

OVERVIEW

The Report contains 46 paragraphs involving ₹ 191.59 crore and a performance audit review on “Interest Receipts on loans sanctioned by the State Government” involving revenue implications of ₹ 976.82 crore, relating to non/short levy of tax, interest, penalty etc; and having total financial impact of ₹ 1,168.41 crore. Some of the significant audit findings are mentioned below:

1. General

- The total revenue receipts of the State Government for the year 2009-10 amounted to ₹ 64,678.35 crore against ₹ 62,858.45 crore for the previous year. 66 *per cent* of this was raised by the State through tax revenue (₹ 35,176.68 crore) and non-tax revenue (₹ 7,802.26 crore). The balance 34 *per cent* was received from the Government of India as State share of divisible Union taxes (₹ 12,141.71 crore) and grants-in-aid (₹ 9,557.70 crore).

(Paragraph 1.1)

- Test check of the records of sales tax/VAT, land revenue, taxes on vehicles, stamp duty and registration fee and other departmental offices conducted during the year 2009-10 revealed underassessments/short levy/loss of revenue etc., amounting to ₹ 1,748.98 crore in 2,849 cases.

(Paragraph 1.5.1)

2. Sales Tax/VAT

- In seven circles, 42 industrial units availed sales tax incentive and closed their business/stopped production before stipulated period. The incentive of ₹ 23.38 crore availed by these units though recoverable was not recovered by the Department.

(Paragraph 2.11.2)

- In four Large Tax Payers Units (LTUs) and 57 circles, VAT/tax on works contracts amounting to ₹ 15.25 crore was under declared/short levied.

(Paragraphs 2.12 & 2.17)

- Misclassification of sales as works contracts resulted in under declaration of VAT/short levy of tax of ₹ 8.94 crore in one LTU and 10 circles.

(Paragraph 2.13)

- In one LTU and 25 circles Central Sales Tax/ Penalty of ₹ 9.04 crore was either not levied or short levied on the turnovers relating to inter state sales, consignment sales and export sales covered by fake/invalid Forms or not covered by Forms.

(Paragraph 2.14)

- The Department allowed excess claim/Incorrect allowance of Input Tax Credit of ₹ 2.79 crore in two LTUs and 19 circles.

(Paragraph 2.15)

- Application of incorrect rate of tax resulted in under declaration of VAT/short levy of tax of ₹ 1.75 crore in 25 circles.

(Paragraph 2.16)

- Incorrect computation of turnover in case of one Public Sector Undertaking (APBCL) resulted in short levy of tax of ₹ 1.43 crore.

(Paragraph 2.18)

3. State Excise

- Incorrect application of rates resulted in short levy of licence fee of ₹ 24 lakh.

(Paragraph 3.6)

4. Taxes on Vehicles

- In the offices of one Joint Transport Commissioner (JTC), nine Deputy Transport Commissioners (DTCs) and 18 Regional Transport Officers (RTOs), quarterly tax of ₹ 3.50 crore and penalty of ₹ 7.00 crore were not levied.

(Paragraph 4.8)

- In one JTC, eight DTCs and 15 RTOs, non-renewal of fitness certificates resulted in non-realisation of fitness certificate fee of ₹ 6.94 crore.

(Paragraph 4.9)

- In one JTC, seven DTCs and seven RTOs, life tax of ₹ 80.65 lakh was short levied.

(Paragraph 4.10)

- In five DTCs and seven RTOs, green tax aggregating to ₹ 70.23 lakh was not levied and collected.

(Paragraph 4.11)

5. Stamp Duty and Registration Fees

- In one District Registry (DR) and two sub-registries (SRs), four documents involving several distinct matters were incorrectly stamped resulting in short levy of stamp duty and registration fees of ₹ 4.21 crore.

(Paragraph 5.8)

- Misclassification of 'development agreements-cum-GPA'/incorrect application of rate resulted in short levy of stamp duty of ₹ 0.79 crore.

(Paragraph 5.9)

6. Land Revenue

- In two offices, advance possession of Government land was allowed without finalising alienation proposals resulting in non-realisation of ₹ 3.20 crore.

(Paragraph 6.8)

- In three tahsil offices, adoption of lesser basic value of the land resulted in short collection of conversion fee of ₹ 82.93 lakh.

(Paragraph 6.9)

7. Non-Tax Receipts

A review of “Interest Receipts on loans sanctioned by the State Government” indicated the following deficiencies:

- Sanctioning of loans by Government without specifying the terms of repayment and interest resulted in non-realisation of interest of ₹ 76.29 crore.

(Paragraph 7.2.7.1)

- Due to lack of internal controls and monitoring, interest of ₹ 306.06 crore cannot be recovered from many units which were reeling under sickness.

{Paragraph 7.2.7.2 (i)}

- Lack of internal control and monitoring mechanism to record and watch the recovery of loans outstanding and interest due from the AP State Housing Corporation resulted in non-levy of interest of ₹ 586.98 crore.

{Paragraph 7.2.7.2 (ii)}

- Interest of ₹ 6.56 crore was not levied on unutilised loans, sanctioned to two State Corporations.

{Paragraph 7.2.7.3 (i & ii)}

- Provisions of the AP State Financial Code are not adequate enough to safeguard the interest receipts of the Government.

(Paragraph 7.2.8)

INDUSTRIES AND COMMERCE DEPARTMENT

Mines and Minerals

- In the office of Director of Mines and Geology (DMG) incorrect depiction of receipts resulted in short realisation of royalty of ₹ 24.55 crore and interest of ₹ 35.55 crore.

(Paragraph 7.4)

- In the office of DMG, adoption of incorrect rate of interest resulted in loss of revenue of ₹ 5.13 crore towards interest.

(Paragraph 7.5)

- In one office of Deputy Director of Mines and Geology and one Assistant Director of Mines and Geology, penalty aggregating to ₹ 1.68 crore was not levied on delayed payment of royalty.

(Paragraph 7.6)

- In the office of DMG, collection of licence fee at lesser rates resulted in short levy of licence fee of ₹ 1.35 crore.

(Paragraph 7.7)

REVENUE DEPARTMENT

- In five tahsil offices, water tax amounting to ₹ 1.67 crore was either not levied or levied short.

(Paragraph 7.10)

- In four tahsil offices, remission of water tax amounting to ₹ 55.10 lakh was allowed without the Government sanction.

(Paragraph 7.11)