



GST assessment report

Private and confidential

12 August,2024

 21+ years of Tech Expertise	 Experts in Hyperautomation	 We consume 100% APIs from the Govt.	 150+ end-to-end ERP Implementations
 No compromise on data security, storage & commercial usage	 250+ Top Corporates as Clients	 Prominent Tax Consultants are with us	 Quicker TAT to Implement law changes from the Govt
 400+ Data validations	 Dedicated Subject Matter Experts for Tax Tech	 175 crore+ transactions processed per annum with Cygnet Tax Tech's Indirect Tax Compliance Platform	

GST assessment report

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FY 2023-24

Dear client,

As you would be aware, CBIC has initiated the scrutiny of the first tranche of about 50,000 GSTIN identified using AI and risk assessment for alleged lapses in FY 2017-18. The assessment of these returns is being carried out using a uniform model of scrutiny to bring in transparency and enhance compliance.

In this regard, CBIC had issued the standard operating procedure (SOP) for the selection of returns for scrutiny and the indicative list of parameters to be used for identifying short payment of taxes, excess availment of input tax credits, defaults, or non-compliances.

The stated aim of the Government is to plug leakages in GST via system-generated alerts and better use of data and artificial intelligence, and the Board has been working towards automating the scrutiny process.

We, at Cygnet, have developed this assessment report to flag the risk parameters so that you may take corrective actions in time. Based on your consent, we have analyzed the data from your GSTR-1 and GSTR-3B returns, GSTR-2B, and e-way bills generated (if provided) to identify the possible exposures.

Please let us know if you wish to discuss the same or have any suggestions or feedback for us.



DISCLAIMER

This report uses data from filed GST returns, auto-drafted input tax credit statements, and e-way bills generated to identify probable instances of short payment of tax or excess availment of input tax credits.

The discrepancies highlighted here may be due to willful adjustments and not necessarily a compliance default. Similarly, the absence of discrepancies here also does not verify completeness of compliance by the assessed GSTIN - it only indicates no risk was identified in these areas as per the parameters mentioned.

Comparison of tax liabilities as per GSTR-1 and GSTR-3B

The current section compares the historical data of the tax liabilities as reported in GSTR-1 and the liabilities as per e-way bills generated, with the tax paid in GSTR-3B for the respective tax period.

While the transaction level details are not compared, this section highlights if there appears to be a short-payment of tax which may result in penal interest at the rate of 18% per annum and enable tax authorities to initiate recovery proceedings.

1	Comparison of the tax liabilities declared in GSTR-1 and tax paid in GSTR-3B	Tax liability as per GSTR-1	Tax liability as per GSTR-3B	Risk classification and exposure
		₹ 105,387,668	₹ 104,842,654	₹ 545,014

 DRC-03 can be used for voluntary tax payments

The differences in tax liabilities as per GSTR-1 and GSTR-3B can be due to various reasons such as adjustment of excess/short payment of prior period, advances, etc., one of the reasons can also be short payment of tax which needs further scrutiny.

