

OVERVIEW

This Report contains 56 paragraphs including one Performance Audit on “**Working of Stamps and Registration Department**” relating to short/non-levy of tax, duty and interest, penalty etc. involving financial effect of ₹ 857.95 crore. The Departments/Government have accepted audit observations involving ₹ 438.41 crore out of which ₹ 2.60 crore has been recovered. Some of the major findings are mentioned below:

I. General

The total receipts of the Government of Uttar Pradesh for the year 2011-12 were ₹ 1,30,869.70 crore against ₹ 1,11,183.76 crore during 2010-11. The revenue raised by the State Government amounted to ₹ 62,758.73 crore comprising tax revenue of ₹ 52,613.43 crore and non-tax revenue of ₹ 10,145.30 crore. The receipts from the Government of India were ₹ 68,110.97 crore (State’s share of divisible Union taxes: ₹ 50,350.95 crore and grants-in-aid: ₹ 17,760.02 crore). Thus, the State Government could raise only 48 *per cent* of the total revenue. Commercial Tax/Value Added Tax (₹ 33,107.34 crore) and miscellaneous general services (₹ 4,035.23 crore) were the major source of tax and non-tax revenue respectively during the year 2011-12.

(Paragraph 1.1)

At the end of June 2012, 28,455 audit observations involving ₹ 5,234.12 crore relating to 11,538 Inspection Reports issued upto December 2011 remained outstanding.

(Paragraph 1.2)

Our test check of the records of 1,356 units relating to Commercial Tax/Value Added Tax, State Excise, Taxes on Vehicles, Goods and Passengers, Stamps and Registration fees, Mining Receipts and Other Tax and Non Tax Receipts conducted during the year 2011-12 revealed underassessments/short levy/loss of revenue aggregating ₹ 1,754.31 crore in 4,878 cases. During the course of the year, the Departments concerned accepted underassessments and other deficiencies of ₹ 33.83 crore involved in 637 cases of which 78 cases involving ₹ 30.68 crore were pointed out in audit during 2011-12 and the rest in the earlier years. The Departments collected ₹ 3.79 crore in 326 cases during 2011-12 of which 44 cases involving ₹ 25.79 lakh were pointed out in audit during 2011-12 and the rest in the earlier years.

(Paragraph 1.5.1)

II. Commercial Tax/Value Added Tax

Application of incorrect rate of tax led to non/short levy of TT/VAT of ₹ 3.32 crore in respect of 55 Commercial Tax Offices in the case of 79 dealers for the period 2002-03 to 2009-10.

(Paragraph 2.10.1)

There was non-imposition of penalty of ₹ 1.36 crore for non deposit of works contract tax in 11 Commercial Tax Offices in the case of 13 dealers for the period 2007-08 and 2008-09.

(Paragraph 2.11.5)

There was irregular exemption/concession of central sales tax of ₹ 2.67 crore in five Commercial Tax Offices in the case of five dealers for the period 2005-06 to 2007-08.

(Paragraph 2.12.2)

There was non-levy of entry tax of ₹ 1.56 crore in respect of six Commercial Tax Offices in the case of seven dealers for the period 2004-05 to 2007-08.

(Paragraph 2.13)

There was non-reversal of inadmissible ITC and non-imposition of penalty and interest of ₹ 1.55 crore in six Commercial Tax Offices in the case of six dealers for the period 2007-08 and 2008-09.

(Paragraph 2.16.3)

III. State Excise

There was short levy of licence fee of ₹ 1.54 crore in 10 District Excise Offices on 27 model shops for the period from 2010-11 to 2011-12.

(Paragraph 3.8)

There was short levy/realisation of licence fee of ₹ 80 lakh for FL-2 licences in seven and eight districts during the year 2010-11 and 2011-12 respectively.

(Paragraph 3.14)

There was non/short levy of licence fee of ₹ 9.25 crore on wholesale supply of beer in 52 and 54 districts during the year 2009-10 and 2010-11 respectively.

(Paragraph 3.15)

IV. Taxes on Vehicles, Goods and Passengers

There was short levy of tax of ₹ 99.71 lakh in 27 Regional Transport Offices/ Assistant Regional Transport Offices in 3,467 vehicles due to adoption of lesser seating capacity during the period from October 2009 to February 2012.

