

# GST vigilance team searches on Aurangabad and Nashik based breweries

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Simultaneous searches were conducted on 24th/25th July, 2020 by the officers of DGGI, Aurangabad Regional Unit and Nashik Regional Unit on the premises of a Multinational Brewery located at Aurangabad and a prominent Molasses based Distillery located at Nashik.

During the searches, it was revealed that while the Molasses based Distillery was paying GST on a part of the clearances of Alcohols not fit for human consumption, the clearances of an extremely large quantity Alcohols not fit for human consumption were suppressed and such clearances were neither being reflected in the GSTR 3B returns filed by them nor was any GST being paid on such clearances. The scrutiny of the documents revealed that during the period from July 2017 to 24th July 2020, the Taxpayer had cleared 21.09 Lakh Litres of Alcohols not fit for human consumption valued at app. Rs. 11.59 Crore/- without payment of GST of Rs. 2.09 Crore/-.

The searches also revealed that the Multinational Brewery was suppressing the clearances of Draff/Spent Wort which arises in the pre- fermentation stage during the process of brewing of barley for the manufacture of Beers. Draff/Spent Wort is completely different from 'Dried Distillers Grain with Solubles (DDGS)' or 'Wet Distillers Grain with Solubles (WDGS)' in as much as the former arises in the pre-fermentation stage of the brewing process while the latter arises in the post fermentation stage of the distillation process. The scrutiny of the documents revealed that during the period from July 2017 to June 2020, the Taxpayer had cleared 12638115 Kg of Draff/Spent Wort without payment of GST of Rs. 71,08,940/

An ancillary aspect of evasion was also detected during the investigations that the Taxpayers had not properly reversed the Input tax Credit availed on the goods and services which had been used by them for the manufacture of Alcohols fit for human consumption on which no GST is leviable. The total amount liable to be paid by the Taxpayers on this ground is expected to be Rs. 1.16 Crore approximately.

The Taxpayers have paid Rs. 65.17 lakhs on the spot. A substantial part of the outstanding GST liability is expected to be deposited by them after arrangement of funds in the coming days. If the time schedule for payment is not adhered to, action for attachment of properties may be initiated by the Department to safeguard the Revenue.

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S.Rai/P.Kor

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