

## OVERVIEW

The report contains 26 paragraphs and involving ₹ 1,351.74 crore relating to non/short levy of taxes, interest, penalty, etc., and a performance audit on functioning of Registration and Stamps department including Information Technology (IT) audit of CARD involving ₹ 150.86 crore with total financial impact of ₹ 1,502.60 crore. Some of the significant Audit findings are mentioned below.

### 1 GENERAL

- The total revenue receipts of the State Government for the year 2012-13 amounted to ₹ 1,03,830.28 crore against ₹ 93,553.69 crore for the previous year. State Tax and Non-tax revenue accounted for 73 *per cent* of this (₹ 59,875.05 crore and ₹ 15,999.14 crore respectively). The balance 27 *per cent* was received from the Government of India as state share of divisible Union taxes (₹ 20,270.77 crore) and Grants-in-aid (₹ 7,685.32 crore)

(Paragraph 1.1.1)

- Test check of records of 231 units of VAT/land revenue, prohibition and excise, taxes on vehicles, stamp duty, registration fee and other department offices conducted during 2012-13 revealed preliminary audit findings involving non-levy/short-levy of taxes, duties etc. amounting to ₹ 1,726.23 crore in 939 cases.

(Paragraph 1.8.1)

### 2 SALES TAX/VAT

Audit noticed that

- In 17 circles of Commercial Taxes Department, 70 builders paid tax at lower rates which resulted in evasion of tax of ₹ 30.78 crore.

(Paragraph 2.8)

- Incorrect computation of turnovers/application of incorrect rates of tax for the assessment years 2006-07 to 2010-11 resulted in short levy of tax of ₹ 75.40 lakh.

(Paragraph 2.10.1)

- Incorrect levy of concessional rate of tax on fictitious “C” forms combined with incorrect exemption on fake “F” forms resulted in non-levy by penalty of ₹ 2.94 crore.

(Paragraph 2.10.2)

- Misuse of “C” declaration forms for interstate purchase of commodities not included in the certificate of registration led to non-levy of penalty of ₹ 1.04 crore.

(Paragraph 2.10.3)

- Suppression/incorrect computation of turnover and allowance of Input Tax Credit (ITC) in violation of provisions resulted in under declaration of tax of ₹ 1.34 crore in three cases during the period from 2007-08 to 2010-11.

**(Paragraph 2.11.1)**

- In 24 cases, tax of ₹ 2.16 crore was under declared for the period from 2007-08 to 2011-12, due to application of incorrect rates of tax leading in evasion of tax by that amount.

**(Paragraph 2.13)**

- Belated payment of deferred tax in 18 cases led to non/short-levy of interest of ₹ 77.24 lakh.

**(Paragraph 2.14.1)**

- In 40 cases penalty of ₹ 1.28 crore was not/short levied on account of delayed payment of tax declared in their periodical returns.

**(Paragraph 2.15)**

- Department allowed excess/incorrect claim of ITC of ₹ 1.93 crore in 18 cases.

**(Paragraph 2.16)**

### **3 STATE EXCISE DUTIES**

- In eight offices of Prohibition and Excise superintendents, Additional License Fee (ALF) amounting to ₹ 9.44 crore was not levied on 54 bar and restaurants.

**(Paragraph 3.8.1)**

### **4 LAND REVENUE**

- In nine Revenue Divisional Offices (RDOs) where Government lands to the extent of 4430.41 acres of Government lands were alienated in favour of 62 allottees, conversion tax of ₹ 28.93 crore was not realised.

**(Paragraph 4.4.2)**

- In Chevella Division demand notices involving conversion tax and penalty of ₹ 20.49 crore in respect of two cases were not issued.

**(Paragraph 4.4.3)**

- In 16 Divisions, involving 3,977 cases covering 40,573 acres of land converted for non-agricultural purposes, conversion tax and penalty amounting to ₹ 1047.28 crore were not levied due to non-existence of Provisions in the Act for sharing information between related agencies/ departments and absence of co-ordination between them.

**(Paragraph 4.4.4)**

- Conversion tax and penalty of ₹ 84.54 crore were not levied in respect of 1,441 mining/quarrying leases granted/ executed between January 2006 and March 2012 covering an area of 13,153.82 acres.

(Paragraph 4.4.5)

## 5 TAXES ON VEHICLES

- Quarterly tax of ₹ 10.32 crore and penalty of ₹ 20.65 crore were not realised from owners of 6,447 transport vehicles.

(Paragraph 5.8.1)

- Life tax of ₹ 1.93 crore was not/short-levied on 224 construction equipment vehicles in four offices of Deputy Transport Commissioners (DTC)/ Regional Transport Offices (RTO).

(Paragraph 5.9.1)

- Non-renewal of Fitness Certificate (FC) of 58,930 transport vehicles resulted in non-realisation of fee of ₹ 1.75 crore.

(Paragraph 5.11)

- Although similar services are rendered by Private Contract Carriages (PCCs) and APSRTC, there was difference in tax rates applicable to APSRTC and taxes paid by PCCs. The possible loss worked out by audit on account of lower rates being charged from PCCs as compared with taxes payable by APSRTC worked out to ₹ 1.01 crore.

(Paragraph 5.12)

## 6 STAMP DUTY AND REGISTRATION FEES

- Stamp duty was not levied on cost of improvements made by five lessees resulting in short levy of duties of ₹ 16.37 crore.

(Paragraph 6.14.2)

- Declaration of lesser annual rent in lease deeds than the actual rent received in 23 corresponding sale deeds and four gift deeds resulted in short levy of stamp duty and registration fees by ₹ 23.64 crore.

(Paragraph 6.17.1)

- Exclusion of development premium, development fee, conveyance of cash etc. from recitals of documents on various distinct matters resulted in non-levy of stamp duty and registration fees of ₹ 33.21 crore.

(Paragraph 6.20)

- Misclassification of Development Agreement cum General Power of Attorney (DGPA)/sale deed/other documents resulted in short levy of duties to the tune of ₹ 67.34 crore.

(Paragraph 6.21)

- Changes in business rules with respect to provisions such as change in rate of stamp duty, exemptions etc., were not correctly mapped into CARD system.

**(Paragraph 6.26.1)**

## **7 OTHER TAX RECIEPTS**

### **Revenue (Land Revenue) Department**

#### **Water tax and road cess**

- Of 35 mandals audited, village wise Demand Collection and Balance (DCB) registers were not maintained in 22 mandals for the period from 1 July 2007 to 30 June 2011. In the absence of such data, recovery of arrears could not be properly monitored.

**(Paragraph 7.1.3)**

- Adoption of incorrect procedure by nine mandals resulted in short-levy of water tax by ₹ 99.12 lakh.

**(Paragraph 7.1.5)**

## **8 REVENUE (Endowments) DEPARTMENT**

- In five out of seven temples audited, the excess gold was not invested in accordance with the instructions of the Commissioner of Endowments. Interest earnings on gold deposits were thus forgone.

**(Paragraph 8.1.9)**

- Statutory contributions like the contribution to the Endowment Administrative Fund (EAF), Audit fee (AF), Common Good Fund (CGF) and Archaka Welfare Fund (AWF) were in arrears to the tune of ₹ 178.94 crore.

**(Paragraph 8.1.17)**