



भारत सरकार / Govt. Of India
 वित्त मंत्रालय / Ministry of Finance
 राजस्व विभाग / Department of Revenue
 आयुक्त कार्यालय / Office of the Commissioner
 केन्द्रीय वस्तु एवं सेवाकर लेखा परीक्षा आयुक्तालय, नोएडा / CGST Audit Commissionerate, Noida
 GST Bhawan, C- 232 A/2-A/3, Sector-48, NOIDA-201301

F.No.GADT/CnG/ADT/GST/1464/2025-GR-2-CGST-ADT/CIR-1-ADT-NOIDA Dated: 25.06.2025
 135/25-06-2025

DIN – 20250654YH000000B00B

Show Cause Notice Cum GST-DRC-01 {See Rule 142 (1) (a)} of CGST Rules'2017
No. 06 /ADC/Audit Noida/2025-26

M/s Noble Moulds Private Limited, A31, Hosiery Complex, Noida, Gautam Buddha Nagar, Uttar Pradesh, 201305 having GSTIN - 09AAACN0652L1ZE (herein after referred as taxpayer), is mainly engaged manufacturing of air coolers, and other electronic home appliances and also availing Input Tax Credit on the tax paid on inward supplies of goods and services in accordance with the provisions of the Central GST Act, 2017, the UPGST Act, 2017 and the IGST Act, 2017.

2. As per Section 6 of the U.P. Goods & Services Tax Act, 2017 (as amended), the officers appointed under the Central Goods and Services Tax Act, 2017 are authorized to be the Proper Officer for the purpose of the U.P. Goods & Services Tax Act, 2017. Further as per the Section 20 of the Integrated Goods & Services Tax Act, 2017, the provisions of Central Goods and Services Tax Act, 2017 shall, mutatis mutandis, apply to be Integrated Goods & Services Tax Act, 2017 also. The provisions of the Uttar Pradesh Goods and Services Tax Act, 2017 are not being reproduced herein separately, as they are mutatis mutandis identical to corresponding provisions of the Central Goods and Services Tax Act, 2017.
3. Whereas, during the course of audit of the books of account and the GST returns of the taxpayer, conducted under the provisions contained in the Section 65 of the CGST Act, 2017, covering the period from April-2018 to March-2024, the audit officers of CGST Audit Commissionerate, Noida communicated issues noticed, vide **Audit Spot Memo** issued vide F. No. **GADT/CnG/ADT/GST/1464/2025-GR 2-CGST-ADT CIR-1-ADT-NOIDA** dated 30.04.2025 (**RUD-01**) and further email dated 03.05.2025, 13.05.2025, and 22.05.2025 (**RUD-2**). The taxpayer did not submit any of their reply/ records of above communications.
4. On completion of audit proceedings, Final Audit Report (FAR) No. 47 /2025-26 dated 24.06.2025 [**RUD-03**] has been issued to the taxpayer, containing 17 paras. The instant SCN is being issued for 13 paras of the FAR (paras 5 to 17 of FAR). The issues in the above said 13 paras are as under:

4.1 ISSUE - ITC WRONGLY AVAILED AGAINST THE INVOICES WHERE THE PLACE OF SUPPLY IS OTHER THAN UTTAR PRADESH: -

During the course of audit of the books of account & records of the taxpayer, it was observed that during F.Y. 2018-19, 2019-20, 2020-21, and 2021-22, the taxpayer has availed input tax credit on goods / services on certain invoices wherein the place of supply was other than Uttar Pradesh. List of Invoices of the said supplies are attached (**RUD-4**). Thus, such goods or services have neither been received nor used by the taxpayer for furtherance of their business. Therefore, the said input tax credit is not admissible to them in terms of Section 16 of CGST Act, 2017 and the same is liable to be reversed along with Interest as per the Section 50 of the CGST Act'2017 and penalty.

(Fig. in Rs.)

Period	IGST	CGST	SGST	TOTAL
2018-19	2,250	8,240	8,240	18,730
2019-20	359	-	-	359
2020-21	4,010	-	-	4,010
2021-22	43,563	-	-	43,563
Total	50,182	8,240	8,240	66,662

Legal provisions-

Section 16 - Eligibility and conditions for taking input tax credit.

(1) Every registered person shall, subject to such conditions and restrictions as may be prescribed and in the manner specified in section 49, be entitled to take credit of input tax charged on any supply of goods or services or both to him which are used or intended to be used in the course or furtherance of his business and the said amount shall be credited to the electronic credit ledger of such person.

(2) Notwithstanding anything contained in this section, no registered person shall be entitled to the credit of any input tax in respect of any supply of goods or services or both to him unless,—

(a) he is in possession of a tax invoice or debit note issued by a supplier registered under this Act, or such other tax paying documents as may be prescribed;

[(aa) the details of the invoice or debit note referred to in clause (a) has been furnished by the supplier in the statement of outward supplies and such details have been communicated to the recipient of such invoice or debit note in the manner specified under section 37;

(b) he has received the goods or services or both.

In view of the above, it appears that the taxpayer has availed and utilized the ITC, in question, involving the amount of **Rs.66,662/-** (CGST Rs.8,240/- + UPGST Rs. 8,240/- + IGST Rs.50,182/-) and the same is required to be demanded and recovered from them along with interest payable thereon under Section 50 and a penalty equivalent to the tax specified in the notice under Section 74(1) of the Central GST Act, 2017 / UPGST Act, 2017 read with Section 20 of the Integrated Goods & Services Tax Act,2017.

4.2 ISSUE – EXCESS AVAILMENT OF ITC IN GSTR 3B IN COMPARISON TO GSTR-2A/TABLE 8A of GSTR 9: -

During the course of GST audit and on scrutiny of GSTR-2A, GSTR 3B and GSTR 9, it was observed that during F.Y. 2018-19, 2019-20, 2020-21, 2021-22, 2022-23, and 2023-24, the taxpayer had availed excess input credit tax (**RUD-5**) in GSTR 3B in comparison to GSTR 2A/ table 8A of the GSTR 9 as mentioned in the table below: -

(Fig. in Rs.)

