

PROCEEDINGS OF THE ASSISTANT COMMISSIONER (ST), EGMORE ASSESSMENT CIRCLE, CHENNAI -31

PRESENT : TMT. R.JANAKI

STATION : THE ASSISTANT COMMISSIONER (ST), EGMORE ASSESSMENT CIRCLE, NO.88, MAYOR RAMANATHAN SALAI, TALUK
OFFICE BUILDING IIND FLOOR, SPURTANK ROAD, CHETPET, CHENNAI 600 031.

GSTIN: 33AAACT2381C1ZU/ 2019-20 (IIT HYD)

Date: 14.08.2024

Sub:	TNGST Act, 2017 / CGST Act 2017 –Tvl. TAMILNADU STEEL TUBES LIMITED (GSTIN: 33AAACT2381C1ZU) – in GSTR-01, GSTR-2A, GSTR-3B, EWB and other records compared with GSTR-09– Notice issued – Reply Filed - Order passed – regarding
Ref	1. DRC-01 Issued Ref No: ZD330524165473F, Dated:21.05.2024 2. Taxpayer Reply filed, Dated:19.07.2024

ORDER:

Tvl. TAMILNADU STEEL TUBES LIMITED [GSTIN: 33AAACT2381C1ZU], doing business at 1st Floor, No 22/11, Wheatcrofts Road, Nungambakkam, Chennai, Chennai, Tamil Nadu, 600034, is a registered tax payer in the Office of the Assistant Commissioner (ST), Egmore Assessment circle with GSTIN: 33AAACT2381C1ZU. The defects noticed are detailed as below as detailed below:

1. Excess claim of ITC
2. Under declaration of Ineligible ITC
3. ITC claimed from cancelled dealers, return defaulters & tax non payers

DRC-01 was issued vide the reference 1ST cited. The taxpayer have filed reply as detailed below:

Defect No:1

Excess claim of ITC:

Under Sec 16(2)(c) every registered person shall be entitled to take credit of ITC on supply of goods or services to him subject to the condition that the tax charged in respect of such supply has been actually paid to the Government either in cash or through utilization of ITC admissible in respect of such supply.

It is observed that the taxpayer has not correctly availed input tax on his inward supplies on reconciliation of turnovers in GSTR-09.

• Scrutiny of ITC reversals:

S.No	Description	SGST	CGST	IGST	CESS	Total
1	2	3	4	5	6	7
1	ITC reversed in Table 4(B) of GSTR-3B	741	145	0	0	886
2	ITC reversed in Table 7(I) of GSTR-09	18359	17763	0	0	36122
3	Excess ITC reversal showing in GSTR-09 as completed the GSTR-3B (S.No 2-1)	17618	17618	0	0	35236

Taxpayer Reply:

In this regard, we submit that during the filing of the GSTR9 returns for the year, we found that some ineligible ITCs u/s 17(5) have been availed inadvertently in the GSTR 3B returns for the year. Hence the same was reversed. A DRC 03 was duly filed for the same on 22.07.2021 vide ARN AD330721005932F and the difference amount in the notice represents the tax amount paid through the said DRC-03. A copy of the GSTR-9, DRC-03 and the detailed calculations for the same is enclosed for your perusal as part of this submission (Annexure 1).

PROPER OFFICER REMARKS:

The Taxpayer Reply is accepted, Hence the demand is dropped.

Defect No:2

Under declaration of Ineligible ITC:

Under Sec 17(5) of the SGST Act, 2017 input tax credit shall not be available in respect of the list of commodities & services mentioned therein subject to certain conditions.

It is seen from GSTR-09 and other information that they have claimed ITC on these commodities and therefore the ITC claimed on these commodities or services is proposed to be recovered.

S.No	Commodity/Service	HSN code	SGST	CGST	IGST	CESS	Total
1	2	3	4	5	6	7	8
1	Motor Vehicles	8702; 8703; 8711	7606	7606	0	0	15212
2	Food & Beverages & Outdoor Catering	99633 (996331 to 996339)	44	44	0	0	88
3	Renting or hiring of motor vehicles vessels or aircraft	99660	2000	2000	0	0	4000
4	Works contractors	9954	2646	2646	0	0	5292
5	Cement	2523	12771	12771	0	0	25542
6	Iron & Steel	7214; 7227; 7228	2297711 5	2297711 5	0	0	45954230
7	Granite	6802	840	840	0	0	1680
8	Electrical Goods	8544; 8539; 8535; 8536; 8537; 8504; 7011	32721	32721	0	0	65442
9	Hardware	7317; 7318; 7415	7129	7129	0	0	14258
10	Paints	3209	12	12	0	0	24