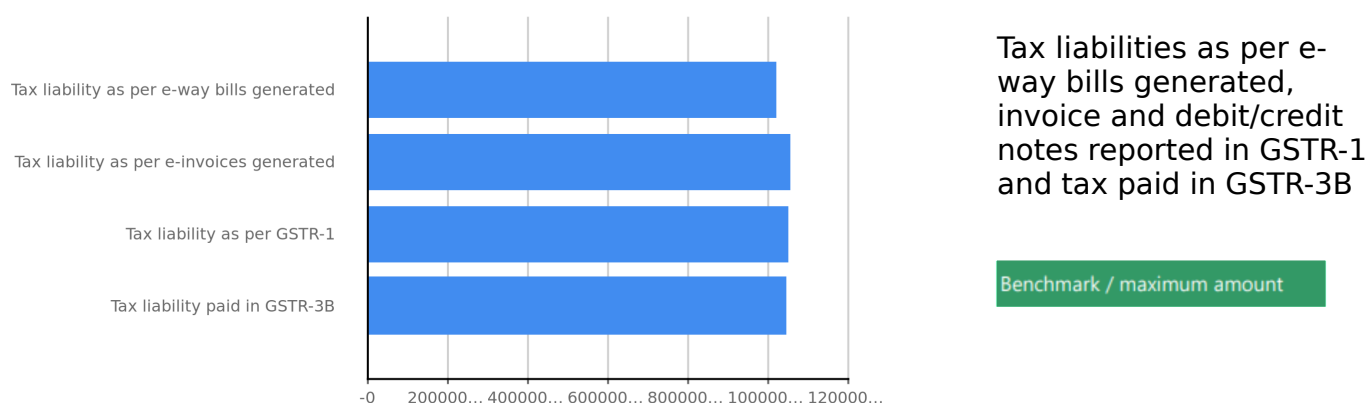
2	Comparison of disclosures of tax liabilities as per different sections of GSTR-1 and GSTR-3B	The discrepancies may be due to reporting of transactions in incorrect tables. While this in itself may not always mean short/excess payment, such discrepancies may attract the tax department's attention and invite further scrutiny.		
		<div>Attn.</div> Not quantified		

3	Comparison of tax liabilities based on the e-way bills generated and the tax paid in GSTR-3B	Tax liability as per e-way bills	Tax liability as per GSTR-3B	Risk classification and exposure
		₹ 102,006,390	₹ 104,842,654	₹ 0

E-way bills are required to be generated for the movement of goods of consignment value exceeding a specified threshold. Hence, the tax liability declared in GSTR-3B cannot be less than the tax amounts mentioned in the e-way bills generated.

4	Comparison of documents reported in GSTR-1 and e-invoices generated	Tax liability as per e-invoice	Tax liability as per GSTR-1	Risk classification and exposure
		₹ 105,753,061	₹ 105,387,518	₹ 365,543

EInvoice are required to be generated for the taxpayer exceeding a specified threshold. Hence, the tax liability declared in GSTR-1 cannot be less than the tax amounts mentioned in the einvoice generated



Comparison of tax liabilities as per GSTR-1 and GSTR-3B

The provisions under the GST allow the Government to notify the goods or services the tax on which shall be payable by the recipient under reverse charge or notify the class of persons and the category of goods/services which shall be taxed under reverse charge in case of purchases from unregistered persons.

i Excess availment of ITC needs to be reversed, and short payment, if any, needs to be paid in cash. Interest at 18% would be applicable if such ITC was utilized.

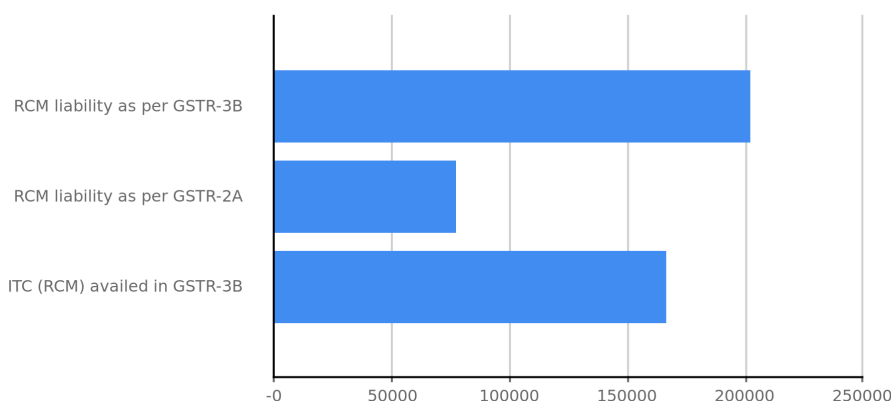
5	Comparison of tax paid under RCM and ITC availed on the same	ITC (RCM) availed in GSTR-3B	RCM liability as per GSTR-3B	Risk classification and exposure
		₹ 166,511	₹ 202,284	₹ 0

The tax paid under reverse charge on import of services and domestic procurements under reverse charge is compared with ITC availed on the same. Availment of ITC in excess of liability discharged may indicate short payment or excess availment of ITC in respect of tax paid under reverse charge.

