not reflected in GSTR-2A and GSTN mismatch. The list of disallowed ITC is provided below. Further, taxpayer also submitted that he is in the process of collation of certificate from the respective vendors and the same shall be submitted in due course to avail ITC as per circulars stated above.

In light of above, ITC at Rs.1102931/- is disallowed as per list below on account of invoice No. mismatch, invoice not reflected in GSTR-2A and GSTN mismatch.

Sr No	Document No	Document Date	Vendor Name	GSTIN of vendor	Taxable value	IGST	CGST	SGST	Total GST	Remark	Reason
1	2	3	4	5	6	7	8	9	10	11	12
1	1911/2020	19-Nov-20	Tata Aig General Insurance Co.	27AABCT3518Q1ZW	15,49,350	0	1,39,442	1,39,442	2,78,883	disallowed	proforma invoice
2	2721011000681900	27-Nov-21	Liberty General Insurance Limited	27AABCL9950A1ZL	15,21,164	0	1,36,905	1,36,905	2,73,810	disallowed	Invoice number as per ITC register - 2721011000681900 Invoice number as per Form GSTR-2A/invoice - 2721011000681908
3	21	22-Mar-21	Iffco Tokio General Insurance	27AAACI7573H1ZC	10,20,000	0	91,800	91,800	1,83,600	disallowed	GSTIN Not found in 20-21 and 21-22 GSTR-2A
4	86999	06-Oct-20	ICICI Lombard General	27AAACI7904G1ZN	4,10,000	0	36,900	36,900	73,800	Disallowed	proforma invoice
5	87999	06-Oct-20	ICICI Lombard General	27AAACI7904G1ZN	4,10,000	0	36,900	36,900	73,800	disallowed	proforma invoice
6	0311/2020	03-Nov-20	Tata Aig General Insurance Co.	27AABCT3518Q1ZW	1,86,357	0	16,772	16,772	33,544	disallowed	proforma invoice
8	2021/056	02-Mar-21	Chameleo Design Consulting	27ACVPN5694C1ZZ	1,10,000	0	9,900	9,900	19,800	disallowed	There is minor mis-match of invoice number as per ITC register and Form GSTR-2A as mentioned below:  Invoice number as per ITC register - 2021/056  Invoice number as per Form GSTR-2A - <b>57</b>  All other details are matching appropriately.
9	20	02-Jan-21	Chameleo Design Consulting	27ACVPN5694C1ZZ	1,10,000	0	9,900	9,900	19,800	disallowed	There is minor mis-match of invoice number as per ITC register, invoice and Form GSTR-2A as mentioned below:  Invoice number as per ITC register - 20 Invoice number as per Invoice - 2021/047 Invoice number as per Form GSTR-2A - <b>202021/047</b>  All other details are matching appropriately and the copy of invoice submitted as " <b>Exhibit 5A</b> ".
10	21	02-Dec-20	Chameleo Design Consulting	27ACVPN5694C1ZZ	1,10,000	0	9,900	9,900	19,800	disallowed	There is minor mis-match of invoice number as per ITC register, invoice and Form GSTR-2A as mentioned below:  Invoice number as per ITC register - 21 Invoice number as per Invoice - <b>2021/040</b> Invoice number as per Form GSTR-2A - 202021/040  All other details are matching appropriately and the copy of invoice submitted as " <b>Exhibit 5A</b> ".
12	2021102000900	06-Jul-21	Synechron Technologies Pvt Ltd.	27AAICS2894R2ZA	94,080	0	8,467	8,467	16,934	disallowed	There is minor mis-match of GSTIN as per ITC register (due to clerical error and Form GSTR-2A as mentioned below:  GSTIN as per ITC register - 27AAICS2894R2ZA GSTIN as per Form GSTR-2A - <b>27AAICS2894R1ZB</b>  All other details are matching appropriately and the copy of invoice submitted as " <b>Exhibit 5B</b> ".
17	Invoice4	30-Sep-21	Citibank	27AAACC0462F1Z4	60,000	0	5,400	5,400	10,800	disallowed	The invoice is appearing in Form GSTR-2A with mis-match of <b>invoice number</b> and date (due to clerical error). Invoice1,2,3,4 not found
18	U0850938	21-02-2020	CWT India Pvt. Ltd.	27AAACI7084H2ZD	21,853	0	5,062	5,062	10,124	disallowed	Not found in GSTR-2A
22	S0930004	02-Apr-20	Citibank Commercial Cards	27AAFCT7076F1Z2	37,500	0	3,375	3,375	6,750	disallowed	Not found in GSTR-2A
24	PYSI20013516	08-Jun-20	Acer India Private Limited	34AACCA1237A1ZK	32,542	5,857	0	0	5,857	disallowed	Not found in GSTR-2A
26	S1370001	16-May-20	Citibank Commercial Cards	27AAFCT7076F1Z2	30,178	0	2,716	2,716	5,432	disallowed	Not found in GSTR-2A
34	Dbg1Dbg/20/2673	26-Jun-20	Aditya Vision Limited	10AAECA0801E1ZS	29,237	0	2,631	2,631	5,263	disallowed	Not found in GSTR-2A
35	Invoice	31-Jul-21	Rabi Shankar	27AAFCT7076F1Z2	27,024	4,864	0	0	4,864	disallowed	Not found in GSTR-2A

