

Report of the Comptroller and Auditor General of India on Revenue Sector for the year ended March 2013

The Report has been laid on the table of the State Legislature Assembly on 14-06-2014





Government of Maharashtra

Report No 1 of the year 2014

REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

FOR THE YEAR ENDED 31 MARCH 2013

(REVENUE SECTOR)

GOVERNMENT OF MAHARASHTRA

REPORT NO. 1 OF THE YEAR 2014

TABLE OF CONTENTS

PARAGRAPH HEADINGS	PARA	PAGE
Preface		vii
Overview		ix-xiv
CHAPTER I		
GENERAL		
Trend of revenue receipts	1.1	1
Response of the Departments/Government to audit observations	1.2	4
Failure of senior officials to enforce accountability and protect the interest of the State Government	1.2.1	5
Departmental audit committee meetings	1.2.2	6
Non-production of records to Audit for scrutiny	1.2.3	6
Response of the Departments to draft audit paragraphs	1.2.4	7
Follow-up on Audit Reports-summarised position	1.2.5	8
Compliance to the earlier Audit Reports	1.2.6	10
Analysis of the mechanism for dealing with the issues raised by Audit in the Revenue and Forest Department	1.3	10
Position of Inspection Reports	1.3.1	10
Recovery of accepted cases	1.3.2	11
Action taken on the recommendations accepted by the Departments/Government	1.3.3	12
Audit Planning	1.4	12
Results of Audit	1.5	13
Position of local audits conducted during the year	1.5.1	13
This Report	1.5.2	13
CHAPTER II		
VALUE ADDED TAX/SALES TAX	X	
Executive Summary		15
Introduction	2.1	19
Tax administration	2.1.1	19
Trend of receipts	2.1.2	19
Analysis of arrears of revenue	2.1.3	20
Arrears in assessment	2.1.4	20
Returns filed under VAT	2.1.5	21

PARAGRAPH HEADINGS	PARA	PAGE	
Assessee Profile	2.1.6	23	
Cost of collection	2.1.7	24	
Analysis of collection	2.1.8	24	
Impact of Audit Reports	2.1.9	25	
Results of audit	2.1.10	25	
Performance Audit of "Maharashtra Vikrikar Automation System (MAHAVIKAS)"	2.2	27	
Other audit observations	2.3	56	
Non-observance of the provisions of the Acts/Rules	2.4	56	
Short levy of tax on works contract transaction	2.4.1	56	
Excess allowance of set-off	2.4.2	57	
Non/short levy of penalty	2.4.3	58	
Incorrect adjustment of MVAT refund against CST dues	2.4.4	59	
Short levy of tax	2.4.5	60	
Short levy of Turnover Tax (TOT)	2.4.6	61	
Excess allowance of deferment	2.4.7	62	
Non-recovery of sales tax dues due to belated assessments, ineffective recovery proceedings, etc.	2.4.8	62	
Non-recovery of sales tax dues due to improper follow up of RRC cases	2.4.9	66	
Non-recovery of sales tax dues due to non-follow up of case with BIFR	2.4.10	67	
Short levy of Central Sales Tax	2.4.11	68	
Incorrect allowance of export	2.4.12	69	
Incorrect grant of exemption from payment of tax on sales in the course of export	2.4.13	70	
Loss of revenue due to issue of circular <i>ultra vires</i> to the provisions of the Act	2.4.14	72	
CHAPTER III			
STAMP DUTY AND REGISTRATION FEES			
Executive Summary		75	
Introduction	3.1	77	
Tax administration	3.1.1	77	
Trend of receipts	3.1.2	77	
Cost of collection	3.1.3	77	