S.No	Issue	Table no. in GSTR-09	SGST	CGST	IGST	CESS	Total
1	2	3	4	5	6	7	8
A	Total ineligible ITC u/s 17(5)		2304288 4	2304288 4	0	0	46085768
B	Ineligible ITC declared	7E or {Sum of 4D (1) of GSTR 3B of all months in FY} which ever is higher	6659	6659	0	0	13318
C	Difference/excess ITC claimed	"If (SL.No A – SL.NO B >0) then Lower of {SL.No A – SL.NO B} or {(Sum of 4C of GSTR 3B of all months in current FY) – (13-12 of Previous FY GSTR-09) + (13-12 of current FY GSTR-09)}"	2303622 5	2303622 5	0	0	46072450

Taxpayer Reply:

The first item for which response is submitted is Serial no 6

Sl No	Commodity/ Service	HSN Code	CGST	SGST	Total
6	Iron & Steel	7214, 7227, 7228	2,29,77,115	2,29,77,115	4,59,54,230

The above serial no is pertaining to the commodity Iron and Steel. As already submitted above, we are in the business of manufacture of steel tubes. For the manufacture of steel tubes, the major raw material used is HR Coils. The HR coils are the raw materials that are purchased by us to manufacture our final taxable outward goods.

Name of the Party	CGST	SGST	Our Remarks
TATA Steel Ltd	2,08,77,873.00	2,08,77,873.00	ITC on Purchase of Raw Materials
Steel Authority of India Ltd	20,95,062.00	20,95,062.00	ITC on Purchase of Raw Materials

ARUN AGENCY	3,735.00	3,735.00	ITC on Purchase General Stores
PUJARA ALLOY STEEL CENTRE P. LTD.	23.00	23.00	ITC on Purchase General Stores
SRI RAMA & CO.	422.00	422.00	ITC on Purchase General Stores
Total	2,29,77,115.00	2,29,77,115.00	

The next portion of the ineligible ITC cited in the notice is as below:

SI No	<u>Commodity / Service</u>	<u>HSN Code</u>	<u>CGST</u>	<u>SGST</u>	<u>Total</u>
4	Works contractors	9954	2,646.00	2,646.00	5,292.00
8	Electrical Goods	8544; 8539; 8535;8536; 8537; 8504; 7011	32,721.00	32,721.00	65,442.00
9	Hardware	7317; 7318; 7415	7,129.00	7,129.00	14,258.00
10	Paints	3209	12.00	12.00	24.00
Total			42,508.00	42,508.00	85,016.00

SI No	<u>Commodity/ Service</u>	<u>HSN Code</u>	<u>CGST</u>	<u>SGST</u>	<u>Total</u>	<u>Expenditure head</u>
4	Works contractors	9954	2,646.00	2,646.00	5,292.00	Purchase General Stores
8	Electrical Goods	8544; 8539; 8535;8536; 8537; 8504; 7011	32,721.00	32,721.00	65,442.00	Purchase General Stores, Electric Stores, Office maintenance
9	Hardware	7317; 7318; 7415	7,129.00	7,129.00	14,258.00	Purchase General Stores
10	Paints	3209	12.00	12.00	24.00	Purchase General Stores

Extract of Sec 17(5) pertaining to this item is reproduced below

(c) works contract services when supplied for construction of an immovable property (other than plant and machinery) except where it is an input service for further supply of works contract service;

(d) goods or services or both received by a taxable person for construction of an immovable property (other than plant or machinery) on his own account including when such goods or services or both are used in the course or furtherance of business.

SI No	Commodity / Service	HSN Code	CGST	SGST	Total
1	Motor Vehicles	8702; 8703; 8711	7,606.00	7,606.00	15,212.00
2	Food & Beverages & Outdoor Catering		44.00	44.00	88.00
3	Renting or hiring of motor vehicles vessels of aircraft	99660	2,000.00	2,000.00	4,000.00
5	Cement	2523	12,771.00	12,771.00	25,542.00
7	Granite	6802	840.00	840.00	1,680.00
Total			23,261.00	23,261.00	46,522.00