36	Invoice	31-Jul-21	Sangam Saxena	27AAFCT7076F1Z2	26,235	0	2,361	2,361	4,722	disallowed	Not found in GSTR-2A
37	T0360211	05-Feb-21	Gautam Kumar	27AAFCT7076F1Z2	21,475	1,381	1,243	1,243	3,866	disallowed	Not found in GSTR-2A
38	T2040043	23-Jul-21	Sujeet Yadav	27AAFCT7076F1Z2	16,944	0	1,525	1,525	3,050	disallowed	Not found in GSTR-2A
39	517500031989	01-Apr-20	Reliance Jio Infocomm Ltd	27AABC16363G1ZJ	16,780	0	1,510	1,510	3,020	disallowed	Not found in GSTR-2A
40	IN-QWHL-2022	01-Feb-21	Shyam Enterprises	24AAMFS4057K1ZU	16,097	2,898	0	0	2,898	disallowed	Not found in GSTR-2A
41	S1440001	23-May-20	Citibank Commercial Cards	27AAFCT7076F1Z2	15,600	0	1,404	1,404	2,808	disallowed	Not found in GSTR-2A
42	FUMH202100001640	22-Feb-21	Star India Co	27AAFHS9059E1ZS	14,491	0	1,304	1,304	2,608	disallowed	Not found in GSTR-2A
44	S1050001	14-Apr-20	Citibank Commercial Cards	27AAFCT7076F1Z2	13,878	0	1,249	1,249	2,498	disallowed	Not found in GSTR-2A
45	S0930009	02-Apr-20	Citibank Commercial Cards	27AAFCT7076F1Z2	12,767	0	1,149	1,149	2,298	disallowed	Not found in GSTR-2A
46	S1060001	15-Apr-20	Citibank Commercial Cards	27AAFCT7076F1Z2	12,078	0	1,087	1,087	2,174	disallowed	Not found in GSTR-2A
47	S2680001	24-Sep-20	Citibank Commercial Cards	27AAFCT7076F1Z2	-1,89,096	0	1,042	1,042	2,084	disallowed	Not found in GSTR-2A
48	S2470009	03-Sep-20	Citibank Commercial Cards	27AAFCT7076F1Z2	9,000	0	900	900	1,800	disallowed	Not found in GSTR-2A
49	S1070006	16-Apr-20	Citibank Commercial Cards	27AAFCT7076F1Z2	9,900	0	891	891	1,782	disallowed	Not found in GSTR-2A
50	8893	06-03-2020	ADITYA FACILITIES SERVICES PRIVATE LIMITED	27AAHCA6300M1ZN	12,800	0	768	768	1,536	disallowed	Not found in GSTR-2A
51	T2040026	23-Jul-21	Citibank Commercial Cards	27AAFCT7076F1Z2	12,396	0	765	765	1,530	disallowed	Not found in GSTR-2A
53	S0930015	02-Apr-20	Citibank Commercial Cards	27AAFCT7076F1Z2	7,111	0	640	640	1,280	disallowed	Not found in GSTR-2A
54	T1970032	16-Jul-21	Wameq Siddiqui	27AAFCT7076F1Z2	6,373	0	574	574	1,147	disallowed	Not found in GSTR-2A
55	SZ/J/1896	22-Feb-21	Spacewood Office Solutions Pvt	27AABC18134K1ZD	6,101	0	549	549	1,098	disallowed	Not found in GSTR-2A
56	Invoice2	30-Sep-21	Citibank	27AAACC0462F1Z4	6,000	0	540	540	1,080	disallowed	The invoice is appearing in Form GSTR-2A with mismatch of invoice number and date (due to clerical error). Invoice1,2,3,4 not found
57	T0500065	19-Feb-21	Dilip Bailwal	27AAFCT7076F1Z2	12,463	0	539	539	1,078	disallowed	Not found in GSTR-2A
58	S1160003	25-Apr-20	Citibank Commercial Cards	27AAFCT7076F1Z2	5,044	0	454	454	908	disallowed	Not found in GSTR-2A
59	T1890037	08-Jul-21	Cyrus Adajania	27AAFCT7076F1Z2	5,000	180	360	360	900	disallowed	Not found in GSTR-2A
60	S0930002	02-Apr-20	Citibank Commercial Cards	27AAFCT7076F1Z2	4,999	0	450	450	900	disallowed	Not found in GSTR-2A
61	5009	14-02-2020	Lalco Residency LLP	27AAFLL1301C1Z2	7,299	0	438	438	876	disallowed	Not found in GSTR-2A
62	8888	22-02-2020	ADITYA FACILITIES SERVICES PRIVATE LIMITED	27AAHCA6300M1ZN	3,200	0	384	384	768	disallowed	Not found in GSTR-2A
63	S1280011	07-May-20	Shalini Kaul	27AAFCT7076F1Z2	4,267	0	384	384	768	disallowed	Not found in GSTR-2A
64	U0841534	14-02-2020	CWT India Pvt. Ltd.	27AAAC1084H2ZD	46,095	0	379	379	758	disallowed	Not found in GSTR-2A
65	1757	18-02-2020	ADITYA FACILITIES SERVICES PRIVATE LIMITED	27AAHCA6300M1ZN	4,100	0	369	369	738	disallowed	Not found in GSTR-2A
66	3006/19-20	28-02-2020	GLOBAL HOME STAY	27AAFCCG4960M1Z5	2,152	0	369	369	738	disallowed	Not found in GSTR-2A
67	S0930005	02-Apr-20	Vinil Chintala	27AAFCT7076F1Z2	4,000	0	369	369	738	disallowed	Not found in GSTR-2A
68	Invoice5	20-Feb-21	Citibank	27AAACC0462F1Z4	4,000	0	360	360	720	disallowed	Not found in GSTR-2A
69	4958	12-02-2020	Lalco Residency LLP	27AAFLL1301C1Z2	5,900	0	354	354	708	disallowed	Not found in GSTR-2A
70	FPSP-75136	22-06-2021	FOUR POINTS BY SHERATON	27AAACD4185A1Z2	4,500	0	260	260	519	disallowed	Not found in GSTR-2A
71	S0930008	02-Apr-20	Gajanan Ramdas Vaidya	27AAFCT7076F1Z2	2,767	0	249	249	498	disallowed	Not found in GSTR-2A
72	1973	18-02-2020	ADITYA FACILITIES SERVICES PRIVATE LIMITED	27AAHCA6300M1ZN	4,000	0	240	240	480	disallowed	Not found in GSTR-2A
73	1970	18-02-2020	ADITYA FACILITIES SERVICES PRIVATE LIMITED	27AAHCA6300M1ZN	4,000	0	240	240	480	disallowed	Not found in GSTR-2A
74	FAAAHN2100650222	16-Jun-20	Shreyash Retail Private Limited	27AAAXCS0655F1ZY	2,542	0	229	229	457	disallowed	Not found in GSTR-2A
75	8861	24-01-2020	ADITYA FACILITIES SERVICES PRIVATE LIMITED	27AAHCA6300M1ZN	3,200	0	192	192	384	disallowed	Not found in GSTR-2A
76	Invoice	31-Jul-21	Ruchika Mittal	27AAFCT7076F1Z2	2,118	0	191	191	381	disallowed	Not found in GSTR-2A
77	Invoice	31-Jul-21	Cyrus Adajania	27AAFCT7076F1Z2	2,117	0	191	191	381	disallowed	Not found in GSTR-2A
78	S1270001	06-May-20	Citibank Commercial Cards	27AAFCT7076F1Z2	11,383	378	0	0	378	disallowed	Not found in GSTR-2A
79	AC/050920/08	05-09-2020	Information Systems Audit & Control Association	27AAATI1100R1ZP	2,000	0	180	180	360	disallowed	Not found in GSTR-2A
81	Invoice1	30-Sep-21	Citibank	27AAACC0462F1Z4	2,000	0	180	180	360	disallowed	The invoice is appearing in Form GSTR-2A with mismatch of invoice number and date (due to clerical error). Invoice1,2,3,4 not found
82	Invoice3	30-Sep-21	Citibank	27AAACC0462F1Z4	1,670	0	150	150	301	disallowed	The invoice is appearing in Form GSTR-2A with mismatch of invoice number and date (due to clerical error). Invoice1,2,3,4 not found
83	S0990001	08-Apr-20	Citibank Commercial Cards	27AAFCT7076F1Z2	1,500	0	135	135	270	disallowed	Not found in GSTR-2A
84	IN-QSPY-18564	12-Jun-20	Fireball Technologies	33AADFF6762B1ZS	1,488	268	0	0	268	disallowed	Not found in GSTR-2A
85	S0930008	02-Apr-20	Gajanan Ramdas Vaidya	27AAFCT7076F1Z2	1,433	0	129	129	258	disallowed	Not found in GSTR-2A
86	S0940001	03-Apr-20	Citibank Commercial Cards	27AAFCT7076F1Z2	1,367	0	123	123	246	disallowed	Not found in GSTR-2A
87	S0930011	02-Apr-20	Mohit Dhuppad	27AAFCT7076F1Z2	1,333	0	120	120	240	disallowed	Not found in GSTR-2A
88	TG-HYD3-1034-2021	18-Oct-20	Appario Retail Private Limited	36AALCA0171E1ZD	550	99	0	0	99	disallowed	Not found in GSTR-2A
89	S0930001	02-Apr-20	Citibank Commercial Cards	27AAFCT7076F1Z2	500	0	45	45	90	disallowed	Not found in GSTR-2A
90	S0930008	02-Apr-20	Gajanan Ramdas Vaidya	27AAFCT7076F1Z2	-1,433	0	-129	-129	-258	disallowed	Not found in GSTR-2A
					15924.55	543503	543503	1102931			

**The liability on account of this para is as below:**

	<b>IGST</b>	<b>CGST</b>	<b>SGST</b>
	<b>15925</b>	<b>543503</b>	<b>543503</b>

**Para.3: - ITC claim of blocked credit U/s.17(5)**

**Issue in brief:** From the verification of ITC register it is found that supply received from following vendors are related to insurance real estate, hotel, and personal consumption but details of the supply are not provided. Hence ITC is not allowable.

GSTIN of the supplier	Name of the Supplier	Values		
		Sum of Integrated tax	Sum of Central tax	Sum of State tax/Union Territory tax
27AAACH5332B1Z4	Sai Hospitality Services	0	1923	1923
27AAAFK1415H1ZR	KPMG Assurance and Consulting Services LLP	0	66743.98	66743.98
27AABCV7973K1ZN	Vijay Systems Engineers Pvt.Ltd.	0	5357.16	5357.16
27AACCA4355K1ZL	Bisleri International Pvt. Ltd	0	2850	2850
27AACFD1707H1ZT	Digvijay Printing Press	0	10	10
27AADCM4220G1ZT	MARSH INDIA INSURANCEBROKERS PRIVATE LI	0	259200	259200
27AAFBC3158E1ZV	BPL MEDICAL TECHNOLOGIESPRIVATE LIMITED	0	75000	75000
27AAFPS2986L1ZY	Bindu	0	2264.28	2264.28
27AAHCA0115C1ZF	ANJ Turnkey Projects Pvt Ltd	0	22135	22135
27AAKCS5159H1ZY	Silver Brook Financial Learning	0	19439.95	19439.95
27AANCA7129G1ZH	AN USEDLESS PAPER PRIVATELIMITED	0	3872	3872
27AARFB6427D1ZD	Benchmark Plus	0	5400	5400
27AAZFA7530N1ZN	Anamudi Real Estates LLP	0	310328.55	310328.55
27ABBFA3597J1Z6	Amit Enterprises	0	15569.09	15569.09
27ABZFS3366B1ZQ	Span Labs	0	40027.63	40027.63
27AISP4260G1Z4	YELLOW BRICK ROAD	0	13500	13500
29AADPH5355G2ZO	STORYWALLAHS	63360	0	0
<b>Grand Total</b>		<b>63360</b>	<b>843620.64</b>	<b>843620.64</b>

Hence your explanation in this is required.