Period	IGST	CGST	SGST	TOTAL
2018-19	-	28,37,426	28,37,426	56,74,852
2019-20	-	8,82,957	8,82,957	17,65,915
2020-21	59,116	8,65,106	8,65,106	17,89,328
2021-22	7,91,046	3,02,268	3,02,268	13,95,582
2022-23	11,09,401	-	-	11,09,401
2023-24	9,464	-	-	9,464
Total	19,69,027	48,87,757	48,87,757	1,17,44,540

Therefore, taxpayer is liable to deposit/ reverse the ITC mentioned in table above as per the provision of Section 16 of CGST Act, 2017/ UPGST Act'2017 read with Section 20 of IGST Act'2017, along-with interest and penalty.

Legal provisions-

Section 16 - Eligibility and conditions for taking input tax credit.

(1) Every registered person shall, subject to such conditions and restrictions as may be prescribed and in the manner specified in section 49, be entitled to take credit of input tax charged on any supply of goods or services or both to him which are used or intended to be used in the course or furtherance of his business and the said amount shall be credited to the electronic credit ledger of such person.

(2) Notwithstanding anything contained in this section, no registered person shall be entitled to the credit of any input tax in respect of any supply of goods or services or both to him unless,—

(a) he is in possession of a tax invoice or debit note issued by a supplier registered under this Act, or such other tax paying documents as may be prescribed;

[(aa) the details of the invoice or debit note referred to in clause (a) has been furnished by the supplier in the statement of outward supplies and such details have been communicated to the recipient of such invoice or debit note in the manner specified under section 37;

(b) he has received the goods or services or both.

In view of the above, it appears that the taxpayer has availed and utilized the ITC, in question, involving the amount of **Rs. 1,17,44,540/-** (CGST Rs. **48,87,757/-** + UPGST Rs. **48,87,757/-** + IGST Rs. **19,69,027/-**) and the same is required to be demanded and recovered from them along with interest payable thereon under Section 50 and a penalty equivalent to the tax specified in the notice under Section 74(1) of the Central GST Act, 2017 / UPGST Act, 2017 read with Section 20 of the Integrated Goods & Services Tax Act, 2017.

4.3 ISSUE - WRONG AVAILMENT OF BLOCKED/ INADMISSIBLE INPUT TAX CREDIT:

During the audit, it is observed that that the taxpayer has wrongly availed input tax credit on Spa Services, Insurance, Home Décor Items, Marble, Cement etc. **(List of the said invoices are attached as RUD-6)** but the input tax credit on the same are inadmissible under Section 17(5) of the CGST Act/ CGST Act'2017 read with Section 20 of IGST Act'2017. Accordingly, the Taxpayer is liable to reverse such inadmissible ITC so availed as detailed below: -

(Fig. in Rs.)

Period	IGST	CGST	SGST	TOTAL
2018-19	2,01,952	27,122	27,122	2,56,196
2019-20	5,16,199	2,33,890	2,33,890	9,83,979
2020-21	3,97,876	10,120	10,120	4,18,115
2021-22	4,11,188	47,183	47,183	5,05,555
2022-23	4,59,100	20,944	20,944	5,00,988
2023-24	4,38,273	24,882	24,882	4,88,038
Total	24,24,587	3,64,142	3,64,142	31,52,870

Legal provisions-

Section 17 - Apportionment of credit and blocked credits.

(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:—

[(a) motor vehicles for transportation of persons having approved seating capacity of not more than thirteen persons (including the driver), except when they are used for making the following taxable supplies, namely:—

- (A) further supply of such motor vehicles; or*
- (B) transportation of passengers; or*
- (C) imparting training on driving such motor vehicles;*

(aa) vessels and aircraft except when they are used—

(i) for making the following taxable supplies, namely:—

- (A) further supply of such vessels or aircraft; or*
- (B) transportation of passengers; or*
- (C) imparting training on navigating such vessels; or*
- (D) imparting training on flying such aircraft;*

(ii) for transportation of goods;

(ab) services of general insurance, servicing, repair and maintenance in so far as they relate to motor vehicles, vessels or aircraft referred to in clause (a) or clause (aa):

Provided that the input tax credit in respect of such services shall be available—

(i) where the motor vehicles, vessels or aircraft referred to in clause (a) or clause (aa) are used for the purposes specified therein;

(ii) where received by a taxable person engaged—

- (I) in the manufacture of such motor vehicles, vessels or aircraft; or*
- (II) in the supply of general insurance services in respect of such motor vehicles, vessels or aircraft insured by him;*

(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;

(ii) membership of a club, health and fitness centre; and

(iii) travel benefits extended to employees on vacation such as leave or home travel concession:

Provided that the input tax credit in respect of such goods or services or both shall be available, where it is obligatory for an employer to provide the same to its employees under any law for the time being in force.]

(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 and machinery]) on his own account including when such goods or services or both are used in the course or furtherance of business.

[Explanation 1].—For the purposes of clauses (c) and (d), the expression “construction” includes re-construction, renovation, additions or alterations or repairs, to the extent of capitalisation, to the said immovable property;

[Explanation 2.—For the purposes of clause (d), it is hereby clarified that notwithstanding anything to the contrary contained in any judgment, decree or order of any court, tribunal, or other authority, any reference to “plant or machinery” shall be construed and shall always be deemed to have been construed as a reference to “plant and machinery”];

(e) goods or services or both on which tax has been paid under section 10;

(f) goods or services or both received by a non-resident taxable person except on goods imported by him;

[(fa) goods or services or both received by a taxable person, which are used or intended to be used for activities relating to his obligations under corporate social responsibility referred to in section 135 of the Companies Act, 2013]

(g) goods or services or both used for personal consumption;

(h) goods lost, stolen, destroyed, written off or disposed of by way of gift or free samples; and

(i) any tax paid in accordance with the provisions of [section 74 in respect of any period up to Financial Year 2023-24].

