



सत्यमेव जयते

# **Report of the Comptroller and Auditor General of India (Revenue Sector)**

## **For the year ended 31 March 2013**



### **Government of Meghalaya Report No. 1 of 2014**

**REPORT OF THE COMPTROLLER &  
AUDITOR GENERAL OF INDIA**

**(REVENUE SECTOR)**

**FOR THE YEAR ENDED 31 MARCH 2013**

**GOVERNMENT OF MEGHALAYA  
(Report No. 1 of 2014)**

<b>TABLE OF CONTENTS</b>		
	<b>Reference to</b>	
	<b>Paragraph</b>	<b>Page(s)</b>
<b>Preface</b>		<b>iv</b>
<b>Executive Summary</b>		<b>v-ix</b>
<b>CHAPTER I-GENERAL</b>		
<b>Trend of revenue receipts</b>	<b>1.1</b>	<b>1</b>
<b>Response of the Government and assurances</b>	<b>1.2</b>	<b>3</b>
<b>Effectiveness of the mechanism for dealing with issues raised by audit</b>	<b>1.3</b>	<b>8</b>
<b>Audit Planning</b>	<b>1.4</b>	<b>10</b>
<b>Results of audit</b>	<b>1.5</b>	<b>10</b>
<b>CHAPTER II-SALES TAX</b>		
<b>Tax administration</b>	<b>2.1</b>	<b>11</b>
<b>Trend of receipts</b>	<b>2.2</b>	<b>11</b>
<b>Assessee profile</b>	<b>2.3</b>	<b>12</b>
<b>VAT per assessee</b>	<b>2.4</b>	<b>13</b>
<b>Position of arrears</b>	<b>2.5</b>	<b>13</b>
<b>Cost of collection</b>	<b>2.6</b>	<b>14</b>
<b>Impact of Audit Reports</b>	<b>2.7</b>	<b>14</b>
<b>Loss of revenue</b>	<b>2.8</b>	<b>16</b>
<b>Non-payment of cess</b>	<b>2.9</b>	<b>17</b>
<b>Under assessment of tax due to grant of incorrect deduction</b>	<b>2.10</b>	<b>18</b>
<b>Non-realisation of VAT</b>	<b>2.11</b>	<b>19</b>
<b>Evasion of tax by unregistered dealers</b>	<b>2.12</b>	<b>21</b>
<b>Excess/irregular retention of tax</b>	<b>2.13</b>	<b>21</b>
<b>Grant of excess remission of taxes</b>	<b>2.14</b>	<b>22</b>
<b>Acceptance of invalid declaration forms</b>	<b>2.15</b>	<b>23</b>
<b>Irregular grant of exemption under the Tax Exemption Scheme of 2001 to goods taxable under the Meghalaya Purchase Tax Act</b>	<b>2.16</b>	<b>24</b>
<b>Inadmissible remission of tax</b>	<b>2.17</b>	<b>24</b>
<b>Grant of tax incentives beyond permissible limit</b>	<b>2.18</b>	<b>25</b>
<b>Irregular adjustment of advance tax</b>	<b>2.19</b>	<b>26</b>
<b>Non-detection of fraudulent use of ‘C’ form</b>	<b>2.20</b>	<b>26</b>
<b>Short payment of tax due to under-valuation of price of coal</b>	<b>2.21</b>	<b>27</b>

Concealment of turnover	2.22	28
Non-forfeiture of excess tax collected under the CST Act	2.23	29
Incorrect application of rate	2.24	29
Non-levy of penalty on excess tax collected	2.25	31
Evasion of tax	2.26	31
Loss of revenue due to non-deduction of tax at source	2.27	31
<b>CHAPTER III-OTHER TAXES AND DUTIES</b>		
Tax administration	3.1	33
Impact of Audit Reports	3.2	33
Results of audit	3.3	33
Non-realisation of stamp duty	3.4	34
Evasion of Electricity duty	3.5	34
<b>CHAPTER IV-STATE EXCISE</b>		
Tax administration	4.1	36
Trend of receipts	4.2	36
Cost of collection	4.3	37
Impact of audit reports	4.4	38
Results of audit	4.5	38
Evasion of excise duty	4.6	39
Short realisation of import pass fee	4.7	39
Short realisation of licence fee	4.8	40
Non-renewal of brand names	4.9	41
Non-realisation of security deposit	4.10	42
Irregular cancellation of IMFL retail licences	4.11	43
<b>CHAPTER V-MOTOR VEHICLES RECEIPTS</b>		
Tax administration	5.1	45
Trend of receipts	5.2	45
Cost of collection	5.3	46
Impact of audit reports	5.4	47
Results of audit	5.5	47
Loss of revenue due to non-renewal of licences	5.6	48
Loss of revenue	5.7	49
Loss of revenue	5.8	50
Non-levy of fine for non-renewal of permits	5.9	52
Non-realisation of fine on excess load	5.10	53
<b>CHAPTER VI-FOREST RECEIPTS</b>		
Tax administration	6.1	55
Trend of receipts	6.2	55
Impact of audit reports	6.3	56

<b>Results of audit</b>	<b>6.4</b>	<b>57</b>
<b>Short/Non realisation of export fee</b>	<b>6.5</b>	<b>57</b>
<b>Non-realisation of royalty on charcoal</b>	<b>6.6</b>	<b>58</b>
<b>Evasion of royalty by a cement company</b>	<b>6.7</b>	<b>59</b>
<b>Short realisation of Net Present Value</b>	<b>6.8</b>	<b>59</b>
<b>CHAPTER VII-MINING RECEIPTS</b>		
<b>Tax administration</b>	<b>7.1</b>	<b>61</b>
<b>Trend of receipts</b>	<b>7.2</b>	<b>61</b>
<b>Impact of audit reports</b>	<b>7.3</b>	<b>62</b>
<b>Results of audit</b>	<b>7.4</b>	<b>63</b>
<b>A Performance Audit on “Controls and System for mining in Meghalaya”</b>	<b>7.5</b>	<b>64</b>