**Taxpayer reply:**

Sr No	Type of supply	Name of vendor	Amount (INR)	Remarks
1	2	3	4	
1	Renting of immovable property (Common area maintenance)	Anamudi Real Estates LLP	6,20,657	allowed
<b>Total A</b>			<b>6,20,657</b>	

2	Business Support Charges	An Usedless Paper Private Limited	7,695	allowed
		Marsh India Insurance Brokers Private Limited	5,18,400	allowed
	<b>Total B</b>		<b>5,26,095</b>	
3	Commercial Coaching and Training services	KPMG Assurance And Consulting Services L	1,33,488	allowed
		Silver Brook Financial Learning	38,880	allowed
		Span Labs	80,055	allowed
		Storywallahs	63,360	allowed
		Yellow Brick Road	27,000	allowed
	<b>Total C</b>		<b>3,42,783</b>	
4	Procurement of office supplies	Amit Enterprises	31,138	Allowed
		Bindu	4,529	Allowed
		Bisleri International Pvt. Ltd	5,701	Disallowed

		BPL Medical Technologies Private Limited	1,50,000	Disallowed
		Sai Hospitality Services	3,846	Disallowed
		An Usedless Paper Private Limited	50	Allowed
		Digvijay Printing Press	21	Allowed
		<b>Total D</b>	<b>1,95,284</b>	
5	Management, Maintenance and Repair Services	Anj Turnkey Projects Pvt Ltd	44,269	Disallowed
		Benchmark Plus	10,800	Disallowed
		Vijay Systems Engineers Pvt. Ltd.	10,714	Disallowed
		<b>Total E</b>	<b>65,784</b>	
		<b>Grand Total</b>	<b>17,50,602</b>	

As per above verification taxpayer is liable to pay GST as below on account of ITC disallowed.

<u>PARTICULARS</u>	<u>IGST</u>	<u>CGST</u>	<u>SGST</u>
<u>DISALLOWED ITC</u>	<u>0</u>	<u>112665</u>	<u>112665</u>

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**Taxpayer reply to DRC-1A & conclusion:**

**I. REGARDING PROCURMENT OF OFFICE MATERIALS/ SUPPLIES (INR 1,59,547)**

*Regarding oxygen concentrators and water, taxpayers replied as below:*

• **Purchase of essential equipment for emergency purpose (ITC amounting to INR 1,50,000)**

It is stated that the Company has procured certain supplies from the vendor BPL Medical Technologies Private Limited (GSTIN 27AAF3158E1ZV) in relation to procurement of oxygen concentrators during the course or furtherance of business and availed ITC amounting to INR 1,50,000.

• **Purchase of stationery and other supplies (ITC amounting to INR 9,546)**

The Company has procured certain supplies from the vendors Bisleri International Pvt. Ltd (GSTIN 27AACCA4355K1ZL) and Sai Hospitality Services (GSTIN 27AAACH5332B1Z4) which are used in the course or furtherance of business and availed ITC amounting to INR 9,547.

These supplies have been procured by the Company from the vendors in relation to procurement of water bottles, rental charges on water dispenser etc., which are required by employees/ used during day-to-day operation of business. Further, the above-mentioned supplies are essential requirement of the Company to run the business in smooth manner and carry out the day-to-day activities to accomplish the provision of services to the customers.

**Conclusion:**

S.17 (5 ) states- Notwithstanding anything contained in [sub-section \(1\) of section 16](#) and [subsection \(1\) of section 18](#), input tax credit shall not be available in respect of the following, namely:—

-  
-  
-

As per S.16 (1), ITC on goods or services or both which are used or intended to be used in the course or furtherance of business is made available to registered person. But S. 17 (5) overrides the S.16 (1). The S. 17 (5) blocks the ITC on goods or services or both stated there in that sub-section even if they are used or intended to be used in the course or furtherance of business.

Blocked credit under S.17 (5) (b) are as below:

S.17 (5) (b) -----[the following supply of goods or services or both—

(i) **food and beverages**, outdoor catering, beauty treatment, **health services**, cosmetic and plastic surgery, leasing, renting or hiring of motor vehicles, vessels or aircraft referred to in clause (a) or clause (aa) except when used for the purposes specified therein, life insurance and health

insurance:

**Provided** that the input tax credit in respect of such goods or services or both shall be available where an inward supply of such goods or services or both is used by a registered person for making an outward taxable supply of the **same category of goods or services** or both or as an element of a taxable composite or mixed supply;

**From the above Sub-section, it is evident that even if food and beverages and health services are used or intended to be used in the course or furtherance of business, ITC in case of these purchases are not allowable. Hence ITC to the extent of Rs.159547/- is disallowed as below:**

<u>PARTICULARS</u>	<u>IGST</u>	<u>CGST</u>	<u>SGST</u>
<u>DISALLOWED ITC</u>	<u>0</u>	<u>79774</u>	<u>79774</u>

**Taxpayer’s reply to DRC-1 & Conclusion:**

Taxpayer submit that goods and services procured during the course or furtherance of business and does not fall under section 17(5) of CGST Act should not be disallowed. Accordingly he attempted to show the nexus between the inward supplies and outward supplies and also cited judgement on order to state that any act incidental to the carrying of the business shall be considered as done for the purpose of the business.

As already concluded at the time of show cause notice, even if goods and services are used in the course of business and fall under section 17(5), the ITC on such goods and services is blocked.

As per S.16 (1), ITC on goods or services or both which are used or intended to be used in the course or furtherance of business is made available to registered person. But S. 17 (5) overrides the S.16 (1). The Section 17(5) starts with as below:

*17.(5) Notwithstanding anything contained in [sub-section \(1\) of section 16](#) and [subsection \(1\) of section 18](#), input tax credit shall not be available in respect of the following, namely:—*

.....  
.....

From the reading of S. 16(1) & S.17 (5) OF CGST Act, it is clear that even if goods and services are used in the course of business and fall under section 17(5), the ITC on such goods and services is blocked.

Further S.17 (5) (b) states supply of goods or services or both on which ITC is blocked. It includes **food and beverages and health services except when same category of goods or services** or both are used to make outward supply.

Taxpayer has claimed ITC on oxygen concentrators which were purchased to protect his employees in light of the outbreak of covid-19. But S.17 (5) (b) includes supply of goods or services or both in relation to **food and beverages and health services**. The oxygen concentrators are used to provide health services to employees. These oxygen concentrators are not used to provide same category of outward taxable supply of goods or services or both. Hence the ITC is blocked as per S.17(5) (b). The same principle is applicable to ITC claimed on water bottles and rental charges on water dispenser which is covered under **food and beverages**. Hence ITC has been correctly **disallowed on** oxygen concentrators, water bottles and rental charges on water dispenser which is at Rs.159547/-

<u>PARTICULARS</u>	<u>IGST</u>	<u>CGST</u>	<u>SGST</u>
<u>DISALLOWED ITC</u>	<u>0</u>	<u>79774</u>	<u>79774</u>

## **II. MANAGEMENT, MAINTENANCE AND REPAIR SERVICE (INR 65,784)**

Regarding Management, Maintenance and Repair Services taxpayer stated that the Company confirms that the ITC claimed is not in respect of repair and maintenance services for specifically listed items under Section 17(5) of the CGST Act/ MGST Act. The absence of a specific mention of repair and maintenance in respect of assets used by the Company indicates that ITC on management, maintenance and repair service towards replacement/ removal of existing glass, installation of toughened Glass and removing broken glass debris, maintenance of fire curtains installed in business premises is permissible. Further, the Company submits that the said repairs and maintenance services are not in relation to works contracts services. Further, these are not capitalised in books of accounts. Thus, in absence of any specific restriction on availing these Input tax credits, the allegation should be dropped in totality.

The reply regarding these invoices is accepted and demand at Rs.65784/- is dropped.

## **Para.4: ITC from GSTR 3B non filer suppliers at Rs.4,32,000/-**

**Issue in brief:** Taxpayer has claimed ITC from the suppliers which are GSTR3B non-filers. Hence, ITC claimed from such suppliers is disallowed as below.

