

OVERVIEW

This Report contains 38 paragraphs including two Performance Audits involving ₹ 303.85 crore. Some of the major findings are as mentioned below:

I. General

The total revenue receipts of the Government of Gujarat in 2012-13 were ₹ 75,228.53 crore as against ₹ 62,958.99 crore during 2011-12. The revenue raised by the State from tax receipts during 2012-13 was ₹ 53,896.69 crore and from non-tax receipts was ₹ 6,016.99 crore. State's share of divisible Union taxes and grant-in-aid from the Government of India were ₹ 8,869.05 crore and ₹ 6,445.80 crore, respectively. Thus, the revenue raised by the State Government was 80 *per cent* of the total revenue receipts. The main source of tax revenue during 2012-13 was value added tax/sales tax (₹ 39,464.67 crore) and stamp duty and registration fees (₹ 4,426.93 crore). The main receipt under non-tax revenue was from non-ferrous mining and metallurgical industries (₹ 1,847.16 crore).

(Paragraph 1.1)

II. Value Added Tax (VAT)/Sales Tax

A Performance Audit on **Claim and admittance of Input Tax Credit** revealed the following:

- Harmonised System of Nomenclature (HSN) codes for identification of commodities were not finalised by the Department even after seven years since Gujarat introduced Value Added Tax Act in 2006. In absence of codes, the authenticity of input tax credit (ITC) availed by the dealers could not be ascertained.

(Paragraph 2.13.7)

- Allowance of ITC on purchases made from dealers whose registration certificates were cancelled resulted in irregular utilisation of ITC to the extent of ₹ 11.78 crore.

(Paragraph 2.13.11)

- Non/short reduction of ITC on fuel consumptions resulted in excess allowance of ITC of ₹ 1.79 crore.

(Paragraph 2.13.13)

- Allowance of ITC on ineligible capital goods resulted in incorrect/excess allowance of ITC of ₹ 6.77 crore.

(Paragraph 2.13.19)

- Irregular remission of tax and refund of ITC amounting to ₹ 5.73 crore was made to the manufacturing dealers of Khadi and Village industries.

(Paragraph 2.13.21)

A Performance Audit of “**Revenue recovery action under Land Revenue Code for accumulated arrears of Sales Tax/Value Added Tax**” revealed the following:

- In 27 assessment units, the Assessing Authority (AA) either did not issue notices for recovery of the Government dues under the Gujarat Land Revenue Code, 1879 or issued it belatedly. This resulted in non-realisation of revenue of ₹ 271.22 crore from 172 dealers.

(Paragraph 2.14.8)

- Lack of co-ordination within the Department resulted in non-realisation of arrears of revenue of ₹ 129.07 crore from 42 dealers in 17 assessment units.

(Paragraph 2.14.9.2)

- The Commercial Tax Department (the Department) attached the properties of 50 tax defaulters for recovery of arrears of ₹ 1,055.65 crore during September 2004 to February 2013. In absence of a prescribed time line to auction the properties so attached, the arrears of revenue remained to be recovered.

(Paragraph 2.14.10)

- The Department did not take serious initiatives in pursuing the Revenue Recovery Certificates issued to other State in case of 261 assessments involving dues of ₹ 389.56 crore.

(Paragraph 2.14.11.1)

- It was noticed that though, the provisions of the Gujarat Land Revenue Code, 1879/Gujarat Value Added Tax Act, 2003 provides for creation of first charge in favour of the State for recovery of tax dues, the Commercial Tax Department failed to invoke the provisions therein and take legal action against the banks/financial institutions to recover its arrears of ₹ 78.24 crore.

(Paragraph 2.14.12)

- In four cases, non-filing/belated filing of claims with the Official Liquidator resulted in non-realisation of dues of ₹ 73.20 crore.

(Paragraph 2.14.13)

- Reassessment in two cases remanded by the Gujarat Value Added Tax Tribunal involving dues of ₹ 10.59 crore was not done even after a lapse of three years from the date of passing orders led to an impasse in recovery proceeding.

(Paragraph 2.14.16)

- Tax Monitoring Committee appointed by the Government to monitor recovery of outstanding dues of the State proved ineffective as the Committee did not meet regularly as per the norms. Further, no mechanism was evolved by the CTD to speed up the recovery process.

(Paragraph 2.14.17.1)

Interest in six cases aggregating to ₹ 21.12 crore was either not levied or was levied short on unpaid/delayed payment of tax by five Assessing Authorities (AAs).

(Paragraph 2.16.1)

In four cases, purchase tax was either not levied or was levied short though the purchases were made from unregistered dealer. This resulted in non/short levy of purchase tax of ₹ 13.79 crore.

(Paragraph 2.17)

A dealer was incorrectly assessed under lump-sum tax and ready mix concrete taxable at the rate of 12.5 *per cent* was taxed at 0.06 *per cent* resulting in short levy of tax of ₹ 5.27 crore.

(Paragraph 2.19)

Application of incorrect rate of tax resulted in short realisation of revenue of ₹ 1.83 crore.

(Paragraph 2.21)

III. Land Revenue

In three allotment cases, additional occupancy price of ₹ 19.11 lakh chargeable from Gujarat Energy Transmission Corporation Ltd. for allotment of 14,700 sq. mtr. of grazing land was not levied and collected.

(Paragraph 3.5)

In 21 cases, the premium price was either not recovered or was short recovered resulting in non/short realisation of Government revenue of ₹ 33.84 crore.

(Paragraph 3.6)

In 48 cases, the Collector had imposed penalty for breach of condition. However, the period for which the occupant was using the said land without permission was not considered for levy of penalty which resulted in short levy of penalty of ₹ 2.80 crore.

(Paragraph 3.7)

In 47 cases of allotment/lease of Government land, conversion tax of ₹ 1.31 crore for change in use of land was not levied.

(Paragraph 3.8)

IV. Stamp Duty and Registration Fees

Incorrect determination of market value of properties in 225 cases resulted in short levy of stamp duty and registration fees of ₹ 8.15 crore in 34 offices.

(Paragraph 4.8)

In 20 offices incorrect classification of 80 documents resulted in short realisation of stamp duty and registration fee of ₹ 41.89 crore.

(Paragraph 4.10)