6 Comparison of tax paid under RCM and liability to pay tax under RCM as per GSTR-2B

RCM liability as per GSTR-2B	RCM liability as per GSTR-3B	Risk classification and exposure
₹ 76,939	₹ 202,284	₹ 0

The liability to pay tax on domestic B2B purchases under reverse charge as per GSTR-2B is compared with the RCM liability declared in GSTR-3B. The RCM liability declared in GSTR-3B, if less than RCM liability as per GSTR-2B, indicates short payment of tax.



RCM liability declared in table 3 of GSTR-3B is compared with the RCM liability as per GSTR-2B and ITC availed on tax paid under reverse charge.

Benchmark / maximum amount

Comparison of input tax credits available and availed

The GST law prescribes certain conditions for availing input tax credits. One of the checks to identify excess availment of input tax credits is to compare the availment with the documents reported by vendors in their GSTR-1 returns and reflected in the taxpayer's GSTR-2B.

Interest at 18% per annum applies if input tax credits are incorrectly availed and utilized.

7 Check for excess claim of ITC on tax 6 paid on import of goods

ITC available as per GSTR-2B	ITC claimed in GSTR-3B / 4(A)(1)	Risk classification and exposure
₹ 33,068,098	₹ 33,155,142	₹ 87,044

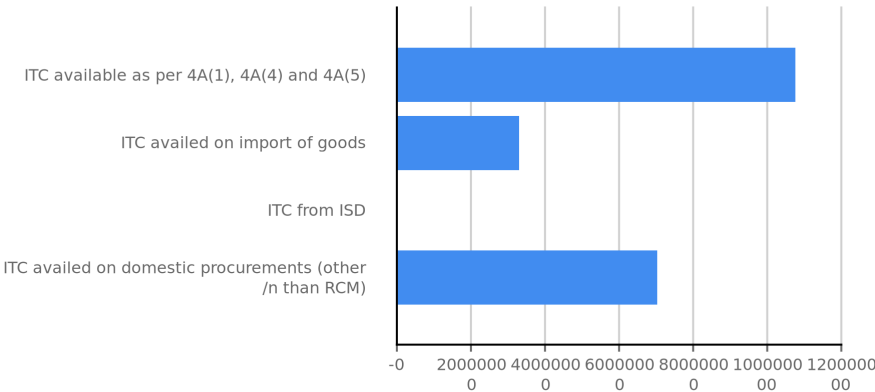
The input tax credits can be availed subject to various conditions specified in Section 16. An excess claim of input tax credit than IGST paid at the time of import of goods needs to be reversed (along with interest if utilized).

8	Comparison of ITC received from ISD as per GSTR-2B and ITC claimed	ITC distributed by ISD and available as per GSTR-2B	ITC claimed in GSTR-3B / 4(A)(4)	Risk classification and exposure
		₹ 0	₹ 9,736	₹ 9,736

The input tax credits availed by ISD are distributed to the regular registration to which they pertain or based on their turnover in the case of common credits. The claim of input tax credits in excess of distribution may indicate potential excess availment.

9	Check for excess claim of ITC on domestic B2B purchases (other than reverse charge)	ITC available as per GSTR-2B	ITC claimed in GSTR-3B / 4(A)(5)	Risk classification and exposure
		₹ 70,020,830	₹ 74,373,186	₹ 4,352,355

The availment of input tax credits in excess of that available as per GSTR-2B may be in violation of the conditions under Section 16 and the rules made thereunder.



The ITC as per GSTR-2B goods (4A(1)), ITC received from ISD (4A(4)) and ITC on domestic procurements (4A(5)) is compared with the ITC availed against these sections.

Benchmark / maximum amount

10	Check for reversals under Rule 42 and 43	Exempt / Nil rated supplies - GSTR-1	Exempt / Nil rated supplies - GSTR-3B	Reversal under Rule 42 and Rule 43
		₹ 0	₹ 0	₹ 107,538,065

The accuracy of the reversal amounts, if any, has not been verified.

End of report