**ITC TAKEN FROM GSTR 3B NON FILER SUPPLIERS**

Sr No	Document No	Document Date	FY	MONTH	Vendor Name	GSTIN of vendor	HSN Code	Input/Service/Capital Goods	Taxable value	IGST	CGST	SGST	Total GST	Payment Date	Reference of GSTR-3B disclosure	Month of Availment in GSTR-3B
255	MSL/21-22/3163	23-Apr-21	2021-22	April-2021	Mercury Solutions Limited	06AADC M7075M1 Z1	9992	Input service	5,00,000	90,000	0	0	90,000	21-05-2021	4(A)(5) - All other ITC	June 2021
256	MSL/21-22/3164	23-Apr-21	2021-22	April-2021	Mercury Solutions Limited	06AADC M7075M1 Z1	9992	Input service	1,75,000	31,500	0	0	31,500	21-05-2021	4(A)(5) - All other ITC	June 2021
257	MSL/21-22/3172	07-May-21	2021-22	May-2021	Mercury Solutions Limited	06AADC M7075M1 Z1	9992	Input service	1,75,000	31,500	0	0	31,500	27-05-2021	4(A)(5) - All other ITC	June 2021
258	MSL/21-22/3184	18-May-21	2021-22	May-2021	Mercury Solutions Limited	06AADC M7075M1 Z1	9992	Input service	3,62,500	65,250	0	0	65,250	11-06-2021	4(A)(5) - All other ITC	June 2021
401	MSL/21-22/3199	03-Jun-21	2021-22	June-2021	Mercury Solutions Limited	06AADC M7075M1 Z1	9992	Input service	1,66,250	29,925	0	0	29,925	09-07-2021	4(A)(5) - All other ITC	July 2021
402	MSL/21-22/3199	03-Jun-21	2021-22	June-2021	Mercury Solutions Limited	06AADC M7075M1 Z1	9992	Input service	8,750	1,575	0	0	1,575	09-07-2021	4(A)(5) - All other ITC	July 2021
403	MSL/21-22/3208	24-Jun-21	2021-22	June-2021	Mercury Solutions Limited	06AADC M7075M1 Z1	9992	Input service	1,40,000	25,200	0	0	25,200	17-08-2021	4(A)(5) - All other ITC	July 2021
404	MSL/21-22/3209	24-Jun-21	2021-22	June-2021	Mercury Solutions Limited	06AADC M7075M1 Z1	9992	Input service	1,60,000	28,800	0	0	28,800	17-08-2021	4(A)(5) - All other ITC	July 2021
813	MSL/20-21/2909	04-Aug-20	2020-21	August-2020	Mercury Solutions Limited	06AADC M7075M1 Z1	9992	Input service	3,67,500	66,150	0	0	66,150	27-08-2020	4(A)(5) - All other ITC	September 2021
814	MSL/21-22/3168	30-Apr-21	2021-22	April-2021	Mercury Solutions Limited	06AADC M7075M1 Z1	9992	Input service	3,45,000	62,100	0	0	62,100	21-05-2021	4(A)(5) - All other ITC	September 2021
								<b>TOTAL</b>	<b>24,00,000</b>	<b>4,32,000</b>	<b>0</b>	<b>0</b>	<b>4,32,000</b>			

**Taxpayer reply:**

The taxpayer submits that ITC amounting to INR 3,03,750 (IGST) alleged in the present case has been debited from the ECL at the time of filing of refund for the period April 2021 to July 2021. Further, the refund in relation to said ITC is rejected and the taxpayer has not filed any appeal / re-credit application against rejection of the partial refund claim filed by the Company. The detail of invoices rejected under the said refund claim are mentioned below:

Sr No	Document No	Document Date	Taxable value (INR)	IGST (INR)
1	MSL/21-22/3163	23-Apr-21	5,00,000	90,000
2	MSL/21-22/3164	23-Apr-21	1,75,000	31,500
3	MSL/21-22/3172	07-May-21	1,75,000	31,500
4	MSL/21-22/3184	18-May-21	3,62,500	65,250
5	MSL/21-22/3199	03-Jun-21	1,66,250	29,925

6	MSL/21-22/3199	03-Jun-21	8,750	1,575
7	MSL/21-22/3208	24-Jun-21	1,40,000	25,200
8	MSL/21-22/3209	24-Jun-21	1,60,000	28,800
		<b>Total</b>		<b>3,03,750</b>

Regarding balance two invoices, taxpayer submitted that supplier has filed GSTR -3B for August 2020 which covers invoice no, MSL/20-21/2909 (ITC-Rs.66150). Further registration of the supplier is cancelled with effect from 07/02/2022 which is verified from portal. Another invoice no. MSL/21-22/3168 (ITC-Rs.62100). In respect of this, the taxpayer submitted the copy of RFD-06 order where in admissible ITC on account of GSTR 3B not filed is rejected at rupees **3,03,750/-**

**Considering above submission, ITC is disallowed in case of invoice no. MSL/21-22/3168 at Rs.62100/-**

**Taxpayer's reply to DRC-1 and conclusion:**

Taxpayer submit that the supplier has filed GSTR-1 for the month of April-21 in which invoice No. MSL/21-22/3168 dt. 30.04.2021 is reported which reflected in the GSTR-2A of the taxpayer. On the basis of this, taxpayer claimed ITC. Further he states that supplier registration was active at the time of transaction and indicated no ineligibility due to cancellation. Taxpayer also claimed that all conditions under Section 16 of the CGST Act were fulfilled, validating eligibility to claim ITC.

**The section 16(2) of the CGST Act states that in order to be eligible to claim ITC of GST charged, the following conditions shall be fulfilled:**

- a. The recipient of goods or services should be in possession of the tax invoice, debit note or any other tax paying document as prescribed, issued by a registered supplier under GST;
- b. The recipient of goods and/ or services should have received the goods or services or both;
- c. Subject to the provisions of Section 41, the tax charged in respect of such supply has been actually paid to the Government, either in cash or through utilization of input tax credit admissible in respect of the said supply; and
- d. The recipient of goods or services should have filed the return under Section 39.

But the taxpayer has not filed GSTR-3B for the month of April-21 hence condition c & d mentioned above has not fulfilled. Taxpayer states that the tax paid by him to supplier be recovered by the Department from the supplier and cited some judgments. But as on today, the tax is not actually received in the Govt. treasury. Therefore, ITC cannot be allowed as condition c & d of section 16(2) is not fulfilled. So taxpayer is liable to Pay Rs. 62100/-

**Para.5: - Payment beyond 180 days to the suppliers.**

**Issue in brief:** From the verification of ITC register submitted by the RTP it is noticed that payment dates to the suppliers is beyond 180 days. Therefore, under Rule 37(1) the RTP is liable to pay interest under section 50(1).

PAYMENTS MADE TO THE SUPPLIERS AFTER 180 DAYS																
Sr. No.	GSTIN	NAME OF DEALER	TAX RATE	INVOICE DATE	DATE OF PAYMENT	INVOICE VALUE	TAXABLE VALUE	IGST TAX	CGST TAX	SGST TAX	TOTAL TAX	NO OF LATE DAYS	INT IGST	INT CGST	INT SGST	TOTAL INT
1	27ADPFS6569N1ZW	Singrodia & Co LLP	18	09-Sep-20	28-04-2021	4080	3000	0	270	270	540	231	0	31	31	62
	07AAJCA9880A1ZL	Amazon Internet Services Pvt.Ltd		12-May-20	13-11-2020	2955960	2173500	391230	0	0	391230	185	35693	0	0	35693
	09AAGCB4815K1ZH	Breakthology Consulting Private Limited		10-Nov-20	11-06-2021	61200	45000	8100	0	0	8100	213	851	0	0	851
	29AAECB5878L1ZY	Bi Worldwide India Private Limited		07-Dec-20	18-06-2021	81600	60000	10800	0	0	10800	193	1028	0	0	1028
	27AABCI6363G1ZJ	Reliance Jio Infocomm Ltd		01-Apr-20	08-03-2021	22821	16780	0	1510	1510	3020	341	0	254	254	508
	27AAICS2894R1ZB	Synechron Technologies Pvt Ltd.		31-Jul-20	05-02-2021	248586	182784	0	16451	16451	32901	189	0	1533	1533	3067
	27AAAF0703G1Z4	Continuing Education & Training Centre		17-Sep-20	19-03-2021	190400	140000	0	12600	12600	25200	183	0	1137	1137	2274
	27AAHCA6300M1ZN	Aditya Facility Services Pvt. Ltd.		21-May-20	23-02-2021	101728	74800	0	6732	6732	13464	278	0	923	923	1846
	27AAHCA6300M1ZN	Aditya Facility Services Pvt. Ltd.		30-Jun-20	23-02-2021	61653	45333	0	4080	4080	8160	238	0	479	479	958
	27AAXCS0655F1ZY	Shreyash Retail Private Limited		16-Jun-20	05-03-2021	3457	2542	0	229	229	457	262	0	30	30	59
	33AADFF6762B1ZS	Fireball Technologies		12-Jun-20	05-03-2021	2023	1488	267.75	0	0	268	266	35	0	0	35
	27AAACB4260E2Z2	Bloomberg Data Services (India) Pvt.Ltd		12-Jul-21	21-01-2022	10634	7819	0	704	704	1407	193	0	67	67	134
	27AAACZ3214A1ZV	Zones Corporate Solutions Pvt Ltd		08-Dec-21	29-06-2022	29162	21443	0	1930	1930	3860	203	0	193	193	386
	27AAACD3312M8ZM	Cognizant Technology Solutions India		30-Jun-21	19-03-2022	321700	236544	42577.92	0	0	42578	262	5501	0	0	5501
	33AAACH9921J1ZJ	HTC Global Services (India) Pvt Ltd		18-Aug-21	21-02-2022	250675	184320	33177.6	0	0	33178	187	3060	0	0	3060
	27AAACD3312M8ZM	Cognizant Technology Solutions India		31-Aug-21	06-04-2022	307077	225792	40642.56	0	0	40643	218	4369	0	0	4369
	27AAACD3312M8ZM	Cognizant Technology Solutions India		31-Jul-21	06-04-2022	307077	225792	40642.56	0	0	40643	249	4991	0	0	4991
		<b>TOTAL</b>				<b>4959833</b>	<b>3646936</b>	<b>567438</b>	<b>44505</b>	<b>44505</b>	<b>656449</b>		<b>55528</b>	<b>4647</b>	<b>4647</b>	<b>64821</b>

Hence your explanation in this is required.

