

OVERVIEW

This Report contains 15 paragraphs including two reviews involving underassessment/short payment/loss of revenue etc., of Rs. 1729.62 crore. Some of the major findings are mentioned below:

I. General

The total receipts of the State during the year 2008-09 amounted to Rs. 16,352.21 crore, of which the revenue raised by the State Government was Rs. 14,481.42 crore and receipts from the Government of India were Rs. 1,870.79 crore. The revenue raised constituted 89 *per cent* of the total receipts of the State.

(Paragraph 1.1)

At the end of June 2009, 4481 audit observations involving Rs. 3,093.36 crore relating to 289 inspection reports issued upto March 2009 remained outstanding.

(Paragraph 1.8)

Test check of the records of the departments of trade and taxes, state excise, entertainment, transport, registration etc. conducted during the year 2008-09, revealed underassessment/short payment/loss of revenue etc. aggregating Rs. 1981.18 crore in 2474 cases. During the course of the year 2008-09, the departments concerned accepted underassessments and other deficiencies of Rs. 50.70 crore in 82 cases. Of these, the department recovered Rs. 14.46 lakh in 36 cases during the year 2008-09.

(Paragraph 1.13)

II. Sales Tax/Value Added Tax

Review of “Assessment, levy and collection of tax on Works Contract” revealed the following:

- Failure of the department to institute a system of inter-departmental cross verification of database of dealers resulted in non-realisation of revenue of Rs. 437.40 crore from unregistered works contractors and short payment of tax of Rs. 92.49 crore due to concealment of turnover of Rs. 282.40 crore by registered works contractors.

(Paragraphs 2.2.7 and 2.2.8)

- Absence of an effective system of monitoring of receipt and maintenance of the records of contractees resulted in non-detection of cases of the unregistered dealers and non-levy of penalty of Rs. 7.83 crore on the contractees who did not furnish Forms XII-A/DVAT-48.

(Paragraph 2.2.9)

- In violation of the provisions of the Acts, the department allowed credit of Rs. 111.24 crore towards claim of payment of tax without verifying the *challans*.

(Paragraph 2.2.10)

- Failure of the Assessing Authority (AA) to detect the suppression of the works contract turnover led to non-realisation of revenue of Rs. 9.72 crore.

(Paragraph 2.2.12)

- Irregular allowance of deduction on account of tax deducted at source without furnishing original copy of Form IX/DVAT-43 resulted in non-realisation of revenue of Rs. 11.36 crore.

(Paragraph 2.2.14.1)

- Failure of the AA to detect purchase on the strength of Form C by the dealers opting for composition of tax resulted in non-realisation of revenue of Rs. 1.19 crore.

(Paragraph 2.2.15)

Review of “Transition from Delhi Sales Tax to Delhi Value Added Tax” revealed the following:

- Inadequate input and validation controls in the system resulted in inconsistent and incomplete database. Inefficient change management resulted in less charging of tax amounting to Rs. 3.33 crore.

(Paragraph 2.3.8)

- Deficient business rule mapping resulted in excess tax credit claims to the tune of Rs. 93.85 crore.

(Paragraph 2.3.8)

- Failure of the department to maintain complete record of the returns and annual accounts filed by the dealers in their assessment folders resulted in non-verification of quantum of tax payable by the dealers and correctness of ITC claimed.

(Paragraph 2.3.10.3)

- Non-provision for submission of annual returns in the DVAT Act resulted in leaving ample scope for the dealers to evade tax by suppression of sales and purchases and excess claim of the ITC on purchase.

(Paragraph 2.3.11)

- Absence of requirement to deposit the disputed amount of tax while filing objections resulted in increased numbers of objections being filed.

(Paragraph 2.3.14)

Irregular claim of exemption/concessional rate of tax without furnishing proper statutory forms resulted in short payment of tax of Rs. 493.16 crore including interest of Rs. 107.70 crore.

(Paragraph 2.5)

Short accounting of sale and purchase resulted in short payment of tax of Rs. 173.91 crore including interest of Rs. 23.52 crore and penalty of Rs. 75.20 crore.

(Paragraph 2.6)

Excess claim of deduction on stock transfer resulted in short payment of tax of Rs. 21.04 crore including interest of Rs. 2.86 crore and penalty of Rs. 9.09 crore.

(Paragraph 2.7)

III. OTHER TAX AND NON-TAX RECEIPTS

Failure of the department of power to recover interest due on loan sanctioned to Indraprastha Gas Power Generation Company Ltd. and impose penal interest resulted in non-realisation of interest receipts of Rs. 20.17 crore.

(Paragraph 3.3)

Failure of the department to levy stamp duty at circle rates for registering properties resulted in short payment of stamp duty of Rs. 2.07 crore.

(Paragraph 3.4)

Failure of the department to levy luxury tax on banquet/conference halls resulted in short collection of luxury tax amounting to Rs. 0.91 crore.

(Paragraph 3.5)