<u>Name of the Party</u>	<u>GSTIN</u>	<u>Commodity</u>	<u>HSN</u>	<u>Month</u>	<u>CGST</u>	<u>SGST</u>
LANSON MOTORS PVT. LTD	33AAACL7624G1ZQ	Motor Vehicles	8702; 8703;8711;	Apr, 2019	989.00	989.00
BALAJI AUTOMOTIVE	33AAIFB1423G1Z1	Motor Vehicles	8702; 8703;8711;	Sep, 2019	71.00	71.00
BALAJI AUTOMOTIVE	33AAIFB1423G1Z1	Motor Vehicles	8702; 8703;8711;	Nov, 2019	115.00	115.00
P SURESH	33AAHPS5301F1Z1	Food & Beverages & Outdoor Catering	99633 (996331 to 996339)	Jul, 2019	44.00	44.00
Total					1,219.00	1,219.00

Particulars	CGST	SGST
Total ITC reversed in GSTR 3B for Sep 2024	54,418.00	54,418.00
Less:		
ITC reversed pertaining to the notice	22,041.00	22,041.00

Future period ITC reversal of FY 2019-20	1,302.00	1,302.00
Future period ITC reversal of FY 2020-21	5,459.00	5,459.00
Balance pertaining to other ITC reversals which is not reported in the notice	25,615.00	25,615.00

The GSTR 3B for the month of September 2020, a brief breakup of the values reported in the GSTR 3B for the month, and a detailed line-item wise breakup of the ITC reversed in the GSTR 3B is enclosed for your perusal.

However, in the payment of RCM liability, there was an inter-head change which was subsequently corrected in the GST annual returns.

Interest on the above items (a and b) were paid and a separate DRC 03 filed for the same on 31.10.2020 vide AD331020011986J. The screenshot of the same is reproduced for your perusal.

PROPER OFFICER REMARKS:

The tax payer reply is accepted and the demand is dropped.

Defect No:3

ITC claimed from cancelled dealers, return defaulters & tax non payers:

Under Sec 16(2)(c) every registered person shall be entitled to take credit of ITC on supply of goods or services to him subject to the condition that the tax charged in respect of such supply has been actually paid to the Government either in cash or through utilization of ITC admissible in respect of such supply.

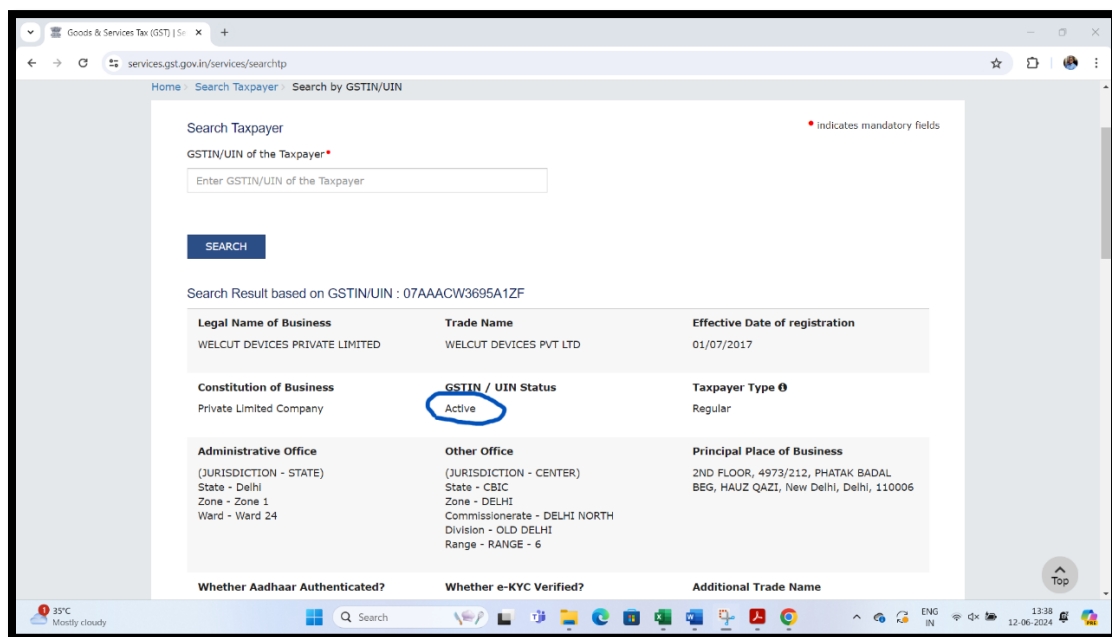
However as seen from the office records, it is observed that you have taken ITC from the tax payers who have not paid tax on their outward supplies to you.

