

## OVERVIEW

This Report contains 37 paragraphs including three Performance Audit involving ₹ 368.07 crore. The Departments / Government have accepted audit observations involving ₹ 54.64 crore out of which ₹ 5.94 lakh was recovered. Some of the major findings are mentioned below:

### I General

The total receipts of the State Government for the year amounted to ₹ 74,539.01 crore against ₹ 70,427.28 crore for the previous year. Fifty four *per cent* of this was raised by the State through tax revenue (₹ 32,342.12 crore) and non-tax revenue (₹ 7,704.93 crore). The balance 46 *per cent* was received from the Government of India as State's share of divisible union taxes (₹ 22,715.14 crore) and grants-in-aid (₹ 11,776.82 crore).

#### (Paragraph 1.1.1)

Test check of records of 376 units of Commercial Tax, State Excise, Taxes on Vehicles, Land Revenue, Stamps and Registration Fees and Mining receipts conducted during the year 2013-14 revealed under-assessment/short levy/loss of revenue amounting to ₹ 1,267.93 crore in 5,64,313 cases. During the course of the year, the concerned Departments accepted underassessment and other deficiencies of ₹ 526.24 crore involved in 1,39,791 cases which were pointed out in audit during 2013-14. The Department collected ₹ 10.03 crore in 1042 cases during 2013-14, pertaining to the audit findings of current year.

#### (Paragraph 1.10)

### II Commercial Tax

Performance Audit on "**Rebate of Input Tax under Section 14 of Madhya Pradesh Value Added Tax (VAT) Act, 2002**" revealed that:

Irregular allowance of Input Tax Rebate (ITR) of ₹ 16.97 crore in 115 cases due to absence of provisions in MP VAT Act and Rules, violation of provisions of the Act and deficiencies in the system of grant of ITR.

#### (Paragraph 2.4.8.1 to 2.4.8.4)

Assessing Authorities failed to abide by the instructions and accepted/allowed the claimed ITR of ₹ 3.69 crore in six cases of six dealers without verifying it with reference to details of purchases.

#### (Paragraph 2.4.8.5)

Inadmissible ITR of ₹ 2.28 crore in 28 cases of 26 dealers without filing the returns by these dealers as required under Section 14 (i) of MP VAT Act.

#### (Paragraph 2.4.8.6)

Acceptance/allowance of ITR of ₹ 29.18 crore in 78 cases of 77 dealers in absence of purchase bills/purchase details/purchase lists.

#### (Paragraph 2.4.9)

Carry forward ITR of ₹ 1.81 crore of previous year in 19 cases of 19 dealers was irregularly adjusted in the tax levied in current year though no carry forward ITR was claimed by the dealers in their first return.

#### (Paragraph 2.4.10.1)

Irregular acceptance/allowance of ITR of ₹ 2.40 crore in 13 cases of 13 dealers on the purchase of goods not eligible for ITR under Section 14 (6) of MP VAT Act.

**(Paragraph 2.4.11.1 to 2.4.11.3)**

Inadmissible ITR of ₹ 38.65 lakh including penalty of ₹ 26.65 lakh in 13 cases of 13 dealers on sale of tax free goods obtained as co-product in manufacturing process.

**(Paragraph 2.4.11.4)**

Irregular acceptance of ITR of ₹ 1.34 crore including penalty of ₹ one crore in nine cases of nine dealers in the event of the goods/stock transferred out of State otherwise than by way of sale.

**(Paragraph 2.4.11.5)**

### **III State Excise**

Undue benefit given to retail licensees by the Department resulted in short realisation of basic license fee of ₹ 39.83 crore by 709 foreign liquor shops in 34 districts.

**(Paragraph 3.5)**

Issuance of export/transport permits without recovering the prescribed duty/ without obtaining the sufficient bank guarantee and solvent securities resulted in non-realisation of duty of ₹ 14.41 crore.

**(Paragraph 3.6)**

The Department though imposed penalty of ₹ 3.75 crore on six manufacturers but did not take action to recover the dues as arrears of land revenue.

**(Paragraph 3.7)**

Non-realisation of excise duty of ₹ 71.96 lakh was due to inaction of the Department in disposal of spirit and foreign liquor stock.

**(Paragraph 3.8)**

### **IV Taxes on Vehicles**

Performance Audit on "**Assessment and collection of tax on public service vehicles plying on regular stage/contract carriage permit**" revealed that:

The Department had not barred 75 vehicles, which had completed 15 years of life from the year of manufacturing, from plying on stage carriage permit.