(Paragraph 4.8)

There was non-realisation of tax/additional tax of ₹ 2.29 crore in 33 Regional Transport Offices/Assistant Regional Transport Offices in respect of 753 vehicles surrendered for periods beyond three months during the period from April 2010 to March 2012.

(Paragraph 4.9)

There was non/short imposition of penalty of ₹ 2.14 crore in 12 Regional Transport Offices/Assistant Regional Transport Offices in respect of 2,248 vehicles carrying excess load which not only led to the hazardous plying of overloaded vehicles but also may cause loss of human life and damage to the roads during the period from April 2008 to January 2012.

(Paragraph 4.10)

Tax and fines of ₹ 29.05 lakh was not levied in 12 Regional Transport Offices/Assistant Regional Transport Offices in respect of 533 tractors registered for agricultural purposes but engaged in commercial activities during the period from April 2008 to January 2012.

(Paragraph 4.12)

V. Stamps and Registration Fees

A Performance Audit on "**Working of Stamps and Registration Department**" revealed that:

- Non-levy of Stamp Duty and Registration Fees on sale deeds resulted in non realisation of revenue of ₹ 23.13 crore.

(Paragraph 5.5.12)

- There was loss of ₹ 12.48 crore of Stamp Duty and Registration Fees on different kinds of leases.

(Paragraph 5.5.16)

- Undervaluation of properties resulted in short levy of stamp duty and registration fees of ₹ 19.69 crore.

(Paragraph 5.5.19)

- Misclassification of documents resulted in short levy of stamp duty of ₹ 44.79 lakh.

(Paragraph 5.5.20)

- Loss of Stamp Duty due to irregular exercise of power by Collector resulted in loss of revenue of ₹ 2.81 crore.

(Paragraph 5.5.22)

VI. Mining Receipts

There was non-levy of penalty of ₹ 159.79 crore due to illegal removal of brick earth by brick kiln owners in 13 district Mining offices during the period 2005-06 to 2010-11.

(Paragraph 6.7)

The Government was deprived of revenue of ₹ 2.48 crore due to absence of provision for payment of Stamp duty and Registration fees in respect of 122 leases in 11 District Mining offices during the period from 2005-06 to 2009-10.

(Paragraph 6.8)

There was loss of revenue of ₹ 50.93 crore due to non-renewal/grant of fresh leases in respect of 602 quarry leases during the period from 2005 to 2012.

(Paragraph 6.10)

There was loss of revenue of ₹ 77.87 crore due to non-recovery of cost of excavated mineral for unauthorised extraction in respect of 22 cases in five District Mining Offices during the period from 2005-06 to 2010-11.

(Paragraph 6.12.1)

There was absence of mechanism to curb transportation of illegally mined minerals against irregular MM-11 forms in 21 districts during the period between October 2010 and January 2012.

(Paragraph 6.17)

VII. Other Tax and Non-tax Receipts

There was short realisation of royalty of ₹ 46.64 crore on Tendu Leaves due to non-calculation of royalty as per formula by Forest Department.

(Paragraph 7.4)

There was wasteful expenditure of ₹ 97.44 lakh on raising and maintenance of 39.29 lakh plants which became unfit for plantation in Forest Department.

(Paragraph 7.5)

There was avoidable expenditure of ₹ 1.13 crore on growing and maintaining of 33.99 lakh new plants without requirement in Forest Circle, Agra.

(Paragraph 7.6)

There was short levy of user charges of ₹ 28.99 crore in 251 Chief Medical Superintendents (CMS), Community Health Centres and Primary Health Centres during 2005-06 to 2011-12.

(Paragraph 7.7)

There was short levy of service charge of ₹ 2.65 crore on transfusion of blood and blood components in 22 Chief Medical Superintendents (CMS) during the period April 2008 to December 2010.

(Paragraph 7.8)

There was non-imposition of penalty of ₹ 40.95 lakh on 226 institutions running without registration in 16 CMOs.

(Paragraph 7.9.1)