Taxpayer reply:

Taxpayer wishes to submit that it has received the invoices issued by the respective vendors and subsequently made the payment of value of supply along with application GST to the vendors and thereafter availed ITC. Given the same, the Company has not availed ITC upon receipt of the invoices, but the ITC have been availed upon payment of value of supply along with GST to the respective vendors. In support of his contention, taxpayer provided details of month in which ITC availed. After verification, taxpayer is liable to pay interest as below.

Sr No	Document No	Document Date	Vendor Name	GSTIN of vendor	Taxable value	IGST	CGST	SGST	Total GST	Month of Availment in GSTR-3B	Due date for filing GSTR-3B	Payment Date	UTR Number		Interest	
13	IMH2122000555	08-Dec-21	Zones Corporate Solutions Pvt Ltd	27AAACZ3214A1ZV	21,443	0	1,930	1,930	3,860	January 2022	20-Feb-22	30-Jun-22	CITIN22299435648	-204	-130	-388.3
14	IN232-0000010025	30-Jun-21	Cognizant Technology Solutions India	27AAACD3312M8ZM	2,36,544	42,578	0	0	42,578	January 2022	20-Feb-22	22-Mar-22	CITIN22243822397	-265	-30	-5564.29

### Taxpayer's reply to DRC-1 and conclusion:

The taxpayer provided the month in which ITC availed (Jan-22) and date of payments to supplier (March-22/June-22). So he was required to reverse the ITC in Jan-22 and reclaim the same in (March-22/June-22) as per rule 37. But taxpayer state that, the minimum balance in electronic credit ledger throughout the FY 2021-22 till September 2022 is INR 33,49,80,223 which is much higher than the amount of ITC concerned i.e., 46,438/- for computation of interest. Further, the closing balance in the electronic credit ledger as on 31 March 2022 (i.e., INR 30,38,39,579) is also higher than the ITC alleged in the present Notice and the said fact is evident from the copy of ECL (April 2021 to March 2022) as downloaded from the GSTN portal submitted as "Exhibit-18" for your perusal.

In such circumstances he submitted that the CBIC has issued a Circular No 192/04/2023-GST dated 17 July 2023 and clarified that where IGST credit has been wrongly availed and subsequently reversed on a certain date, there will not be any interest if the balance of ITC in electronic credit ledger has never fallen below the amount of such wrongly availed ITC.

In light of the submission made above the reply is accepted and para is dropped.

### **Para.6: - Non-disclosure of reasons for Un - Reconciled difference in Annual Gross Turnover shown in table 6 of GSTR9C.**

**Issue in brief:** After the verification of GSTR9C of FY 2021-22 it is found that in Table 5O it is shown that adjustment in turnover due to reason not listed above at Rs.8,75,84,779/- but RTP did not mention any reason in table 6 of GSTR 9C nor produced any supporting documents during audit.

O	Adjustments in turnover due to reasons not listed above	(+/-)	-8,75,84,779.17
P	Annual turnover after adjustments as above (A+B+C+D-E+F-G-H-I+J-K-		8,34,42,53,344.83
Q	Turnover as declared in Annual Return (GSTR9)		8,34,42,53,344.83
R	Un-Reconciled turnover (Q - P)		0.00
6	Reasons for Un - Reconciled difference in Annual Gross Turnover		

Therefore, taxpayer is liable to pay GST on the above amount as below:

PARTICULARS	AMOUNT	18% TAX	CGST	SGST
TABLE 50 OF GSTR 9C OF FY 2021-22 ie ADJUSTMENT IN TURNOVER DUE TO REASON NOT LISTED ABOVE ( I.E DIFFERENCE IN BOOKS AND GSTR9)	87584779	15765260	7882630	7882630

Hence your explanation in this regard is required.

Taxpayer reply:

Taxpayer has submitted reconciliation along with supporting documents. The difference is on account of export invoices reporting in subsequent year, exchange rate difference, credit note and domestic supply on which GST is paid. **In light of above submission, the para is dropped.**

**Para.7: - Excess ITC claimed in GSTR9 as shown in TABLE 12F of GSTR 9C.**

**Issue in brief:** Taxpayer submitted reconciliation of ITC in table 12 of GSTR 9C. After verification of GSTR9C of FY 2021-22 it is found that the RTP has ITC in books of account at Rs.18,65,94,666/- as per table 12D in GSTR9C but he claimed ITC at Rs. 18,81,68,629/- as per table 12E. There is difference of unreconciled ITC of Rs.15,73,964/- which is claimed excess in GSTR 9. No ineligible ITC is shown in GSTR9. Therefore the taxpayer is liable to pay or reverse this excess ITC claimed.

Pt. IV	Reconciliation of Input Tax Credit (ITC)	
12	Reconciliation of Net Input Tax Credit (ITC)	
Sr. No	Description	Amount
A	ITC availed as per audited Annual Financial Statement for the State/ UT (For multi-GSTIN units under same PAN this should be derived from books of accounts)	17,09,32,081.20
B	ITC booked in earlier Financial Years claimed in current Financial Year	2,70,25,612.20
C	ITC booked in current Financial Year to be claimed in subsequent Financial Years	1,13,63,027.20
D	ITC availed as per audited financial statements or books of account	18,65,94,666.20
E	ITC claimed in Annual Return (GSTR9)	18,81,68,629.92
F	Un-reconciled ITC	15,73,963.72

Taxpayer reply:

1.1 The captioned Audit Report is issued on the ground that the Company accounted ITC amounting to INR 18,65,94,666 in the books of account and availed ITC amounting to INR 18,81,68,629. Hence, there is excess ITC claimed by the Company amounting to INR 15,73,963 which is disclosed as ineligible ITC under Table 12(F) of Form GSTR-9C filed for the FY 2021-22. Given the same, the Company is required to pay or reverse the excess ITC along with applicable interest.

1.2 In this regard, the Company wishes to submit that it has availed ITC appropriately during the relevant period and there is no excess availment.

1.3 The Company avails ITC only in respect of eligible inward supplies. Section 16 of the CGST Act provides for the conditions for claiming ITC charged on goods or services which are used or intended to be used in the course or furtherance of business.

1.4 The Company has fulfilled all the conditions in respect of the supplies on which ITC has been availed in Form GSTR-3B during the relevant period. Further, the Company has received the inward supplies as well as is in possession of the tax invoices based on which ITC have been availed as well as made the payment of value of inward supplies along with GST, to the supplier as per the invoice issued by him for the supplies made to the Company. However, the following are key reason for difference:

- Document accounted in the books of account in the FY 2020-21 but ITC availed during FY 2021-22;
- Document accounted in the books of account in the FY 2021-22 but ITC availed subsequently’;
- Documents accounted in the books of account but ITC not availed; and
- Certain transaction related to reverse charge mechanisms on which ITC availed during the FY 2021-22 which are account in subsequent period i.e., FY 2022-23.

1.5 Due to the above-mentioned reasons, there is difference between ITC recorded in the books of account and ITC availed in Form GSTR-3B for the relevant period.

- 1.6 Further, as per Section 16(4) of the CGST Act, a registered person is entitled to claim input tax credit of invoices issued during a financial year up to the month of September of the next financial year. The above would mean that the Company was eligible to avail ITC in respect of invoices pertaining to FY 2020-21, anytime on or before 30 September 2021 in terms of the provision of the GST law.
- 1.7 Given the above, there would be certain invoices which were accounted in the books of accounts in the previous year (FY 2020-21) but ITC claimed in the current period (FY 2021-22) as well as there would be certain invoices which were accounted in the books of accounts in the current year (FY 2021-22) but ITC claimed in the subsequent period (FY 2022-23).
- 1.8 In light of the above, the Company wishes to submit that the difference of ITC amounting to INR 15,73,963 reported in Form GSTR-9C under Tab 12(F) only due to the timing differences for accounting of ITC in books of account and ITC availed in Form GST returns and there is no excess ITC availed during the relevant period.
- 1.9 Notwithstanding the above, the Company has submitted line item-wise details of ITC availed during the relevant period, as also matching with GSTR-2A (as discussed in above paras). The Company submits and re-iterates that it fulfils all the conditions of Section 16 to avail the ITC. Further, the Company has filed refund of unutilised ITC during which a detailed verification of all records, especially ITC invoices, ITC reflecting in GSTR-2B for claim of ITC is verified in detail post which the refund claim is granted.
- 1.10 Given that the Company has provided explanation, including the fact that all the conditions of availment of ITC has been fulfilled, the Company requests your good office that the allegation raised in the present case, be dropped and no further proceedings shall be initiated for the same.

