

OVERVIEW

This Report contains 73 paragraphs including one Performance Audit relating to non/short levy of tax, penalty, interest etc. involving ₹ 348.22 crore. Some of the major findings are mentioned below:

I. General

The total revenue receipts of the Government of Gujarat in 2011-12 were ₹ 62,958.99 crore as against ₹ 52,363.64 crore during 2010-11. The revenue raised by the State from tax receipts during 2011-12 was ₹ 44,252.29 crore and from non-tax receipts was ₹ 5,276.52 crore. State's share of divisible Union taxes and grant-in-aid from the Government of India were ₹ 7,780.31 crore and ₹ 5,649.87 crore, respectively. Thus, the revenue raised by the State Government was 79 *per cent* of the total revenue receipts. The main source of tax revenue during 2011-12 was Sales Tax/Value Added Tax (₹ 31,202.31 crore) and stamp duty and registration fees (₹ 4,670.27 crore). The main receipt under non-tax revenue was from non-ferrous mining and metallurgical industries (₹ 1,819.64 crore).

(Paragraph 1.1)

II. Sales Tax/Value Added Tax (VAT)

Irregular allowance of deductions towards labour charges from taxable turnover in 15 offices from 40 dealers resulted in short realisation of revenue of ₹ 1.66 crore.

(Paragraph 2.14.1)

In seven offices, the assessing authorities applied incorrect rate of tax in 12 assessments under Section 14-A resulting in short levy of tax of ₹ 100.42 lakh including interest.

(Paragraph 2.14.2)

In 19 offices, the dealer claimed excess/inadmissible deductions of labour, service charges in 23 assessments resulting in short levy/payment of tax of ₹ 4.01 crore including interest.

(Paragraph 2.14.3)

Incorrect exhibition of turnover and irregular deduction led to escapement of taxable turnover in 20 assessments in 12 offices, subsequently resulting in short levy of VAT of ₹ 4.72 crore including interest.

(Paragraph 2.14.8)

We noticed incorrect/excess grant of ITC of ₹ 26.42 crore in 145 assessments in 53 offices.

(Paragraph 2.15)

In 15 offices, incorrect credit of ITC on opening stock in 28 assessments resulted in incorrect grant of ITC of ₹ 2.75 crore.

(Paragraph 2.16)

In 12 offices, the assessing authority applied incorrect rate of tax in 20 assessments resulting in short levy of VAT of ₹ 3.41 crore including interest and penalty.

(Paragraph 2.18)

In 15 offices, the assessing officers did not include the amount of valuable consideration forming part of sales turnover in 19 assessments. This resulted in short realisation of VAT of ₹ 2.84 crore including interest and penalty.

(Paragraph 2.20)

In four offices, misclassification of goods resulted in short levy of tax of ₹ 2.42 crore in five assessments including interest and penalty.

(Paragraph 2.21)

In two offices, the assessing officers did not include sale consideration received as hiring charges in three assessments. This resulted in short levy of tax of ₹ 51.30 lakh including interest and penalty.

(Paragraph 2.24)

In nine offices, the assessing officers applied incorrect rate of CST resulting in short levy of tax of ₹ 63.35 lakh including interest and penalty.

(Paragraph 2.28)

III. Land Revenue

A performance audit report on **Management of Government Land** revealed the following:

- The Department did not have consolidated data of alienated and un-alienated land, the status of the alienation proposals received from the Collectors, approved, rejected and pending cases.

(Paragraph 3.5.8)

- Undervaluation of Government land due to incorrect computation of market value of land and non-recovery of additional market value for allotment of grazing land resulted in short recovery of occupancy price of ₹ 36.49 crore in 29 cases.

(Paragraph 3.5.9.1)

- Larsen & Toubro Limited was allotted Government land for manufacture of Super Critical Steam Generators and Forging Shop for Nuclear Power Plant. The price of the land was fixed by DLVC instead of SLVC rates. This resulted in forgoing of revenue of ₹ 128.71 crore.

(Paragraph 3.5.9.4)

- Allotment of land at concessional price to two ineligible trusts resulted in undue benefit to the trusts and subsequent short recovery of occupancy price of ₹ 25.05 crore.

(Paragraph 3.5.9.5)

- The delay in regularisation of encroached Government land coupled with levy of ad-hoc penalty at lesser rates in the case of Essar Steel Company Ltd. resulted in short recovery of ₹ 238.50 crore.
(Paragraph 3.5.9.7)
- Delay in finalisation of value of Government land resulted in blocking up of revenue to the tune ₹ 23.60 crore.
(Paragraph 3.5.10.1)
- Government land was not utilised for the purpose for which it was allotted and conditions of allotment was breached in five cases. The Departmental officials either failed to detect the cases or did not take corrective actions to vacate the land.
(Paragraph 3.5.11.8)
- Government Resolutions/Orders/instructions were not adhered to by the Collector which resulted in non/short levy of conversion tax and stamp duty aggregating ₹ 102.95 crore.
(Paragraph 3.5.11.9)

Compliance Audit

During test check of records of five Collector offices, two Dy. Collector offices and District Development office, Amreli for the period 2008-09 to 2010-11, we noticed that there was non/short levy of premium price of ₹ 8.70 crore in 10 cases.

(Paragraph 3.6)

During test check of records of three District Development offices for the period 2008-09 and 2009-10, we noticed that in seven cases, there was non/short levy of conversion tax amounting to ₹ 28.09 lakh.

(Paragraph 3.7)

IV. Taxes on Vehicles

Operators of 1,697 omnibuses, who kept their vehicles for use exclusively as contract carriage and 1,436 vehicles used for transport of goods, had neither paid tax nor filed non-use declarations for various periods between 2008-09 and 2010-11. The Departmental officials failed to issue demand notices and initiate recovery action prescribed in the Act. This resulted in non-realisation of motor vehicles tax of ₹ 16.34 crore including interest of ₹ 1.30 crore and penalty of ₹ 1.71 crore.

(Paragraph 4.7)

V. Stamp Duty and Registration Fees, Entertainment Tax, Luxury Tax and Electricity Duty

A. Stamp Duty and Registration Fees

In the office of the Additional Superintendent of Stamps, Gandhinagar, Collector, Vadodara, DC (SDVO), Valsad and 42 Sub-Registrar offices, incorrect determination of market value of properties in 258 cases resulted in short levy of stamp duty and registration fees of ₹ 11 crore.

(Paragraph 5.7)

In the office of the Additional Superintendent of Stamps, Gandhinagar and 30 Sub-Registrar offices, in case of 284 documents, the documents were classified on the basis of their titles, which resulted in misclassification of documents and resultant short levy of stamp duty of ₹ 1.74 crore.

(Paragraph 5.9)

B. Entertainments Tax, Luxury Tax and Electricity Duty

In two Collector offices and Deputy Collector office, Anjar, luxury tax of ₹ 32.27 lakh including interest of ₹ 19.25 lakh was not levied/short levied from 14 hotel owners.

(Paragraph 5.19)

VI. Non-tax receipts

Non/short levy of royalty and interest of ₹ 97.54 lakh was noticed in 46 cases in five Geologists during the period 2008-09 to 2010-11.

(Paragraph 6.5)

Short levy of dead rent and interest of ₹ 1.28 crore was noticed in 187 cases in seven Geologist offices.

(Paragraph 6.6)

In six district Geologist offices, surface rent was levied at incorrect rates resulting in short levy of ₹ 1.80 crore.

(Paragraph 6.7.2)

Levy of licence fees at lesser rates resulted in short levy of license fee of ₹ 15.24 lakh.

(Paragraph 6.16)