S.No	Issue	SGST	CGST	IGST	CESS	Total
1	2	3	4	5	6	7
1	Supplier registration cancelled before date of	0	0	7326	0	7326

	invoice					
2	Supplier failed to file GSTR-3B and did not pay tax on the invoices declared in GSTR-01	0	0	0	0	0
3	Supplier filed GSTR-3B with Nil turnover and didnot declare or pay tax corresponding to the invoices declared in GSTR-01	1043	1043	0	0	2086
4	Total(S.NO. 1+2+3)	1043	1043	7326	0	9412

TAXPAYER REPLY:

- The notice has alleged that ITC has been availed from the dealer (GSTIN 07AAACW3695A1ZF) whose GSTIN is cancelled to the extent of Rs. 7,326/- (IGST).
- Upon searching in the GST common portal, we found that the status of the said tax-payer is "Active" and not "Cancelled" as alleged in the notice.
- The screenshot of the GST common portal evidencing the "Active" status of the vendor is reproduced below for your perusal



ITC claimed from Nil Filers:

The notice has alleged that ITC has been claimed from NIL filers as detailed below:

Details of ITC claimed from NIL Filers Date: 20-05-2024				Amount in Rupees		
GSTIN : 33AAACT2381C1ZU Name : TAMILNADU STEEL TUBES LTD. FY : 2019-20						
S.No.	Seller Name	Seller GSTIN	Month	R1 to this dealer		
				SGST CGST	IGST CESS	Total
1	2	3	4	5a	5b	5c
1	SAMY FURNITURE MART	33ATRPM2852Q1ZX	Oct, 2019	840 840	0 0	1680
2	MANIKANDAN HOUSE CONSULTING & CONSTRUCTION	33AEPPR2275H1Z7	Mar, 2020	203 203	0 0	406
	Total			1043 1043	0 0	2086

In this regard, we submit that the ITC from Samy Furniture Mart has already been reversed at the time of filing GSTR 3B returns of Sep 2020. The calculations are already submitted for your perusal in the previous points. Since the ITC is already reversed and paid with interest, no further reversal is mandated.

Name of the Party	Month	GSTR 1 filed date
Manikandan House Consulting & Construction	Feb 2020	14.10.2020

As it can be verified from the above, the GSTR 1 has been duly filed for the invoices for which ITC has been availed.

The screenshot of the GSTR 2A evidencing the presence of the vendor is reproduced for your perusal

Goods and Services Tax
Government of India, States and Union Territories

TAMILNADU STEEL TUBES LTD. 33AAACT2381C1ZU

Dashboard Services GST Law Downloads Search Taxpayer Help and Taxpayer Facilities e-Invoice News and Updates

Dashboard Returns GSTR2A English

GSTIN - 33AAACT2381C1ZU
FY - 2019-20

Legal Name - TAMILNADU STEEL TUBES LIMITED
Return Period - March

Trade Name - TAMILNADU STEEL TUBES LTD.

B2B Invoices - Supplier Details

Display/Hide Columns: +1 Search: 33AEPPR2275H1Z7

Instantly download records up-to 500 using Download Documents (CSV) option.

GSTIN of Supplier	Supplier Name	GSTR-1/5 Filing status	GSTR-1/5 Filing Date	GSTR-1/5 Filing Period	GSTR-3B filing status
33AEPPR2275H1Z7	MANIKANDAN HOUSE CONSULTING & CONSTRUCTION	Y	14-Oct-20	Mar-20	Y

BACK DOWNLOAD DOCUMENTS (CSV)

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18:25 12-06-2024

PROPER OFFICER REMARKS:

Tax payer reply is accepted and the demand is dropped.

Defect No:4

Interest due to late payment of GSTR-3B:

S.No	Particulars	SGST	CGST	IGST	CESS	Total
1	2	3	4	5	6	7
1	Interest Payable	1136	135	6	0	1277
2	Interest already paid on 3B	0	0	0	0	0
3	Difference (1-2)	1136	135	6	0	1277

TAXPAYER REPLY:

Interest on belated filing of GSTR 3B returns is already computed and paid as part of the GST annual returns filed for the year. The DRC 03 filed and the calculations are already submitted for your perusal vide Annexure 1.

PROPER OFFICER REMARKS:

The Taxpayer Reply is accepted, Hence the demand is dropped.

ASSISTANT COMMISSIONER(ST)
EGMORE ASSESSMENT CIRCLE