Taxpayer's reply to DRC-1 & Conclusion:

Taxpayer resubmitted the same reply which was given against the DRC-1A. It is stated that ITC of 20-21 is availed in 21-22 and ITC of 21-22 is availed in 22-23 hence there is difference at Rs. 15,73,964/-. But in Table 12D of GSTR9C, the above adjustments are already considered and amount of ITC availed during F.Y.21-22 comes at Rs.186594666/- But taxpayer has claimed ITC in annual return i.e. in GSTR-9 at Rs. 188168630/- which is more than the books by Rs.1573964/- Therefore, the reply submitted by the taxpayer is not acceptable.

In table 12F of GSTR 9C, unreconciled ITC at Rs. 1573964/- has already been reported for which no proper clarification provided by the taxpayer. **In light of this, para is confirmed.**

**Para.8: - Non-submission of other income ledger as per financials of Rs.2,38,10,000/-.**

**Issue in brief:** After the verification of financials of FY 2021-22 it is found that the RTP has shown **miscellaneous income** of Rs. 2,38,10,000/- but he failed to produce the details and supporting evidence in respect of this income. Therefore, in absence of documents, GST is levied on this income as below:

PARTICULARS	AMOUNT	18% TAX	CGST	SGST
NON-SUBMISSION OF OTHER INCOME LEDGER AS PER FINANCIALS OF Rs.2,38,10,000/-.	2,38,10,000	42,85,800	21,42,900	21,42,900

Hence your explanation in this is required.

**Taxpayer reply:**

In light of this para taxpayer has submitted reconciliation as below but interest ledger has not been provided.

Sr No	Particulars	Amount (INR)	Remarks
1	Sale of scrap and recoveries	97,88,761	The Company has already discharged the GST liability and line item-wise details were already submitted <i>vide</i> letter dated 24 February 2025 as well as communicated via email dated 26 June 2025 and the same is re-submitted as <b>“Annexure 26”</b> .
2	Interest on deposits	1,40,23,374	The amount pertaining to Interest does not qualify as supply under GST law and

			hence the applicability of GST or interest on said income does not arise in the present case.
	<b>Total</b>	<b>2,38,12,135</b>	

**Considering the above submission, the tax in this para is modified as below.**

<u>Taxable amount</u>	<u>IGST</u>	<u>CGST</u>	<u>SGST</u>
<u>1,40,23,374</u>	<u>0</u>	<u>1262104</u>	<u>1262104</u>

### **Taxpayer reply to DRC-1A**

6.3 In this connection, the Company wishes to reiterate that the amount pertaining to Interest does not qualify as supply under GST law and hence the applicability of GST or interest on said income does not arise in the present case.

6.4 In this regard, the Company wishes to submit that the said amount merely pertains to accounting entry passed in the books of accounts of the Company, in terms of the applicable accounting standards in India. The said amount represents notional value recorded in books of accounts owing to the principles/ guidance note prescribed as per the relevant accounting standards in India. Under GST law, the term 'supply' inter alia includes all forms of supply of goods and/ or services made for a consideration in the course or furtherance of business. Since, the amount recorded as 'Interest on deposit' merely represents notional value recorded in the books of accounts, without any activity being undertaken by the Company for the same, the said notional amount shall not fall within the scope of the term 'supply' and thus, the same shall not be liable to any GST.

6.5 In light of the above submission, the Company wishes to humbly submit that since the underlying nature of transaction of 'Interest on deposit' does not qualify as 'supply' under the CGST Act/ MGST Act, the applicability of GST, does not arise in the present case.

6.6 To fortify the above-mentioned fact, the Company wishes to submit copy of bank ledger for interest income as "**Exhibit 17**" evidencing that the amount reported in the Financial Statement is pertaining to interest on deposit.

6.7 Given that the Company has submitted the relevant supporting documents in respect as requested by your good office, the Company requests your good office that the allegation raised in the present case, be dropped and no further proceedings shall be initiated for the same.

### **Conclusion:**

From the above submission, it is found that the amount is interest on deposit which does not qualify as supply under GST law and hence the applicability of GST on said income does not arise. **Therefore the para is dropped.**

**Para.9: - RCM on legal services.**

**Issue in brief:** Taxpayer was directed to produce ledger regarding legal and professional fees. But he did not submit the ledger till date. In light of this 5% of the amount in ledger is considered as on account of legal services liable for RCM. The amount comes at Rs.46,05,000/- (9.21Cr.\*5%) on which 18% RCM is calculated at Rs.8,28,900/-(CGST +SGST)

**Taxpayer reply:**

Taxpayer has submitted nature wise expenses for amount of Rs. 9.21Cr. from the verification of sample invoices submitted for each head, it found that taxpayer has correctly discharged GST liability on Reverse Charge basis in case of ledger regarding legal and professional fees. **Hence the para is dropped.**

**Para.10: - RCM on Directors remunerations.**

**Issue in brief:** Taxpayer was directed to produce details regarding remuneration paid to directors. But he did not submit the details till date. There are 4 directors (including 2 add.directos). It is assumed that the average yearly remuneration to (35+25+20+20) lacks for these directors which attract RCM @18%. Thus RCM is calculated at Rs.18,00,000/-(CGST +SGST)

**Taxpayer reply:**

Taxpayer submitted clarification that the remuneration paid to the director Mr. Jayant Dinkar Patwardhan, being in the nature of salary and subjected to TDS under Section 192, is not liable to GST. But from the record produced by the taxpayer it is found that salary to the extent at Rs. 61213721/- have been considered in form 16 as salary but total amount of remuneration paid Rs.110395819/- hence balance 49182098/- is professional fees paid to the director Mr. Jayant Dinkar Patwardhan on which GST at Rs. 4426389/- each under CGST and SGST is payable under reverse charge basis. Taxpayer submitted that other two directors i.e., Ajit Inuganti Naidu and Sean Nigel Woodroffe have been appointed by the Company who are sitting outside India as board of director without any consideration. Further, there is no transaction made for Rahul Narandas Merchant during the financial year as highlighted in the financials as well.

Sr. No.	Name	Designation
1	Mr. Jayant Dinkar Patwardhan	Whole-time Director
2	Ajit Inuganti Naidu	Additional Director w.e.f. 4th March 2021
3	Sean Nigel Woodroffe	Additional Director w.e.f. 4th March 2021
4	Rahul Narandas Merchant	Director (Resigned w.e.f. 2nd March, 2022)

**Regarding director at sr no. 2,3,4 above, no consideration have been paid as per submission of the taxpayer.** But Activities to be treated as Supply even if made without consideration are mentioned in Schedule 1-of CGST Act and sub clause 2 of the same is as below:

2) Supply of goods or services or both between related persons or between distinct persons as specified in section 25, when made in the course or furtherance of business:

Provided that gifts not exceeding fifty thousand rupees in value in a financial year by an employer to an employee shall not be treated as supply of goods or services or both.

In light of this even if services from director are without consideration, they are supply under CGST act and GST has been correctly levied under RCM as per the rule 31 of MGST Rules.

Therefore, para is confirmed. The Circular No. 199/11/2023-GST dated 17 July 2023 is in relation to an office of an organisation in one state to the office of that organisation another state and hence it will not be applicable.

**Considering the above submission, the tax in this para is modified as below.**

<u>TOTAL TAX</u>	<u>IGST</u>	<u>CGST</u>	<u>SGST</u>
<b><u>10022778</u></b>	<b><u>0</u></b>	<b><u>5011389</u></b>	<b><u>5011389</u></b>

**Taxpayer reply:**

7.1 It is submitted that initially Audit Report was issued on the ground that that the Company was directed to produce details regarding remuneration paid to directors, however, the details are not submitted. Given the same, basis assumption the GST liability for 4 directors has been calculated amounting to INR 18,00,000 (CGST INR 9,00,000 and SGST INR 9,00,000).

7.2 Upon submission of response by the Company against the Audit Report, the GST liability has been recalculated and intimation for payment of tax and interest has been communicated accordingly. The summary of the same is reproduced below for your reference:

<b>Sr. No.</b>	<b>Particulars</b>	<b>Tax Amount as per ADT-02 (INR)</b>	<b>Tax Amount as per DRC-01A (INR)</b>
1	GST on director remuneration	18,00,000	1,00,22,778

<b>Name</b>	<b>Designation</b>
Mr. Jayant Dinkar Patwardhan	Whole-time Director
Ajit Inuganti Naidu	Additional Director w.e.f. 4th March 2021
Sean Nigel Woodroffe	Additional Director w.e.f. 4th March 2021
Rahul Narandas Merchant	Director (Resigned w.e.f. 2nd March 2022)

**RCM liability in respect of Mr. Jayant Dinkar Patwardhan**

7.4 As per the above details, it is submitted that Mr. Jayant Dinkar Patwardhan is appointed by the Company as whole-time Director and remuneration in the form of salary paid to him by the Company. To fortify the said fact, the Company has already submitted copy of Form-16 for your perusal.

