

LEGAL UPDATES

AAR: AAR CAN NOT ACCEPT APPLICATIONS IF AN ISSUE IS RAISED IN THE AUDIT REPORT

In re New Rajamandri Electronics (GST AAR Karnataka), the records under examination indicated that the immediate application was submitted online on September 24, 2021, and that it raised the issue of whether GST is applicable to the free security deposit. The ruling was passed by M.P. Ravi Prasad and Kiran Reddy, The audit issue mentioned in the audit report also related to how GST should be applied on the security deposit, which the taxpayer reported to have NIL-rated GST turnover in the GSTR 3B he submitted. Concerning the applicability of GST on security deposits, the problem highlighted in the current application and the audit objection raised in the audit report is identical. As a result, the first proviso to Sec. 98(2) of the CGST Act 2017 is directly applicable to the present situation because all of its requirements have been met. According to the first proviso of Sec. 98(2) of the CGST Act 2017, the AAR rejected the application as "inadmissible" in light of the aforementioned information.