

OVERVIEW

This Report contains 42 paragraphs including two Performance Audits relating to non/short levy of taxes, duties, interest and penalty, etc., involving ₹ 233.59 crore. Some of the major findings are mentioned below:

I. General

The total receipts of the State during the year 2011-12 were ₹ 1,21,268.54 crore, of which the revenue raised by the State Government was ₹ 95,758.56 crore and receipts from the Government of India were ₹ 25,509.98 crore. The revenue raised constituted 79 *per cent* of the total net receipts of the State. The receipts from the Government of India included ₹ 13,343.34 crore on account of the State's share of divisible Union taxes which registered an increase of 16.84 *per cent* over the previous year and ₹ 12,166.64 crore received as grants-in-aid.

(Paragraph 1.1.1)

At the end of June 2012, 10,860 inspection report paragraphs involving ₹ 2,667.74 crore relating to 4,921 inspection reports issued upto 31 December 2011 remained outstanding.

(Paragraph 1.2.1)

During the period 2001-02 to 2010-11, the Department/Government accepted audit observations involving ₹ 3,536.21 crore, out of which an amount of ₹ 1,135.72 crore was recovered till 31 March 2012.

(Paragraph 1.2.6)

II. VAT/Sales tax

A Performance Audit on "VAT on Works Contracts" revealed as under:

- Seventeen registered contractors had received payments of ₹ 509.98 crore from Konkan Irrigation Development Corporation (KIDC) but had disclosed turnover of sales of ₹ 187.11 crore only in their VAT returns. This resulted in short reflection of turnover of sales of ₹ 322.87 crore.

Four contractors had received payments from KIDC for the work done but they were not found registered with the Sales Tax Department (STD). They were liable to pay tax of ₹ 66.50 lakh but tax of ₹ 33.02 lakh only was recovered. This resulted in short recovery of TDS of ₹ 33.48 lakh.

(Paragraph 2.2.8.1)

- Cross verification of data obtained from Nashik Irrigation Division with the data available with the STD revealed short disclosure of turnover of sales of ₹ 9.14 crore by two registered dealers.

(Paragraph 2.2.8.2)

- Seven contractor dealers received payments aggregating to ₹ 1.48 crore from Nashik Municipal Corporation (NMC) but these were not registered with the STD.

Three registered contractor dealers of NMC had received payment aggregating to ₹ 6.21 crore but disclosed sales turnover of ₹ 5.68 crore in their returns. The tax payable on the differential turnover of sales of ₹ 53 lakh remained unrecovered.

(Paragraph 2.2.8.3)

- Sixty seven contractor dealers of Pimpri-Chinchwad Municipal Corporation (PCMC) were not found registered with the STD. TDS of ₹ 1.13 crore was recovered short in these cases.

(Paragraph 2.2.8.4)

- Short realisation of tax due to less reflection of turnover of ₹ 48.66 lakh was noticed in case of a contractor dealer paid for work done by Central Railway (Dadar Unit), Mumbai.

(Paragraph 2.2.8.5)

- 941 Builders and Developers (B&D) though liable for registration were not registered under MVAT Act. Further 66 registered B&Ds, did not pay tax on turnover of sales of ₹ 733.50 crore.

(Paragraph 2.2.10)

- Non-levy of interest on delayed payment of tax by six employers resulted in non-realisation of revenue of ₹ 17.68 lakh.

(Paragraph 2.2.11.3)

- Selection of dealers for business audit was very low, it was only 17 *per cent* of the total works contract, out of which, only 12 *per cent* was completed in departmental audit.

(Paragraph 2.2.13)

- In five divisions deductions under composition scheme, though inadmissible, were allowed to 82 dealers. This resulted in grant of incorrect deductions aggregating ₹ 67.98 crore and consequential short levy of tax of ₹ 4.87 crore.

(Paragraph 2.2.14)

- Twenty four dealers in four divisions had not maintained accounts of the deductions allowed and were entitled to a deduction of ₹ 36.16 crore instead of ₹ 64.18 crore allowed to them. This resulted in excess deduction of taxable turnover of ₹ 28.02 crore with tax effect of ₹ 2.51 crore.

(Paragraph 2.2.15)

- Six dealers engaged in works contract, were allowed incorrect deductions of ₹ 4.58 crore resulting in short levy of tax of ₹ 40.52 lakh.

(Paragraph 2.2.16)

Misclassification of Gutkha (pan masala containing tobacco etc.) as tax free during 2006-07 resulted in underassessment of tax at ₹ 1.15 crore including interest of ₹ 20.07 lakh.