In view of the above, it appears that the taxpayer has availed and utilized the ITC, in question, involving the amount of **Rs. 31,52,870/-** (CGST Rs. **3,64,142/-** + UPGST Rs. **3,64,142/-** + IGST Rs. **24,24,587/-**) and the same is required to be demanded and recovered from them along with interest payable thereon under Section 50 and a penalty equivalent to the

tax specified in the notice under Section 74(1) of the Central GST Act, 2017 / UPGST Act, 2017 read with Section 20 of the Integrated Goods & Services Tax Act,2017.

4.4 ISSUE: NON-REVERSAL OF ITC ON SUPPLIES RECEIVED FROM CANCELLED SUPPLIERS: -

During the course of audit, it was noticed that the taxpayer has received supplies from cancelled suppliers **(RUD-7)**. The input tax credit on such supplies are not admissible under Section 16(2)(b) of the CGST Act, 2017 read with Section 20 of IGST Act'2017, since the goods / services have not been received by the taxpayer. The details of such short payment are as under:

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(Fig. in Rs.)

Period	IGST	CGST	SGST	TOTAL
2018-19	3,657	-	-	3,657
2019-20	28,685	-	-	28,685
2020-21	23,674	-	-	23,674
2022-23	8,39,831	-	-	8,39,831
TOTAL	8,95,847	-	-	8,95,847

Legal provisions-

Section 16 - Eligibility and conditions for taking input tax credit.

(2) Notwithstanding anything contained in this section, no registered person shall be entitled to the credit of any input tax in respect of any supply of goods or services or both to him unless,—

(a) he is in possession of a tax invoice or debit note issued by a supplier registered under this Act, or such other tax paying documents as may be prescribed;

[(aa) the details of the invoice or debit note referred to in clause (a) has been furnished by the supplier in the statement of outward supplies and such details have been communicated to the recipient of such invoice or debit note in the manner specified under section 37;

(b) he has received the goods or services or both.

In view of the above, it appears that the taxpayer has availed and utilized the ITC, in question, involving the amount of IGST Rs. **8,95,847/-** and the same is required to be demanded and recovered from them along with interest payable thereon under Section 50 and a penalty equivalent to the tax specified in the notice under Section 74(1) of the Central GST Act, 2017 read with Section 20 of the Integrated Goods & Services Tax Act,2017.

4.5 ISSUE (SHORT/NON-PAYMENT OF GST IN GSTR-9C,3B VIS-À-VIS PROFIT AND LOSS STATEMENT (– DIFFERENCE IN TAXABLE VALUE SHOWN IN GSTR-9C AND 3B): -

During the course of audit, on verification / reconciliation of GST liability between GSTR – 3B/GSTR-9/GSTR 9C vis-à-vis Profit and Loss statement, it was noticed that the taxpayer has short paid/ not paid GST, as per Section 7 and 9 of the CGST Act, 2017 read with Section 7 and 9 of the SGST Act, 2017 and Section 20 of the IGST Act, 2017.

The calculation chart of the said differences are attached (**RUD-8**). The details of such short payment are as under: -

(Fig. in Rs.)

Period	IGST	CGST	SGST	TOTAL
2018-19	5,344	-	-	5,344
2019-20	20,809	-	-	20,809
2020-21	1,696	-	-	1,696
TOTAL	27,849	-	-	27,849

Legal provisions-

Section 7 - Scope of supply.

(1) For the purposes of this Act, the expression “supply” includes—

(a) all forms of supply of goods or services or both such as sale, transfer, barter, exchange, licence, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business;

Section 9 - Levy and collection.

(1) Subject to the provisions of sub-section (2), there shall be levied a tax called the central goods and services tax on all intra-State supplies of goods or services or both, except on the supply of alcoholic liquor for human consumption 2[and un-denatured extra neutral alcohol or rectified spirit used for manufacture of alcoholic liquor, for human consumption], on the value determined under section 15 and at such rates, not exceeding twenty per cent., as may be notified by the Government on the recommendations of the Council and collected in such manner as may be prescribed and shall be paid by the taxable person.

In view of the above, it appears that the IGST Rs. **27,849/-** of is required to be demanded and recovered from them along with interest payable thereon under Section 50 and a penalty equivalent to the tax specified in the notice under Section 74(1) of the Central GST Act, 2017 read with Section 20 of the Integrated Goods & Services Tax Act,2017.

4.6 ISSUE – NON-PAYMENT OF GST ON CORPORATE GAURANTEE: -

During the audit, it is observed that in FY 2018-19, 2019-20, 2020-21, 2021-22, 2022-23, and 2023-24, the taxpayer has provided corporate guarantee to bank. In terms of the CGST Rule 28(2), the taxpayer is liable to pay GST on the said guarantee after taking value @ 1% per annum. The same is recoverable from the taxpayer under Section 74 of the CGST ACT'2017 and Section 74 of the UPGST ACT'2017, alongwith interest thereon under Section 50 of the CGST ACT'2017 and Section 50 of the SGST ACT'2017. In Balance Sheet for different financial years party has shown Corporate Guarantee given to Indian Bank for Air Vision India Private Limited of different amounts. Copies of the balance sheet showing the details of the said corporate guarantee are attached (**RUD-9**). The year wise amount of Corporate Guarantee, value @1% and tax payable is detailed in table below:

(Fig. in Rs.)