**(Paragraph 4.4.7.1)**

The Department did not take any action against the defaulting vehicle owners, which resulted in non levy of tax amounting to ₹ 7.28 crore including penalty of ₹ 3.73 crore in respect of 270 vehicles.

**(Paragraph 4.4.7.3)**

Taxation Authorities failed to detect the application of incorrect rate of tax which resulted in short levy of tax of ₹ 1.22 crore besides penalty of ₹ 1.28 crore in respect of 215 vehicles.

**(Paragraph 4.4.7.4)**

The Department did not initiate action for cancelling the registration certificates of these vehicles whose fitness certificates had expired.

**(Paragraph 4.4.7.7)**

No action for issuance of revenue recovery certificates was taken up by the Department in follow up of demand notices of ₹ 1.52 crore in respect of 115 vehicles.

**(Paragraph 4.4.7.8)**

Inaction by the taxation authority in respect of 1,553 vehicles out of 16,562 vehicles, to recover tax from defaulting vehicle owners led to non realisation of Motor Vehicle Tax of ₹ 6.87 crore including penalty of ₹ 2.69 crore.

**(Paragraph 4.6.1)**

Non/short realisation of trade fee to the tune of ₹ 2.19 crore due to non-ascertaining of actual number of vehicles sold against which trade certificates were issued and trade fee was collected.

**(Paragraph 4.8)**

## **V Land Revenue**

Application of incorrect rate led to underassessment of premium and ground rent of ₹ 91.75 crore on land measuring 24.658 hectare in village Dongarpur (Gwalior).

**(Paragraph 5.5)**

Land revenue and *upkar* of ₹ 2.26 crore collected by Tehsil offices was deposited in *Panchayat Nidhi* rather than in the treasury under Major Head '0029' Land Revenue.

**(Paragraph 5.6)**

## **VI Stamps and Registration Fees**

Performance Audit on "**Assessment and levy of Stamp Duty and Registration Fees**" revealed that:

There was short levy of Stamp duty and Registration fees of ₹ 40.13 crore on instruments of lease deeds of mines due to incorrect determination of average annual royalty.

**(Paragraph 6.2.10)**

Inaction on the part of the Department to ensure registration of lease deeds of mobile towers led to short levy of Stamp duty and non levy of Registration fees of ₹ 13.92 lakh in 44 cases.

**(Paragraph 6.2.11)**

Incorrect application of rates on instruments of agreements related to development of land by the Department led to short levy of Stamp duty of ₹ 33.63 lakh

**(Paragraph 6.2.12)**

Incorrect determination of market value and non-finalisation of referred cases led to short levy of Stamp duty and Registration fees of ₹ 13.69 crore.

**(Paragraph 6.2.13)**

There was short levy of Stamp duty and Registration fees of ₹ 1.22 crore on instruments of power of attorney and due to misclassification of documents.

**(Paragraph 6.2.14 and 6.2.15)**

There was short realisation of Stamp duty and Registration fees of ₹ 21.49 lakh by selling land belonging to Scheduled Tribe persons for consideration of ₹ 3.60 crore instead of ₹ 11.24 crore to non Scheduled Tribe Persons. This also resulted in failure in safeguarding the interests of Scheduled Tribe Persons by depriving them of land with market value of ₹ 7.64 crore.

**(Paragraph 6.2.17)**

There was non/short realisation of revenue of ₹ 9.69 crore due to non-registration of instruments of development agreement and short/non levy of Stamp duty and Registration fees in 24 cases.

**(Paragraph 6.2.18)**

There was short/non levy of Stamp duty and Registration fees of ₹ 10.23 crore due to undervaluation of development expenditure on mortgage deeds of developing land in 99 cases.

**(Paragraph 6.2.19)**

## **VII Mining Receipts**

Non/Short realisation of dead rent of ₹ 3.05 crore in 107 quarry lessees out of 625 quarry lessees.

**(Paragraph 7.5)**

Non/Short realisation of contract money of ₹ 3.01 crore against 43 contractors in 107 cases.

**(Paragraph 7.7)**

Short realisation of royalty amounting to ₹ 1.30 crore due to non scrutiny of returns by the DMOs.

**(Paragraph 7.8)**

Short levy and collection of Stamp duty and Registration fees of ₹ 17.36 crore due to incorrect determination of average annual royalty and execution of the contracts on nominal valued stamps.

**(Paragraph 7.12)**