

### Report of the Comptroller and Auditor General of India on Revenue Sector for the year ended 31 March 2014





Government of Madhya Pradesh Report No. 05 of the year 2014

#### Report of the Comptroller and Auditor General of India on Revenue Sector

for the year ended 31 March 2014

Government of Madhya Pradesh Report No. 05 of the year 2014

## ©

# Comptroller and Auditor General of India

2014 www.cag.gov.in

www.agmp.nic.in

#### TABLE OF CONTENTS

Paragraph	Particulars	Page		
	Preface	V		
	Overview	vii to x		
CHAPTER - I : GENERAL				
1.1	Trend of revenue receipts	1		
1.2	Analysis of arrears of revenue	4		
1.3	Arrears in assessments	4		
1.4	Evasion of tax detected by the Department	5		
1.5	Pendency of Refund Cases	6		
1.6	Response of the Government/Departments towards audit	6		
1.7	Analysis of the mechanism for dealing with the issues raised by audit	9		
1.8	Action taken on the recommendations accepted by the Department/Government	11		
1.9	Audit Planning	11		
1.10	Results of audit	12		
1.11	Coverage of this Report	12		
	CHAPTER - II : COMMERCIAL TAX			
2.1	Tax administration	13		
2.2	Internal Audit	13		
2.3	Results of audit	13		
2.4	Performance Audit on <b>"Rebate of Input Tax</b> under Section 14 of MP VAT Act, 2002"	14		
2.5	Other Audit observations	29		
2.6	Application of incorrect rate of tax	29		
2.7	Incorrect determination of turnover	31		

Paragraph	Particulars	Page			
2.8	Non/Short levy of entry tax	33			
2.9	Allowance of Inadmissible Input Tax Rebate	35			
2.10	Non-levy of tax on sales incorrectly treated as tax free	38			
2.11	Non imposition of penalty	39			
2.12	Non levy of interest	40			
2.13	Non levy of tax on intrastate sale incorrectly treated as interstate sale	40			
2.14	Short levy of tax due to allowing incorrect deduction	41			
2.15	Non levy of purchase tax	42			
	CHAPTER - III : STATE EXCISE				
3.1	Tax administration	43			
3.2	Internal Audit	43			
3.3	Results of audit	43			
3.4	Audit observations	45			
3.5	Undue benefit given to the retail licensees by the Department	45			
3.6	Non recovery of excise duty on unacknowledged foreign liquor/beer and country liquor	46			
3.7	Non-recovery of Penalty	47			
3.8	Non realisation of excise duty due to non-disposal of spirit and foreign liquor	48			
3.9	Non levy of penalty on shortage of spirit and foreign liquor/beer	48			
3.10	Non levy of penalty on excess wastages/shortage	49			
3.11	Non-recovery of transport/import fee	51			
3.12	Non-levy of penalty for non-maintenance of minimum stock of spirit at distillery	53			

Paragraph	Particulars	Page		
CHAPTER - IV : TAXES ON VEHICLES				
4.1	Tax administration	55		
4.2	Internal Audit	55		
4.3	Results of audit	55		
4.4	Performance Audit on "Assessment and collection of tax on public service vehicles plying on regular stage/contract carriage permit"	57		
4.5	Other Audit observations	67		
4.6	Non-realisation of tax and penalty on vehicles	67		
4.7	Non-realisation of tax and penalty on Earthmover/Harvester	68		
4.8	Non/short realisation of trade fee	69		
4.9	Short realisation of composition fees from goods vehicles carrying excess load	70		
CHAPTER - V : LAND REVENUE				
5.1	Tax administration	71		
5.2	Internal Audit and inspection	71		
5.3	Results of audit	71		
5.4	Audit observations	73		
5.5	Underassessment of premium and ground rent	73		
5.6	Non remittance of land revenue and <i>upkar</i> in Government Account	74		
5.7	Underassessment of premium and ground rent in renewal of temporary lease	74		
5.8	Underassessment of diversion rent, premium and <i>upkar</i>	75		
CHAPTER - VI : STAMPS AND REGISTRATION FEES				
6.1	Results of audit	77		
6.2	Performance Audit on "Assessment and Levy of Stamp Duty and Registration Fees"	78		

Paragraph	Particulars	Page		
	CHPATER - VII : MINING RECEIPTS			
7.1	Tax administration	97		
7.2	Working of Internal Audit Wing	97		
7.3	Results of audit	97		
7.4	Audit observations	97		
7.5	Non/short realisation of dead rent of quarry lease	98		
7.6	Non realisation of dead rent of mining lease	98		
7.7	Non/Short realisation of contract money	99		
7.8	Short realisation of royalty	99		
7.9	Non/Short realisation of interest on belated payments	101		
7.10	Non-levy/recovery of cost of minerals on unauthorised excavation	102		
7.11	Levy and collection of rural infrastructure and road development tax	103		
7.12	Levy and collection of Stamp Duty and Registration Fees	104		
Annexures		107 to 146		