Period	Corporate Guarantee Amount	Value @ 1% per annum	CGST (@9%)	SGST (@9%)	Total Tax
2018-19	28,43,00,000	28,43,000	2,55,870	2,55,870	5,11,740
2019-20	29,99,00,000	29,99,000	2,69,910	2,69,910	5,39,820
2020-21	21,63,00,000	21,63,000	1,94,670	1,94,670	3,89,340
2021-22	24,41,00,000	24,41,000	2,19,690	2,19,690	4,39,380
2022-23	25,10,00,000	25,10,000	2,25,900	2,25,900	4,51,800
2023-24	21,41,00,000	21,41,000	1,92,690	1,92,690	3,85,380
Total	-	1,50,97,000	13,58,730	13,58,730	27,17,460

Legal provisions-

Rule 28 of CGST Act'2017 - Value of supply of goods or services or both between distinct or related persons, other than through an agent.

(1) Notwithstanding anything contained in sub-rule (1), the value of supply of services by a supplier to a recipient who is a related person [located in India], by way of providing corporate guarantee to any banking company or financial institution on behalf of the said recipient, shall be deemed to be one per cent of the amount of such guarantee offered [per annum], or the actual consideration, whichever is higher.

The Sub Rule (2) of Rule 28 of CGST Rules '2017 was inserted on dt 26.10.2023 vide Notification No 52/2023 dt 26.10.2023, however for the Corporate Guarantees issued before 26.10.2023, Board has clarified the issue vide Circular No. 225/19/2024-GST stating therein that :

“It is to be clarified that the supply of service of providing corporate guarantee to any banking company or financial institution by a supplier to a related recipient, on behalf of the said recipient, was taxable even before the insertion of sub-rule (2) in rule 28 of CGST Rules with effect

from 26th October 2023. Rule 28(2) of CGST Rules is only for determination of the value of the taxable supply of providing corporate guarantee to any banking company or financial institution by a supplier to a related recipient, on behalf of the said recipient and not regarding the taxability of the said supply itself. Prior to the insertion of the said sub-rule, i.e., before 26th October 2023, the valuation of service of providing corporate guarantee to any banking company or financial institution by a supplier to a related recipient, on behalf of the said recipient, was to be done as per the provisions of Rule 28 of CGST Rules, as it existed then.

Therefore, in respect of supply of services of providing corporate guarantee between related persons, in respect of corporate guarantee issued or renewed before 26th October 2023, the valuation of the said supply is to be done in accordance with Rule 28, as it existed during that time. However, if the corporate guarantee is issued or renewed on or after 26th October 2023, then the valuation of the said supply will be required to be done as per Rule 28(2) of CGST Rules.”

From the above circular, it is clear that the valuation of GST on supply of services of providing Corporate Guarantee issued on or before 26.10.2023 was to be done as per earlier Rule 28 of CGST Rule’2017, which says:

Rule 28 - Value of supply of goods or services or both between distinct or related persons, other than through an agent.

(1) The value of the supply of goods or services or both between distinct persons as specified in sub-section (4) and (5) of section 25 or where the supplier and recipient are related, other than where the supply is made through an agent, shall-

(a) be the open market value of such supply;

(b) if the open market value is not available, be the value of supply of goods or services of like kind and quality;

(c) if the value is not determinable under clause (a) or (b), be the value as determined by the application of rule 30 or rule 31, in that order:

Further Rule 30 and 31 are reproduced as under:

Rule 30 - Value of supply of goods or services or both based on cost.

30. Where the value of a supply of goods or services or both is not determinable by any of the preceding rules of this Chapter, the value shall be one hundred and ten percent of the cost of production or manufacture or the cost of acquisition of such goods or the cost of provision of such services.

Rule 31 - Residual method for determination of value of supply of goods or services or both.

31. Where the value of supply of goods or services or both cannot be determined under rules 27 to 30, the same shall be determined using reasonable means consistent with the principles and the general provisions of section 15 and the provisions of this Chapter:

Provided that in the case of supply of services, the supplier may opt for this rule, ignoring rule 30.

From the Rule 30 and 31 it is clear that Rule 30 is not applicable in the instant case as the cost of provision of services is not available and in cases where calculation can not be done as per Rule 27 to 30, the same can be done using reasonable means, hence the valuation in this case is being taken as 1% of the amount of such guarantee and tax is calculated accordingly as detailed above, which appears to be reasonable considering insertion of Sub Rule (2) of Rule 28 of CGST Rules'2017 w.e.f. 26.10.2023 vide Notification No 52/2023 dt 26.10.2023.

In view of the above, it appears that the GST of Rs **27,17,460** (CGST Rs. **13,58,730/-** and UPGST Rs. **13,58,730/-**) is required to be demanded and recovered from them along with interest payable thereon under Section 50 and a penalty equivalent to the tax specified in the notice under Section 74(1) of the Central GST Act, 2017/ UPGST Act'2017.

4.7 ISSUE - SHORT PAYMENT OF RCM SHOWN IN GSTR 9/9C/2A IN COMPARISON TO THE GSTR 3B: -

During the course of GST audit and on scrutiny/ reconciliation of GSTR 9/9C/2A & GSTR 3B Returns for the F.Y. 2018-19, 2019-20, 2021-22, and 2022-23, it was observed that the taxpayer has short paid the GST under RCM in GSTR-3B in comparison to GSTR 9/9C/2A, which is violation of Section 9(3)/ 9(4) of CGST Act'2017 read with Section 9(3)/ 9(4) of SGST Act'2017 and Section 20 of IGST Act'2017. The details of short payment (**RUD-10**) are mentioned as under: -

(Fig. in Rs.)

Period	IGST	CGST	SGST	TOTAL
2018-19	14,116	-	-	14,116
2019-20	19,899	13,408	13,408	46,716
2021-22	6,306	-	-	6,306
2022-23	2,86,104	41,700	41,700	3,69,503
TOTAL	3,26,424	55,108	55,108	4,36,640

Legal provisions-

Section 9 - Levy and collection.

- (1) *The Government may, on the recommendations of the Council, by notification, specify categories of supply of goods or services or both, the tax on which shall be paid on reverse charge basis by the recipient of such goods or services or*

both and all the provisions of this Act shall apply to such recipient as if he is the person liable for paying the tax in relation to the supply of such goods or services or both.