(Paragraph 2.4.1)

"C" forms furnished in support of inter-state sale valued at ₹ 84.66 lakh did not pertain to the period for which concessional rate of tax was claimed. This resulted in short levy of Central Sales Tax of ₹ 8.89 lakh.

(Paragraph 2.4.2)

Penalty of ₹ 9.28 lakh was not levied on sales valued at ₹ 78.44 lakh on tax evaded by a dealer.

(Paragraph 2.4.3)

Purchase tax of ₹ 7.42 lakh was not levied on packing material purchased by a dealer for packing purposes resulting in short realisation of revenue to that extent.

(Paragraph 2.4.5)

Interest was not levied in three cases upto the date of assessments resulting in short levy of interest of ₹ 61.14 lakh.

(Paragraph 2.4.6)

III. Stamp duty and Registration fees

A Performance audit on “**Preparation of Annual statement of rates and its application for determination of market value for levy of stamp duty and registration fee**” revealed as under:

- Registers were not maintained by the DDTP/ADTPs of the Valuation Cell for watching receipt of data required for preparation of Annual statement (ASR) from the Sub-Registrar offices. The data of only a few months and not of the entire year was considered for the preparation of the ASR.

(Paragraph 3.2.7.1 and 3.2.7.2)

- No module was developed in the software “Stamp and Registration Information Technology Administration” (SARITA) for transmitting the data to the Valuation Cell on the transactions where the consideration was higher than the market value as per ASR. No database of such transactions was maintained by the Department to facilitate trend analysis in the ASR.

(Paragraph 3.2.7.3)

- In 2,503 instruments the difference between the market value as per ASR and the consideration mentioned in the deeds was more than 50 *per cent* and in 1,367 instruments the difference between the two values was more than 100 *per cent* indicating the ASRs did not reflect the true market value of the property.

(Paragraph 3.2.7.4)

- The market value of the flats/shop/offices was incorrectly determined by applying the rates of new construction instead of residential/commercial rates prescribed in ASR resulting in short levy of SD of ₹ 2.59 crore.

(Paragraph 3.2.9.2)

- The area occupied by tenants were not mentioned in three instruments but the benefit of tenant property to the extent of ₹ 11.69 crore was allowed while determining market value of the property. This resulted in incorrect benefit of SD of ₹ 58.45 lakh.

(Paragraph 3.2.10)

- Non-adherence of the instructions in ASR for valuation of land, incorrect application of market value and misclassification of the property resulted in short levy of stamp duty of ₹ 12.32 crore.

(Paragraph 3.2.11)

- Unearned income of ₹ 5.52 crore was not considered for levy of stamp duty and registration fee resulting in short recovery of revenue of ₹ 24.16 lakh. Delay in circulation of notification resulted in short realisation of revenue of ₹ 98.21 lakh.

(Paragraphs 3.2.12 and 3.2.13.1)

Incorrect application of rate by not exhibiting the actual date of execution led to short levy of stamp duty of ₹ 8.07 crore.

(Paragraph 3.4.1)

Misclassification of sale agreements as development agreement, power of attorney resulted in short levy of stamp duty of ₹ 2.90 crore.

(Paragraph 3.4.2)

An instrument executed in Palghar was not entitled to exemption from levy of stamp duty but SR incorrectly allowed the exemption resulting in non-realisation of stamp duty of ₹ 18.91 lakh.

(Paragraph 3.4.3)

An instrument executed in Mumbai was incorrectly treated as the first conveyance and was incorrectly granted concession from payment of stamp duty of ₹ 55.86 lakh.

(Paragraph 3.4.4)

Undervaluation of property resulted in short levy of stamp duty of ₹ 1.49 crore.

(Paragraph 3.4.5)

Non-consideration of material alterations in instruments resulted in short realisation of stamp duty of ₹ 43.68 lakh.

(Paragraph 3.4.7)

Incorrect computation of market value resulted in short realisation of stamp duty of ₹ 34.24 lakh.

(Paragraph 3.4.8)

Failure to consider the market value of commercial complex resulted in undervaluation and consequent short levy of stamp duty of ₹ 23.17 lakh.

(Paragraph 3.4.9)

IV. Land Revenue

The Department had not taken into account estimates of land improvement and construction cost as estimated by PWD for revision of unearned income which resulted in short levy of unearned income at ₹ 42.36 crore.

(Paragraph 4.2.2.1)

Non-consideration of market value as on date of order while granting permission for change in use of Government land resulted in short levy of unearned income of ₹ 23.64 lakh.

(Paragraph 4.2.2.2)

Non-application of GR issued in April 2008 prescribing slabs of concession for valuation of bulk land resulted in short levy of unearned income of ₹ 7.73 lakh.