PARAGRAPH HEADINGS	PARA	PAGE
Impact of Audit Reports	3.1.4	78
Results of audit	3.1.5	78
Paragraph on "Levy of stamp duty and registration fee on Development Agreements"	3.2	80
Audit observations	3.3	83
Non-observance of the provisions of the Acts/Rules	3.4	83
Short levy of stamp duty and registration fee due to misclassification of document	3.4.1	83
Short levy of stamp duty and penalty due to application of incorrect rate of stamp duty	3.4.2	84
Short levy of stamp duty due to incorrect determination of market value of property	3.4.3	85
Short levy of stamp duty due to undervaluation of property	3.4.4	85
Short levy of stamp duty due to incorrect computation of market value	3.4.5	87
Short levy of stamp duty and penalty due to incorrect grant of benefit of tenancy for determination of market value	3.4.6	88
Short levy of stamp duty due to non-consideration of market value of property on the date of execution of instrument	3.4.7	89
Short levy of stamp duty due to incorrect determination of market value in respect of several distinct matters involved in an instrument	3.4.8	90
CHAPTER IV		
LAND REVENUE		
Executive summary		91
Introduction	4.1	93
Tax administration	4.1.1	93
Trend of receipts	4.1.2	93
Impact of Audit Reports	4.1.3	93
Results of audit	4.1.4	94
Paragraph on "Determination of market value of allotted Government land for levy of occupancy price, lease rent and unearned income"	4.2	96
Audit Observations	4.3	103

PARAGRAPH HEADINGS	PARA	PAGE	
Non-observance of the provisions of the Acts/Rules	4.4	103	
Short levy of unearned income and penalty due to non-consideration of sale value	4.4.1	103	
Short levy of <i>nazrana</i> /unearned income and penalty	4.4.2	104	
Short levy of unearned income due to incorrect adoption of market value of land	4.4.3	105	
CHAPTER V			
SECTION A: TAXES ON VEHICL	ES		
Executive Summary		107	
Introduction	5.1	109	
Tax administration	5.1.1	109	
Trend of receipts	5.1.2	109	
Cost of collection	5.1.3	109	
Impact of Audit Reports	5.1.4	110	
Results of audit	5.1.5	111	
Audit observations	5.2	112	
Non-observance of the provisions of the Acts/Rules	5.3	112	
Non-recovery of Motor Vehicle Tax(MVT)	5.3.1	112	
Short levy of One Time Tax (OTT) on imported vehicle	5.3.2	113	
Delay in remittances resulting in loss of interest	5.3.3	113	
Non-recovery of MVT in cases of dishonoured cheques	5.3.4	114	
Irregularities noticed in the cash book accounting system	5.3.5	115	
SECTION B: STATE EXCISE			
Introduction	5.4	116	
Tax administration	5.4.1	116	
Trend of receipts	5.4.2	116	
Cost of collection	5.4.3	116	
Impact of Audit Reports	5.4.4	117	
Results of audit	5.4.5	118	
Audit observations	5.5	119	
Non-observance of the provisions of the Acts/Rules	5.6	119	
Non-recovery of supervision charges	5.6.1	119	
CHAPTER VI			
OTHER TAX RECEIPTS			
Executive Summary		121	

PARAGRAPH HEADINGS	PARA	PAGE	
Results of Audit	6.1	125	
SECTION A: TAXES AND DUTIES ON ELE	ECTRICIT	Y	
Performance Audit on "Levy and collection of Electricity Duty, Tax on Sale of Electricity and Inspection Fees"	6.2	126	
SECTION B: ENTERTAINMENTS D	UTY		
Audit observations	6.3	148	
Non-observance of the provisions of the Acts/Rules	6.4	148	
Non/short recovery of entertainment duty from cable operators	6.4.1	149	
Non-recovery of Ent.D from permit room/beer bar with live orchestra	6.4.2	150	
Non-recovery of Ent.D in case of dishonoured cheques	6.4.3	151	
Non-levy of penal interest on delayed payment of Ent.D	6.4.4	152	
Non-levy of penal interest on various service providers of Direct to Home (DTH)	6.4.5	153	
Non-forfeiture of security deposits	6.4.6	153	
SECTION C			
EDUCATION CESS AND EMPLOYMENT GUAR	ANTEE C	CESS	
Audit observations	6.5	155	
Non-observance of the provisions of the Acts/Rules	6.6	155	
Non-remittance of penalty on delayed payment of EC-EGC	6.6.1	155	
Non-remittance of EC and EGC	6.6.2	156	
CHAPTER VII			
NON TAX RECEIPTS			
Executive Summary		157	
Results of Audit	7.1	159	
Paragraph on "Collection of royalty for minor minerals"	7.2	160	
Paragraph on "Recovery of cost of police protection provided"	7.3	165	
APPENDICES			
Appendices I to XVIII		179 - 209	