(2)

(3) *The Government may, on the recommendations of the Council, by notification, specify categories of supply of goods or services or both, the tax on which shall be paid on reverse charge basis by the recipient of such goods or services or both and all the provisions of this Act shall apply to such recipient as if he is the person liable for paying the tax in relation to the supply of such goods or services or both.*

(4) *The Government may, on the recommendations of the Council, by notification, specify a class of registered persons who shall, in respect of supply of specified categories of goods or services or both received from an unregistered supplier, pay the tax on reverse charge basis as the recipient of such supply of goods or services or both, and all the provisions of this Act shall apply to such recipient as if he is the person liable for paying the tax in relation to such supply of goods or services or both.*

In view of the above, it appears that the taxpayer has not paid tax amounting to **Rs. 4,36,640/-** (CGST Rs. **55,108/-** + UPGST Rs. **55,108/-** + IGST Rs. **3,26,424/-**) and the same is required to be demanded and recovered from them along with interest payable thereon under Section 50 and a penalty equivalent to the tax specified in the notice under Section 74(1) of the Central GST Act, 2017 / UPGST Act, 2017 read with Section 20 of the Integrated Goods & Services Tax Act, 2017.

4.8 ISSUE – NON-PAYMENT OF TAX ON RENTAL INCOME: -

During the course of GST audit and it was noticed that the taxpayer has received rental income in FY 2019-20 on which tax has not been paid by the taxpayer. Copies of the balance sheet showing the details of the said rental income are attached (**RUD-11**). The details of said income and tax thereon are mentioned as under: -

(Fig. in Rs.)

Period	Value	CGST	SGST	TOTAL
2019-20	10,50,000	94,500	94,500	1,89,000

It was noticed that the taxpayer has short paid/ not paid GST, as per Section 7 and 9 of the CGST Act, 2017/ UPGST Act'2017.

Legal provisions-

Section 7 - Scope of supply.

(1) *For the purposes of this Act, the expression “supply” includes—*

(a) all forms of supply of goods or services or both such as sale, transfer, barter, exchange, licence, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business;

Section 9 - Levy and collection.

- (1) *Subject to the provisions of sub-section (2), there shall be levied a tax called the central goods and services tax on all intra-State supplies of goods or services or both, except on the supply of alcoholic liquor for human consumption 2[and undenatured extra neutral alcohol or rectified spirit used for manufacture of alcoholic liquor, for human consumption], on the value determined under section 15 and at such rates, not exceeding twenty per cent., as may be notified by the Government on the recommendations of the Council and collected in such manner as may be prescribed and shall be paid by the taxable person.....*

In view of the above, it appears that the GST of Rs **1,89,000/-** (CGST Rs. 94,500/- and UPGST Rs. 94,500/-) is required to be demanded and recovered from them along with interest payable thereon under Section 50 and a penalty equivalent to the tax specified in the notice under Section 74(1) of the Central GST Act, 2017/ UPGST Act'2017.

4.9 ISSUE – NON-REVERSAL OF INPUT TAX CREDIT DUE TO SUPPLIER FILED THE RETURN AFTER CUT-OFF DATE FOR FILING ANNUAL RETURN: -

During the course of GST audit and it was noticed that the taxpayer has availed input tax credit on invoices received during FY 2018-19 and 2019-20 from the supplier M/s Sri Gopal Marbles having GSTIN 09ACJPA7044B1Z0. Details of the said invoices are attached (**RUD-12**). The input on the said supplies has been availed in the month of Nov-2023 i.e. after the cut-off date for availing input tax credit of supplies related to FY 2018-19, and 2019-20. In terms of Section 16(4) of CGST Act'2017/ UPGST Act'2017 the same is not admissible to the taxpayer. The details of the tax on the said supplies is mentioned as under: -

(Fig. in Rs.)

Period	CGS T	SGST	TOTAL
2023-24	3,638	3,638	7,276

Legal provisions-

Section 16 - Eligibility and conditions for taking input tax credit.

- (4) *A registered person shall not be entitled to take input tax credit in respect of any invoice or debit note for supply of goods or services or both after the [thirtieth day of November] following the end of financial year to which such invoice or debit note pertains or furnishing of the relevant annual return, whichever is earlier.*

In view of the above, it appears that the GST of **Rs 7,276/-** (CGST Rs. 3,638/- and UPGST Rs. 3,638/-) is required to be demanded and recovered from them along with interest payable thereon under Section 50 and a penalty equivalent to the tax specified in the notice under Section 74(1) of the Central GST Act, 2017/ UPGST Act'2017.

4.10 ISSUE – NON-PAYMENT OF TAX ON JOBWORK INCOME: -

The taxpayer has shown JOB WORK income in 2018-19 for Rs 85,07,978/- but has not paid Tax on the same. Copies of the balance sheet showing the details of the said jobwork income are attached as **RUD-13**. Since it is an income and the job work comes under the definition of supply, the taxpayer has to pay applicable tax under. By not paying the applicable tax party has violated Section 7 and 9 of the CGST Act 2017/ UPGST Act'2017. The details of said income and tax thereon are mentioned as under: -

(Fig. in Rs.)

Period	Job work value	IGST	CGST @9%	SGST@9%	TOTAL
2018-19	85,07,978	-	7,65,718	7,65,718	15,31,436

Legal provisions-

Section 7 - Scope of supply.

(1) For the purposes of this Act, the expression “supply” includes—

(a) all forms of supply of goods or services or both such as sale, transfer, barter, exchange, licence, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business;

[aa) the activities or transactions, by a person, other than an individual, to its members or constituents or vice-versa, for cash, deferred payment or other valuable consideration.