(Paragraph 4.2.2.3)

Government was put to a loss of ₹ 50.04 lakh towards unearned income due to incorrect order passed by Revenue Minister despite the fact that the scheme of construction of house for economically weaker section sanctioned in 1994 was already cancelled and original allottee was allowed to sell the plots in open market by developing the layout.

(Paragraph 4.2.2.5)

Delay in determining and intimating final occupancy price resulted in loss of occupancy price ₹ 5.01 crore at Prime Lending Rate (PLR).

(Paragraph 4.2.3.1)

Levy of occupancy price at agricultural rate instead of non agricultural rate in respect of land allotted for schools, colleges, renewable energy projects, power projects, sugar factory and other commercial purposes resulted in short levy of occupancy price of ₹ 32.11 crore.

(Paragraph 4.2.3.2)

Levy of occupancy price considering market rate of Annual Statement of Rates (ASR) of earlier year than the year of allotment resulted in short levy of occupancy price of ₹ 5.97 lakh.

(Paragraph 4.2.3.3)

Occupancy price amounting to ₹ 1.46 crore was not recovered as Collector had not issued allotment order.

(Paragraph 4.2.3.4)

Occupancy price was short levied at ₹ 11.13 lakh as occupancy price in respect of eight additional members inducted in the society was not demanded by Collector.

(Paragraph 4.2.3.5)

Lease rent at ₹ 28.29 lakh was non/short levied as Prime Lending Rate (PLR) was taken as 10.25 *per cent* instead of 11.50 *per cent* applicable to that year.

(Paragraph 4.2.4)

Non-adherence to Government norm of registering the agreement with the allottees in ten collectorates resulted in loss of revenue on account of stamp duty and registration fees at ₹ 6.61 crore.

(Paragraph 4.2.5)

V. Taxes on Motor Vehicles and State Excise

A Taxes on Motor Vehicles

One Time Tax (OTT) was levied at domestic rate instead of rate applicable to imported vehicles resulting in short realisation of ₹ 16.61 lakh.

(Paragraph 5.3.2)

Non-follow up of RBI instructions by banks resulted in loss of interest to the Government at ₹ 10.53 lakh.

(Paragraph 5.3.3)

Fitness certificates of 1,24,960 newly registered transport vehicles that had completed two years of life during 2010-11 were not renewed resulting in non-realisation of fitness certificate fees of ₹ 4.95 crore.

(Paragraph 5.3.4)

B State Excise

Failure of the department to check the correctness of licence fees with the parameters fixed by Commissioner of State Excise resulted in short recovery of licence fees at ₹ 1.15 crore.

(Paragraph 5.6.1)

Non-consideration of revised supervision charges for deployment of the departmental staff at the premises of the licencees for the period from January 2006 to March 2011 resulted in non-recovery of supervision charges at ₹ 27.33 lakh.

(Paragraph 5.6.2)

VI. Other Receipts

A Entertainments Duty

Non-issuance of demand notices by concerned authorities resulted in non-recovery of Entertainment duty of ₹ 92.73 lakh.

(Paragraph 6.3.1)

Entertainment duty from nine permit room/beer bar with live orchestra was not recovered at ₹ 19 lakh.

(Paragraph 6.3.2)

Inaction of concerned authorities resulted in non-recovery of Entertainment duty in case of dishonoured cheques at ₹ 32.24 lakh.

(Paragraph 6.3.3)

Non-issuance of demand notices of interest on late remittances of entertainment duty by various service providers of 'Direct to Home' (DTH) resulted in non levy of penal interest of ₹ 78.25 lakh.

(Paragraph 6.3.4)

B Electricity Duty and Tax on sale of Electricity

Failure of the Department to check the returns in Form C submitted by the licencees resulted in short realisation of electricity duty of ₹ 18.99 lakh.

(Paragraph 6.5.1)

C Education Cess and Employment Guarantee Cess

The Department did not take any action to recover the Education Cess (EC) and Employment Guarantee Cess (EGC) at ₹ 77.36 lakh from the defaulters.

(Paragraph 6.7.1)

Non-initiation of proceedings in respect of dishonoured cheques resulted in non realisation of revenue amounting to ₹ 16.92 lakh and interest thereon.

(Paragraph 6.7.2)

Municipal Corporations did not remit EC and EGC amounting to ₹ 92.73 crore relating to EC and EGC to the Government.

(Paragraph 6.7.3)

D Tax on Buildings with Larger Residential Premises

Tax amounting to ₹ 89.19 lakh was not levied and recovered from 252 property owners by Brihanmumbai Municipal Corporation.

(Paragraph 6.9.1)