7.5 We understand that your good-self has determined the GST liability for Mr. Jayant Dinkar Patwardhan on account of difference between amount disclosed in Form 3CD (INR 11,03,95,819) and amount disclosed in Form-16 (INR 6,14,28,725) and calculated GST amounting to INR 88,14,077 on the differential amount of INR 4,89,67,094.

7.6 Upon perusal of the documentary evidence i.e., Form 16 submitted by the Company, it is clear that the Company has deducted the TDS on salary paid during the relevant period and hence the allegation that the Company is liable to pay tax on such transaction under reverse charge mechanism is incorrect as Mr. Jayant Dinkar Patwardhan has been appointed as employee of the Company and hence GST is not application on such transactions.

7.7 Further, the Company submit that the differential amount of remuneration between Form 3CD and Form 16 i.e. INR 4,89,67,094 is on account of Long term performance plan (i.e. LTPP). We enclose the relevant extract for LTPP as per Financial Statement for FY 2021-22 as "**Exhibit 18**" evidencing that the amount paid to Mr. Jayant Dinkar Patwardhan amounting to INR 4,89,67,094 is related to employment of his services and hence the said amount is not liable to GST.

7.8 We have also provided below the relevant calculation for amount disclosed in Form 3CD for your reference:

Particulars	Reference	Amount (INR)
Amount as per Form 16	1	6,14,28,725
LTPP provision as per compensation statement	2	4,80,25,215
Employer share of Provident Fund (PF)	3	9,41,879
Total	4 = 2 + 3	4,89,67,094
Amount as per Form 3CD	5 = 1 + 4	11,03,95,819

7.9 Further, as per Schedule III of the CGST Act, 2017, certain activities or transaction neither treated as supply of good nor supply of services which include services by an employee to employer. The relevant extract of the same is reproduced below for your reference:

**Quote (Emphasis added)**

*Schedule III - Activities or Transactions which shall be treated neither as a supply of goods nor a supply of services*  
*1. Services by an employee to the employer in the course of or in relation to his employment.*

**Unquote**

7.10 In light of the above provision, the Company is not liable to discharge the GST liability with respect to the remuneration paid as salary to Mr. Jayant Dinkar Patwardhan.

7.11 Further, CBIC has also issued a Circular No. 140/10/2020 – GST dated 10 June 2020 and clarified that remuneration paid as salary to the director should not be considered as taxable supply under GST. The relevant extract of the same is reproduced below for your reference:

**Quote**

*5.2 It is also pertinent to note that similar identification (to that in Para 5.1 above) and treatment of the Director's remuneration is also present in the Income Tax Act, 1961 wherein the salaries paid to directors are subject to Tax Deducted at Source ('TDS') under Section 192 of the Income Tax Act, 1961 ('IT Act'). However, in cases where the remuneration is in the nature of professional fees and not salary, the same is liable for deduction under Section 194J of the IT Act.*

5.3. Accordingly, it is clarified that the part of Directors remuneration which are declared as „Salaries“ in the books of a company and subjected to TDS under Section 192 of the IT Act, are not taxable being consideration for services by an employee to the employer in the course of or in relation to his employment in terms of Schedule III of the CGST Act, 2017.

**Unquote**

7.12 In light of the above legal provisions and authoritative clarification, it is evident that the remuneration paid to the directors, being in the nature of salary and subjected to TDS under Section 192, is not liable to GST. The relationship between the Company and the directors is that of employer and employee, and the payment is squarely covered under the exclusion provided in Schedule III of the CGST Act.

7.13 Further, the Company also wishes to place reliance on the judgement pronounced by CESTAT Kolkata under service tax regime in the case of **Bengal Beverages Pvt. Ltd. Vs CGST & Excise, Howrah (2020-TIOL-1626-CESTAT-KOL)**, wherein it was held that Section 2(94) of the Companies Act, 2013 defines a whole-time director to include a director in the whole-time employment of the Company and hence service tax is not liable on remuneration paid to director in the employment of the Company. The relevant extract of the same is reproduced below:

**Quote (Emphasis added)**

8. *In the instant case, the only dispute herein is for payment of remuneration in the nature and form of commission based on percentage of profit to whole time directors, which is a fact on record. Section 2(94) of Companies Act, 2013, duly defines 'whole-time director' to include a director in the whole-time employment of the company. A whole-time Director refers to a Director who has been in employment of the company on a full-time basis and is also entitled to receive remuneration. The certificate issued by the company secretary states that the remuneration is given in various form as allowed under the Companies act, 2013. We further find that the position of a whole-time director is a position of significance under the Companies Act. Moreover, a whole-time director is considered and recognized as a 'key managerial personnel' under Section 2(51) of the Companies Act. Further, he is an officer in default [as defined in clause (60) of Section 2] for any violation or non-compliance of the provisions of Companies Act. Thus, in our view, the whole-time Director is essentially an employee of the Company and accordingly, whatever remuneration is being paid in conformity with the provisions of the Companies Act, is pursuant to employer-employee relationship and the mere fact that the whole-time Director is compensated by way of variable pay will not in any manner alter or dilute the position of employer-employee status between the company assessee and the whole-time Director. We are thoroughly convinced that when the very provisions of the Companies Act make whole-time director (as also in capacity of key managerial personnel) responsible for any default/offences, it leads to the conclusion that those directors are employees of the assessee company.*

9. *Further, the judgment of this Tribunal in the case of MAITHAN ALLOYS LTD Versus COMMISSIONER OF C. EX. & S.T., BOLPUR (supra) is squarely applicable to the facts of the case. Further, the Ld. Adjudicating authority has also allowed part of the demand on the ground that there exists an employer-employee relationship between the whole time Directors and the appellant assessee, then the ground of confirming the balance demand that the directors have provided service to the company becomes infructuous and hence cannot survive before the eyes of the law. Since demand of service tax is set aside, penalty and interest are also not sustainable.*

**Unquote**

7.14 Given the above, since the Company has submitted the relevant document as well as provided justification/ explanation in the above para, the Company requests your good-self that the allegation raised in the present case, be dropped and no further proceedings shall be initiated for the same.

7.15 It is further submitted that other two directors i.e., Ajit Inuganti Naidu and Sean Nigel Woodroffe have been appointed by the Company who are sitting outside India as board of director without any consideration. Given the same, since the said directors have been appointed by the Company without any remuneration, the question of applicability of GST does not arise.

7.16 Further, there is no transaction made for Rahul Narandas Merchant during the financial year as highlighted in the financials as well. The screenshot of the financial statement evidencing the said fact is reproduced below for your reference:

## **Quote**

**and Shuchi Taparia has been appointed as the Company Secretary w.e.f. 17th June 2022**

## **Unquote**

7.17 As per the second proviso to Rule 28(1) of the CGST Rules, in cases involving the supply of goods or services between distinct or related persons where the recipient is eligible to claim full Input Tax Credit (ITC), the value declared in the invoice shall be deemed to be the open market value (OMV) of such goods or services.

7.18 The Company refers to Circular No. 210/4/2024 dated 26 June 2024, which provides clarification regarding the import of services from related persons outside India without consideration. The Circular clarifies that where the Indian recipient is eligible for full ITC, the value declared in the self-invoice issued by the recipient shall be deemed as the OMV under the second proviso to Rule 28(1).

7.19 Further, based on the provisions and guidance contained in the Circular, in cases where no self-invoice is issued, the value of such imported services shall be deemed to be NIL and accordingly considered as the OMV. Therefore, in the absence of any consideration and self-invoice, such import of service is not liable to GST.

7.20 It is pertinent to note that under the GST regime, tax is applicable only when there is an underlying supply of goods or services. In the present scenario, none of the aforementioned directors are employees of the Company, nor do they qualify as related parties. Therefore, since the directors have been appointed independently and no consideration has been paid to them by the Company, the question of GST does not arise, as there is no underlying supply of services involved.

7.21 Given the above, since the Company has provided justification/ explanation in the above para, the Company requests your good-self that the allegation raised in the present case, be dropped and no further proceedings shall be initiated for the same.

## **Conclusion:**

The submission of the taxpayer verified. Taxpayer referred the Circular No. 140/10/2020 wherein it is clarified that the part of Directors remuneration which are declared as "Salaries" in the books of a company and subjected to TDS under Section 192 of the IT Act, are not taxable being consideration for services by an employee to the employer in the course of or in relation to his employment in terms of Schedule III of the CGST Act, 2017. The amount paid to Mr. Jayant Dinkar Patwardhan has not been shown as salary nor TDS under Section 192 of the IT Act has been paid on this amount hence contention of the taxpayer is not tenable. GST has been correctly levied under reverse charge as remuneration paid to the Director. Hence the Para is confirmed.