In view of the above, it appears that the GST of **Rs 15,31,436/-** (CGST Rs. 7,65,718/- and UPGST Rs. 7,65,718/-) is required to be demanded and recovered from them along with interest payable thereon under Section 50 and a penalty equivalent to the tax specified in the notice under Section 74(1) of the Central GST Act, 2017/ UPGST Act'2017.

4.11 ISSUE-REVERSAL OF INPUT TAX CREDIT IN THE CASES WHERE VALUE OF SUPPLY ALONG WITH TAX TO BE PAID TO THE SUPPLIERS OF GOODS WITHIN 180 DAYS BUT NOT PAID TILL DATE: -

During the course of GST audit and on scrutiny of ledgers of the suppliers as provided by the taxpayer for the period F.Y.2018-19 to 2023-24 , it was observed that the payment of supply of Goods/ Services along with tax was not paid till date to the suppliers of goods. The Taxpayer failed to submit payment details against such supplies. Copies of the balance sheet showing the details of the said sundry creditors payable are attached (**RUD-14**). Accordingly, the quantification of such supplies is tabulated as under: -

(Fig. in Rs.)

Period	Value as per Balance sheet (inclusive of tax)	Value (exclusive of tax)	IGST	CGST @9%	SGST @9%	Total
2018-19	13,66,05,852	11,57,67,671	-	1,04,19,090	1,04,19,090	2,08,38,181
2019-20	17,93,70,129	15,20,08,584	-	1,36,80,773	1,36,80,773	2,73,61,545
2020-21	24,29,96,065	20,59,28,869	-	1,85,33,598	1,85,33,598	3,70,67,196
2021-22	14,70,11,137	12,45,85,709	-	1,12,12,714	1,12,12,714	2,24,25,428
2022-23	7,67,36,710	6,50,31,110	-	58,52,800	58,52,800	1,17,05,600
2023-24	18,10,67,106	15,34,46,700	-	1,38,10,203	1,38,10,203	2,76,20,406
Total			-	7,35,09,178	7,35,09,178	14,70,18,356

Accordingly, in terms of Proviso to Section 16(2)(d) of the CGST Act, 2017 read with Section 20 of the IGST Act, 2017 and Rule 37 of CGST Rules 2017, the taxpayer is liable to deposit/reverse the input tax credit availed on all such supplies along with the applicable interest and penalty as per the Section 50 of the CGST Act, 2017 and the Section 74 of the CGST Act, 2017 read with Section 20 of the IGST Act, 2017.

Legal provisions-

Section 16 - Eligibility and conditions for taking input tax credit.

(2) Notwithstanding anything contained in this section, no registered person shall be entitled to the credit of any input tax in respect of any supply of goods or services or both to him unless,—

(a) he is in possession of a tax invoice or debit note issued by a supplier registered under this Act, or such other tax paying documents as may be prescribed;

[(aa) the details of the invoice or debit note referred to in clause (a) has been furnished by the supplier in the statement of outward supplies and such details have been communicated to the recipient of such invoice or debit note in the manner specified under section 37;

(b) he has received the goods or services or both.

[Explanation.—For the purposes of this clause, it shall be deemed that the registered person has received the goods or, as the case may be, services—

(i) where the goods are delivered by the supplier to a recipient or any other person on the direction of such registered person, whether acting as an agent or otherwise, before or during movement of goods, either by way of transfer of documents of title to goods or otherwise;

(ii) where the services are provided by the supplier to any person on the direction of and on account of such registered person.]

[(ba) the details of input tax credit in respect of the said supply communicated to such registered person under section 38 has not been restricted;]

(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 utilisation of input tax credit admissible in respect of the said supply; and

(d) he has furnished the return under section 39:

Provided further that where a recipient fails to pay to the supplier of goods or services or both, other than the supplies on which tax is payable on reverse charge basis, the amount towards the value of supply along with tax payable thereon within a period of one hundred and eighty days from the date of issue of invoice by the supplier, an amount equal to the input tax credit availed by the recipient shall be [paid by him along with interest payable under section 50], in such manner as may be prescribed.

In view of the above, it appears that the GST of **Rs 14,70,18,356/-** (CGST Rs. 7,35,09,178/- and UPGST Rs. 7,35,09,178/-) is required to be demanded and recovered from them along with interest payable thereon under Section 50 and a penalty equivalent to the tax specified in the notice under Section 74(1) of the Central GST Act, 2017/ UPGST Act'2017.

4.12 _ISSUE - REVERSAL OF ITC ON AMOUNT WRITTEN-OFF

During the course of audit of the books of account & records of the taxpayer, it was observed that the Taxpayer has written off amount, but has failed to reverse the ITC involved. The copies of the balance sheet pages showing the written off amount are attached **(RUD-15)**. The quantification of such ITC is tabulated as under: -

(Fig. in Rs.)

F.Y.	Taxable Value	IGST	CGST	SGST	Total
2019-20	9,54,051	-	85,865	85,865	1,71,729
2020-21	8,367	-	753	753	1,506
Total		-	86,618	86,618	1,73,235

Accordingly, in terms of Section 17(5) (h) of the CGST Act, 2017 / UPGST Act'2017 and Rule 37 of CGST Rules 2017/UPGST Rules'2017, the taxpayer is liable to deposit/reverse the

input tax credit availed on all such supplies along with the applicable interest and penalty as per the Section 50 of the CGST Act, 2017/UPGST Act, 2017.

Legal provisions-

Section 17 - Apportionment of credit and blocked credits.

(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:—

.....

(h) goods lost, stolen, destroyed, written off or disposed of by way of gift or free samples;

In view of the above, it appears that the GST of Rs 1,73,235/- (CGST Rs. 86,618/- and UPGST Rs. 86,618/-) is required to be demanded and recovered from them along with interest payable thereon under Section 50 and a penalty equivalent to the tax specified in the notice under Section 74(1) of the Central GST Act, 2017/ UPGST Act'2017.

