

OVERVIEW

This Report contains 35 paragraphs including two reviews relating to non/short levy of tax, penalty, interest etc. involving ₹ 100.50 crore. Some of the major findings are mentioned below:

I. General

The total receipts of the Government of Uttar Pradesh for the year 2010-11 were ₹ 1,11,183.76 crore against ₹ 96,420.95 crore during 2009-10. The revenue raised by the State Government amounted to ₹ 52,531.21 crore comprising tax revenue of ₹ 41,355 crore and non-tax revenue of ₹ 11,176.21 crore. The receipts from the Government of India were ₹ 58,652.55 crore (State's share of divisible Union taxes: ₹ 43,218.90 crore and grants-in-aid: ₹ 15,433.65 crore). Thus, the State Government could raise only 47 per cent of the total revenue. Taxes on sales, trade, etc. (₹ 24,836.52 crore) and miscellaneous general services (₹ 5,120.67 crore) were the major source of tax and non-tax revenue respectively during the year 2010-11.

(Paragraph 1.1)

Inspection reports numbering 10,349 issued upto 31 December 2010 containing 25,501 audit observations with money value of ₹ 4,445.39 crore had not been settled upto June 2011.

(Paragraph 1.2)

Test check of the records of 1,682 units of Commercial Tax, State excise, Motor vehicles tax, Stamp duty and Registration fee, Forest and other departmental offices conducted during the year 2010-11 revealed under assessments/short levy/loss of revenue aggregating ₹ 682.45 crore in 4,425 cases. During the course of the year, the departments concerned accepted under assessments and other deficiencies of ₹ 10.11 crore involved in 913 cases of which 42 cases involving ₹ 10.86 lakh were pointed out in audit during 2010-11 and the rest in the earlier years. The departments collected ₹ nine crore in 625 cases during 2010-11.

(Paragraph 1.5.1)

II. Trade Tax/VAT

A Performance Audit on “Utilisation of declaration forms in inter State trade and commerce” revealed that:

- Due to absence of a database of exemptions and concessions of tax granted in the inter-state trade and commerce, revenue foregone during the assessment years 2006-07 to 2010-11 is not quantifiable.

(Paragraph 2.9.8)

- Due to inadequate systems in place for safe custody, issue of declaration forms and non-verification of stock of forms, chances of misuse of the forms could not be ruled out.

(Paragraph 2.9.9)

- Due to non-uploading the details of the declaration forms used in inter-state trade and commerce on the TINXSYS website, online cross-verification was not possible.

(Paragraph 2.9.10)

- Due to utilisation of fake forms/inflated/deflated declaration of central sales, tax amounting to ₹ 95.04 lakh was not levied.

(Paragraph 2.9.16)

- Irregular purchase of goods resulted in irregular exemption of tax of ₹ 16.93 crore.

(Paragraph 2.9.18)

- Penalty amounting to ₹ 30.42 lakh was not imposed on unauthorised purchase of goods from outside the State.

(Paragraph 2.9.22)

Other audit observations

There was short/non-levy of tax of ₹ 82.56 lakh in 28 Commercial Tax Offices in the case of 33 dealers due to application of incorrect rate of tax/misclassification of goods for the period from 2005-06 to 2007-08.

(Paragraph 2.11.1)

There was non-levy of tax of ₹ 4.19 crore on sale of tender forms in 14 Commercial Tax Offices in case of 14 dealers for the period from 2003-04 to 2007-08.

(Paragraph 2.11.4)

There was non-imposition of penalty of ₹ 3.04 crore in 14 Commercial Tax Offices in the case of 15 dealers for the period from 2005-06 to 2007-08.

(Paragraph 2.12.3)

There was loss of revenue of ₹ 27.68 crore in 18 Commercial tax Offices due to non-remittance of excess realised tax.

(Paragraph 2.17)

There was non-imposition of penalty of ₹ 21.61 crore in 24 Commercial Tax Offices in case of 32 dealers for non-deduction of works contract tax for the period from 2005-06 to 2008-09.

(Paragraph 2.18)

III. State Excise

There was potential loss of licence fee of ₹ 4.72 crore in three District Excise Offices in 44 model shops for the period from 2009-10 to 2010-11.

(Paragraph 3.8)

There was non-realisation of licence fee of ₹ 1.66 crore from CSD canteens in nine District Excise Offices for the period from April 2010 to June 2010.

(Paragraph 3.10)

IV. Taxes on Vehicles, Goods and Passengers

A Performance Audit on “**Computerisation in Motor Vehicles Department**” revealed that:

- SARATHI software and Enforcement module of VAHAN software was not installed and implemented.

(Paragraph 4.5.7.4)

- Smart cards were to be issued upto 2006-07, but the Department has not started issuing Smart cards so far.

(Paragraph 4.5.7.5)

- Online services are not available to the citizens as envisaged in the objectives of computerisation set by MORTH.

(Paragraph 4.5.7.6)

- Data of 62,79,933 vehicles was not digitized resulting in preparation of incomplete State Register as well as National Register.

(Paragraph 4.5.10)

- Inter connectivity amongst the State RTOs/ARTOs was not established.

(Paragraph 4.5.11)

- Various mandatory fields were not captured resulting in availability of incomplete information in the database.

(Paragraph 4.5.14.2)

- Due to lack of data validation, identical chassis numbers, engine numbers and insurance cover note numbers existed in the database.

(Paragraph 4.5.14.4)

Other audit observations

There was short levy of tax of ₹ 66.68 lakh in 14 Regional Transport Offices/ Assistant Regional Transport Offices in 3152 vehicles due to adoption of lesser seating capacity during the period from October 2009 to December 2010.

(Paragraph 4.7)

There was non-realisation of additional tax of ₹ 51.66 lakh in 11 Regional Transport Offices/Assistant Regional Transport Offices in respect of 353 vehicles surrendered for periods beyond three months during the period from April 2010 to December 2010.

(Paragraph 4.8)

V. Stamp Duty and Registration Fee

There was evasion of stamp duty of ₹ 6.15 crore in 122 lease deeds for the period from January 2005 to June 2010.

(Paragraph 5.8)

There was short levy of stamp duty of ₹ 1.39 crore in 24 Sub-Registrar Offices in 39 deeds due to incorrect valuation of property during the period from July 2009 to December 2010.

(Paragraph 5.9.1)

There was short levy of stamp duty of ₹ 1.20 crore in one Sub-Registrar Office in one deed due to undervaluation of property.

(Paragraph 5.9.2)

VI. Other Tax and Non-tax Receipts

There was non realisation of ₹ 58.01 lakh in one District Forest Office on account of net present value for using forest land.

(Paragraph 6.5)