## Taxpayer's reply against DRC-1 & Conclusion:

In addition to the reply submitted earlier, taxpayer provided details of Rs. 4,89,67,094/- which are considered as salary in subsequent years for Income tax purpose. Further, it is also submitted that Long term performance plan (LTTP) is a compensation strategy that rewards employees for achieving long term corporate goals. Typically over 3 to 5 year period. These plans are designed to motivate and retain key talent by aligning their interest with the company's long-term success through delayed compensation such as cash bonuses tied to specific performance metrics.

In para 6.10 it is submitted as below:

As per the policy of the Company (as described in the Financial Statement and submitted as Exhibit 15), LTTP awards are given for three years and will pay out on the last business day of February after the three-year period. Given the same, the payment for amounts related to LTTP have been paid to Mr. Jayant Dinkar Patwardhan in three financial years. It is further submitted that Mr. Jayant Dinkar Patwardhan has left the organization during the FY 2024-25 and hence only the amount pertaining to LTTP (1,49,54,158) is paid in the form of Salary.

**Further** in para 6.11 details of LTTP paid as salary in subsequent years has been provided as below:

As discussed during our meeting on 17 October 2025, it is submitted that the transaction related to LTTP amounting to INR 4,81,52,523 has been paid in the form of salary to Mr. Jayant Dinkar Patwardhan during the FY 2022-23, 2023-24 and 2024-25 and the bifurcation of the same is reproduced below for your reference:

Sr No	Financial Year	Amount (INR)
1	FY 2022-23	1,41,38,486
2	FY 2023-24	1,90,59,879
3	FY 2024-25	1,49,54,158
	<b>Total</b>	<b>4,81,52,523</b>

Further taxpayer also submitted copy of Form-16 along with relevant annexures of Mr. Jayant Dinkar Patwardhan for the respective financial year as "Exhibit 20" for your perusal.

As per Circular No. 140/10/2020 dt.10/06/2020, it is clarified that the part of Director's remuneration which are declared as "Salaries" in the books of a company and subjected to TDS under Section 192 of the IT Act, are not taxable being consideration for services by an employee to the employer in the course of or in relation to his employment in terms of Schedule III of the CGST Act, 2017. From the perusal of the submission of the taxpayer, it is found that Rs.48025215/ have been part of salaries in the F.Y. 22-23, 23-24 & 24-25 to the whole-time director Mr. Jayant Patwardhan and TDS under Section 192 has been deducted by the taxpayer on such salaries. Therefore, such amount of salary will not be taxable under GST act being consideration for services by an employee to the employer in the course of or in relation to his employment in terms of Schedule III of the CGST Act, 2017. In light of this, the demand raised on account of **LTTP is dropped.**

Further other two Additional directors i.e., Ajit Inuganti Naidu and Sean Nigel Woodroffe have been appointed by the Company who are sitting outside India as board of director without any consideration as stated by taxpayer in his reply. The taxpayer refers to Circular No. 210/4/2024 dated 26 June 2024, which provides clarification regarding the import of services **from related persons** outside

India without consideration. The Circular clarifies that where the Indian recipient is eligible for full ITC, the value declared in the self-invoice issued by the recipient shall be deemed as the OMV under the second proviso to Rule 28(1). Further, based on the provisions and guidance contained in the Circular, in cases where no self-invoice is issued, the value of such imported services shall be deemed to be NIL and accordingly considered as the OMV. Therefore, in the absence of any consideration and self-invoice, such import of service is not liable to GST. Here taxpayer claimed that these directors are **related persons** to avail the benefit of circular. But in para 6.24 of his submission stated that none of the aforementioned directors are employees of the Company, **nor do they qualify as related parties** which is contrary view. The correct facts regarding these additional directors with documentary evidence are not provided. Hence GST levied as per Schedule-1, sub clause -2 has been confirmed.

Further, it is submitted that there is no transaction made for Rahul Narandas Merchant (director) during the financial year as highlighted in the financials. In para 6.24 of his submission taxpayer, stated that none of the aforementioned directors are employees of the Company, nor do they qualify as related parties. But director and a company are related person as per Explanation- (a) (v) under S.15 of CGST Act. Hence GST levied as per Schedule-1, sub clause -2 has been confirmed.

In light of this even if services from director are without consideration, they are supply under CGST act and GST has been correctly levied under RCM as per the rule 31 of MGST Rules as below:

Name	Rule	IGST	CGST	SGST	CESS	TOTAL
Rahul Narandas Merchant (director)	25,00,000	0	225000	225000	0	450000
Ajit Inuganti Naidu (Additional directors)	20,00,000	0	180000	180000	0	360000
Sean Nigel Woodroffe (Additional directors)	20,00,000	0	180000	180000	0	360000

**In view of these facts and provisions of law, I have come to the conclusion that the taxpayer is liable to pay the total tax & interest as under:**

SR NO	PARA PARTICULARS	TAX					INTEREST/FEE				
		IGST	CGST	SGST	CESS	TOTAL	IGST	CGST	SGST	CESS	TOTAL
2	Unmatched and Mismatched ITC in case of 2021-22 invoices claimed in 2021-22.	15925	543503	543503	0	1102931	12031	410620	410620	0	833272
3	ITC claim of blocked credit U/s.17(5)	0	79774	79774	0	159548	0	60270	60270	0	120540
4	ITC from GSTR 3B non filer suppliers at Rs.4,32,000/-	62100	0	0	0	62100	46917	0	0	0	46917
7	Excess ITC claimed in GSTR9 as shown in TABLE 12F of GSTR 9C	0	786982	786982	0	1573964	0	594570	594570	0	1189141
10	RCM on Directors remunerations.	0	585000	585000		1170000	0	441972	441972	0	883943
	<b>TOTAL</b>	<b>78025</b>	<b>1995259</b>	<b>1995259</b>	<b>0</b>	<b>4068543</b>	<b>58948</b>	<b>1507432</b>	<b>1507432</b>	<b>0</b>	<b>3073812</b>

This Proceedings u/s 73(9) have resulted in determination of total tax liability as under IGST at Rs.78025/-, CGST at Rs.1995259/- and under SGST ACT Rs. 1995259/- on all the issues decided above. Total Tax Payable comes at Rs.4068543/-.

Interest u/s 50 levied under IGST, CGST & SGCT Act levied at Rs. 58948/-, Rs.1507432/- & Rs.1507432/- respectively. Total Interest payable comes at Rs.3073812/-.

Taxpayer has not made payment within time limit in the instant case, hence, penalty as envisaged in Section 73(9)/73(11) is applicable. Total Penalty under IGST, CGST and SGST Act comes at Rs.7803/- and Rs.199526/- and Rs.199526/- respectively. Total penalty payable comes at Rs.406854/-.

Hence Total Tax, Interest and Penalty amount payable comes at Rs.7549209/-. Which is summarized as below:

	<b>IGST</b>	<b>CGST</b>	<b>SGST</b>	<b>CESS</b>	<b>TOTAL</b>
<b>TAX</b>	<b>78025</b>	<b>1995259</b>	<b>1995259</b>	<b>0</b>	<b>4068543</b>
<b>INTEREST</b>	<b>58948</b>	<b>1507432</b>	<b>1507432</b>	<b>0</b>	<b>3073812</b>
<b>PENALTY</b>	<b>7803</b>	<b>199526</b>	<b>199526</b>	<b>0</b>	<b>406854</b>
<b>TOTAL</b>	<b>144776</b>	<b>3702217</b>	<b>3702217</b>	<b>0</b>	<b>7549209</b>

**The taxpayer is hereby directed to pay the tax along with interest and penalty as shown above within a period of three months from the date of service of this Order. (Interest shall be paid till the actual date of payment in DRC-03). If the taxpayer fail to pay within the said period, then the recovery proceedings will be initiated accordingly, as per provisions of law.**



Place: - Mumbai  
Date: - 03/12/2025

(Balaji N Jangle)  
Deputy Commissioner Of State Tax  
(MUM-AUD-E-0503), Audit-V  
Mumbai

1. Any person deeming himself aggrieved by this Order may appeal against this Order to the Appellate Authority, Joint Commissioner of State Tax, Appeal within 3 months from the date of communication of this order.

2. The Appeal should be filed in Form No. GST-APL-01 through Common Portal. The appeal shall be accompanied by a copy of the order appealed against, digitally signed by the appellant. All supporting documents should be uploaded on the common portal while filing an appeal.

3. Details of the case and the grounds etc., if not possible to describe in the appeal to be filed online, may be prepared separately and uploaded at the time of filing of an appeal.

4. The appeal against this order shall lie before the Appellate Authority on payment of the prescribed fee and other charges, if any, under the provisions of Section 107 of CGST Acts. The payment shall be made through the common portal at the time of filing the appeal.