4.13 _ISSUE - NON-REVERSAL OF ITC IN TERMS OF THE RULE 42 OF CGST RULES, 2017:

During course of audit, it was observed from GSTR-9 for the F.Y. 2018-19 & 2019-20, that the taxpayer has made exempted supply, but ITC on proportionate basis was not reversed by the taxpayer. The details of the values shown in the GSTR 9 are attached as **RUD-16**.

Therefore, they were liable to reverse proportionate ITC in terms of Rule 42 of CGST Rules 2017 attributable towards exempted supply, which is worked out as mentioned in the table below, alongwith applicable interest and penalty as applicable: -

(Rs. In Fig.)

Period	IGST	CGST	SGST	TOTAL
2018-19	21,322	21,641	21,641	64,604
2019-20	22,246	20,613	20,613	63,473
Total	43,568	42,254	42,254	1,28,077

Legal provisions-

Rule 42 - Manner of determination of input tax credit in respect of inputs or input services and reversal thereof.

(1)The input tax credit in respect of inputs or input services, which attract the provisions of sub-section (1) or sub-section (2) of section 17, being partly used for the purposes of business and partly for other purposes, or partly used for effecting taxable supplies including zero rated supplies and partly for effecting exempt supplies, shall be attributed

to the purposes of business or for effecting taxable supplies in the following manner, namely,-

For the purpose of calculation of ITC to be reversed on exempted services, the following formula has been taken into consideration:

“ITC to be reversed

$$= \frac{\text{Value of exempted supplies}}{\text{Value of total turnover}} \times \text{Total ITC Availed (IGST,CGST,SGST)}"$$

	Total Turnover	Exempted Sale	ITC Availed			ITC to be reversed as per Rule 42			Total
F.Y.			IGST	CGST	SGST	IGST	CGST	SGST	
2018-19	1,07,46,56,981	4,02,777	5,68,88,513	5,77,40,718	5,77,40,718	21,322	21,641	21,641	64,604
2019-20	1,43,98,64,396	4,04,041	7,92,78,556	7,34,58,784	7,34,58,784	22,246	20,613	20,613	63,473
					TOTAL	43,568	42,554	42,254	1,28,077

In view of the above, it appears that the taxpayer has not paid tax amounting to **Rs. 1,28,077/-** (CGST Rs. 42,554/- + UPGST Rs. 42,254/- + IGST Rs. 43,568/-) and the same is required to be demanded and recovered from them along with interest payable thereon under Section 50 and a penalty equivalent to the tax specified in the notice under Section 74(1) of the Central GST Act, 2017 / UPGST Act, 2017 read with Section 20 of the Integrated Goods & Services Tax Act,2017.

4.14 The gist of para-wise demand as detailed in Final Audit Report dt 18.06.2025 are as shown below:-

Para No. of the FAR dt. 18.06.2025	Issue	Tax amount (Rs)	Demand u/s the Section	Interest (Rs)	Penalty (Rs)
1	ITC wrongly availed against the invoices where the place of supply is other than the Uttar Pradesh	66,662	16, 74, 50	To be Quantified	To be Quantified
2	Excess availment of ITC in GSTR 3B in comparison to GSTR-2A/table 8A of GSTR 9	1,17,44,540	16, 74, 50	To be Quantified	To be Quantified
3	Wrong availment of blocked/ inadmissible input tax credit	31,52,870	17, 74, 50	To be Quantified	To be Quantified
4	Non reversal of ITC on supplies received from cancelled suppliers	8,95,847	16, 74, 50	To be Quantified	To be Quantified
5	Short/Non-Payment of GST	27,849	74, 50	To be	To be

	In GSTR – 3B/GSTR-9 Vis-À-Vis Profit And Loss Statement			Quantified	Quantified
6	Non-payment of GST on Corporate Guarantee	27,17,460	Rule 28(2), 74, 50	To be Quantified	To be Quantified
7	Short Payment of RCM Shown In GSTR 9/9c/2a In Comparison to The GSTR 3B	4,36,640	9, 74, 50	To be Quantified	To be Quantified
8	Non-payment of tax on rental income	1,89,000	74, 50	To be Quantified	To be Quantified
9	Non-reversal of input tax credit due to supplier filed the return after cut-off date for filing annual return	7,276	16, 74, 50	To be Quantified	To be Quantified
10	Non-payment of tax on jobwork income	15,31,436	74, 50	To be Quantified	To be Quantified
11	Reversal of input tax credit in the cases where value of supply along with tax to be paid to the suppliers of goods after 180 days but not paid till date	14,70,18,356	16, 74, 50	To be Quantified	To be Quantified
12	Reversal of ITC on amount written-off	1,73,235	17(5), 74, 50	To be Quantified	To be Quantified
13	Non-reversal of ITC in terms of the rule 42 of CGST rules, 2017	1,28,077	74, 50	To be Quantified	To be Quantified
Total		16,80,89,247	-	TBQ	TBQ

Whereas, it appears that the taxpayer was communicated all these issues vide audit spot memo dated 30.04.2025, and was reminded to submit his reply/ records on the points raised in spot memo, through further email dated 03.05.2025, 13.05.2025, and 22.05.2025, but the taxpayer did not respond.

From the above paras it appears that in the instant case, the taxpayer have willfully misstated and suppressed the vital facts, in returns filed by them, regarding the above transactions from the Department. From the above, it is clear that it is contravention of the provisions of CGST Act and rules made there under on the part of the taxpayer as detailed in preceding paras, as the same would have gone unnoticed if the audit has not been conducted by the department. As regards the claiming of ITC by the taxpayer the Section 155 of the CGST Act'2017 also emphasizes that '*Where any person claims that he is eligible for input tax credit under this Act, the burden of proving such claim shall lie on such person*'. In the instant case, taxpayer did not provide any reply/ records, hence the burden of claiming such credit is not fulfilled by the taxpayer.

In view of the above, it appears that the taxpayer has not paid tax/ short paid GST and the same is required to be demanded and recovered from them along with interest payable thereon under Section 50 and a penalty equivalent to the tax specified in the notice under Section 74(1) of

the Central GST Act, 2017 / UPGST Act, 2017 read with Section 20 of the Integrated Goods & Services Tax Act, 2017.

5. Accordingly, **M/s Noble Moulds Private Limited, A31, Hosiery Complex, Noida, Gautam Buddha Nagar, Uttar Pradesh, 201305 having GSTIN 09AAACN0652L1ZE**, is required to show cause to the Additional/ Joint Commissioner, CGST Commissionerate - Noida, at his/ her office at the GST Bhawan, C-232 A-2 - A-3, Sector-48, Noida, U.P. 201301 within 30 days of the receipt of this notice as to why:
 - (i) The IGST of Rs 57,37,483/-, CGST 8,11,75,882/- and SGST Rs 8,11,75,882/- not paid/ non-reversed/ short paid as referred in para 4.14 above, should not be demanded and recovered from them under the provision of Section 74(1) of the CGST Act 2017/UPGST'2017 read with Section 20 of IGST Act, 2017 [**Total tax Rs 16,80,89,247/- (Rupees Sixteen Crores Eighty Lacs Eighty Nine Thousand Two Hundred and Forty Seven Only)**].
 - (ii) Interest at appropriate rate on the tax amount as referred at S. No. (i), leviable under Section 50 of the CGST Act'2017/ UPGST Act'2017 should not be charged and recovered from the tax payer under Section 74(1) of the Central GST Act, 2017/ UPGST Act'2017 read with Section 20 of the IGST Act, 2017.
 - (iii) Penalty on the amount mentioned (i) above should not be imposed upon them under Section 74(1) of the CGST Act' 2017/ UPGST Act'2017 read with Section 20 of the IGST Act' 2017.
- 6 However, an option is available to the taxpayer under sub Section (8) of Section 74 of CGST Act'2017 read with Section 74(8) of UPGST Act'2017, also applicable as in IGST under Section 20 of the IGST Act'2017 which says '*Where any person chargeable with tax under sub-section (1) pays the said tax along with interest payable under section 50 and a penalty equivalent to twenty-five per cent of such tax within thirty days of issue of the notice, all proceedings in respect of the said notice shall be deemed to be concluded*'.
7. M/s Noble Moulds Private Limited, A31, Hosiery Complex, Noida, Gautam Buddha Nagar, Uttar Pradesh, 201305 having GSTIN 09AAACN0652L1ZE is further directed to submit all the evidence upon which they intend to rely in support of their defense at the time of showing cause. They are also directed to mention in their written reply as to whether they would like to avail the opportunity of personal hearing before the case is adjudicated. If they wish to be heard through his counsel / advocate, a duly stamped vakalat-nama should be filed in this regard. If nothing is mentioned about this in their written reply, it would be presumed that they do not desire to be heard in person.
8. If no cause is shown against the action proposed to be taken within thirty days of the receipt of this notice or if they do not appear before the adjudicating authority, when the case is posted for hearing, the case will be decided ex-parte on the basis of evidence available on record.

9. This show cause notice is being issued on the basis of documents/records available without prejudice to any other action that is being taken or may be taken against the taxpayer under the Central Goods and Services Tax Act 2017 read with similar provisions under IGST Act and UPGST Act 2017 or Rules made there-under and / or any other law for the time being in force including the issuance of any other show cause notice or supplementary show cause notice (if further evidence comes on record), if any. The department reserves the right to amend/ alter/ modify the SCN before the adjudication of the case.

**Additional Commissioner
CGST Audit Commissionerate, Noida**

Encls:

- 1) RUD-1: Audit Spot Memo dated 30.04.2025
- 2) RUD-2: EMAIL DT 03.05.25, 13.05.25 and 22.05.25
- 3) RUD-3: Final Audit Report (FAR) No. 47/2025-26 dated 23-06-2025
- 4) RUD-4: Wrong Place of Supply Invoices
- 5) RUD-5 : Calculation of GSTR 2A and GSTR 3B
- 6) RUD-6: List of Invoices under Blocked ITC
- 7) RUD-7: List of Invoices having supplies received from cancelled suppliers
- 8) RUD-8: Calculation sheet of differences in taxable values shown in the GST returns
- 9) RUD-9: Copies of the balance sheet pages showing details of Corporate Guarantee
- 10) RUD-10: Calculation of RCM Paid and payable differences shown in GST returns
- 11) RUD-11: Copies of the balance sheet showing details of the rental income
- 12) RUD-12: Details of supplier filed return after due date of availing ITC
- 13) RUD-13: Copies of the balance sheet showing details of the job work income
- 14) RUD-14: Copies of the balance sheet showing details of the sundry creditors amount
- 15) RUD-15: Copies of the balance sheet showing details of the balance written off
- 16) RUD-16: Copy of GSTR- 9 showing exempted sale.

To,

**M/s Noble Moulds Private Limited
A31, Hosiery Complex, Noida, Gautam Buddha Nagar,
Uttar Pradesh, 201305
GSTIN - 09AAACN0652L1ZE**

**F.No. GADT/CnG/ADT/GST/1464/2025-GR-2-CGST-ADT/CIR-1-ADT-NOIDA Dated: -
.06.2025**

Copy for information and necessary action to the: -

1. The Additional/ Joint Commissioner, CGST Commissionerate, Noida for information and necessary action please.
2. The Deputy/ Assistant Commissioner, Division - VI, CGST Commissionerate, Noida for information please.
3. The Superintendent, Range - 26 Division - VI, CGST Commissionerate, Noida for Information please.
4. The Assistant Commissioner, P&C Branch, CGST Audit Commissionerate, Noida for information.
5. Guard File .

Superintendent
Audit Group-1(2)
CGST Audit Commissionerate, Noida