

Overview

This Report contains one performance audit on levy and collection of electricity duty and 14 paragraphs relating to incentive scheme implemented under Deferment and Exemption (D&E) Rules 1991 of PVAT Act, non/short levy of output tax/central sales tax, non/short levy of stamp duty and registration fees, non/short levy of motor vehicles, passengers and goods tax, retention of royalty etc. involving ₹ 91.05 crore.

1 General

The total receipts of the State Government for the year 2012-13 were ₹ 32,051.15 crore. The Government raised ₹ 25,216.77 crore, comprising tax revenue of ₹ 22,587.56 crore and non-tax revenue of ₹ 2,629.21 crore. The State Government received ₹ 4,058.81 crore as State's share of divisible Union taxes and ₹ 2,775.57 crore as grants-in-aid from the Government of India.

(Paragraph 1.1.1)

Test check of records of the taxes/VAT on sales, trade etc., taxes on vehicles, state excise, stamp duty and registration fees, forest receipts, land revenue, other tax and non tax receipts conducted during the year 2012-13, showed under assessments, short/non-levy, loss of revenue amounting to ₹ 1,241.20 crore in 9,401 cases. During the year the departments accepted audit observations of ₹ 954.69 crore in 6,799 cases and collected ₹ 6.14 crore in 332 cases pertaining to the audit findings during the year and previous years.

(Paragraph 1.11.1)

2. Taxes/VAT on Sales, Trade etc.

Audit of incentive scheme implemented under Deferment and Exemption (D&E) Rules, 1991 showed the following:

Allowance of ITC in respect of entry tax paid by the exempted units in three cases resulted in inadmissible refund of ₹ 1.15 crore.

{Paragraph 2.3.1(a)}

Inadmissible ITC of ₹ 2.94 crore in respect of six cases on purchases consumed in manufacturing of exempted goods was allowed instead of making refunds. This had also resulted in short debit of exemption by ₹ 2.94 crore.

{Paragraph 2.3.1(b)}

Short debit of exemption in the accounts of 17 dealers by ₹ 2.57 crore than the amount of exemption actually availed by them.

{Paragraph 2.3.1(c) and (d)}

Incorrect carry forward of figures of available balance of exemptions in six cases resulted in excess availment of exemptions by ₹ 1.42 crore.

(Paragraph 2.3.3)

Non/short/excess allowance of input tax credit of ₹ 3.64 crore was allowed in 12 cases due to application of incorrect rate of tax, allowance of ITC on ineligible products, allowance of ITC on branch transfers, etc.

(Paragraph 2.4.2)

Output tax of ₹ 4.51 crore was short levied in seven cases due to misclassification, short computation of taxable turnover etc.

(Paragraph 2.4.3)

Availment of concessional rate of CST by a non-entitled company resulted in short levy of CST ₹ 3.28 crore.

(Paragraph 2.4.4)

3. Stamp Duty

Short levy of stamp duty and registration fee of ₹ 1.88 crore in 41 instruments due to misclassification of properties.

{Paragraph 3.3 (a)}

Incorrect grant of remission of stamp duty in respect of five mortgage deeds executed for securing loans for construction of godown resulted in non levy of stamp duty and registration fee of ₹ 4.42 crore

(Paragraph 3.5)

Short levy of stamp duty and registration fee of ₹ 8.01 crore in 74 instruments due to non compliance of the instructions issued by the State Government.

(Paragraph 3.6)

4. Taxes on Vehicles, Goods and Passengers

Non/short realisation of motor vehicle tax of ₹ 95.82 lakh in respect of stage carriage big buses.

(Paragraph 4.3)

5. Other Tax and Non Tax Receipts

A. Forest Receipts

Unauthorised retention of royalty and interest including adjustment of ₹ 5.63 crore towards loan and lease rent by PSFDC resulted in short recovery of forest receipts amounting to ₹ 32.95 crore.

(Paragraph 5.3)

B. Electricity Duty

Performance audit on "**Levy and Collection of Electricity Duty**" showed the following:

Non formulation of policy guidelines and notification of rules facilitated the Punjab State Power Corporation Limited (PSPCL) to retain the government revenue of ₹ 251.38 crore.

{Paragraph 5.4.8 (a)}

Incorrect adjustment of subsidy by PSPCL against electricity duty of ₹ 270.22 crore resulted in understatement of government receipt in the year 2009-10.

{Paragraph 5.4.8 (b)}

Loss of interest amounting to ₹ 1.47 crore due to retention of ₹ 18.50 crore as sale of power instead of electricity duty by PSPCL.

{Paragraph 5.4.8 (c)}

Grant of inadmissible exemptions to the industrialists resulted in loss of revenue to state exchequer of ₹ 19.74 crore.

(Paragraph 5.4.10.1)

There was inadequate mechanism of monitoring, evaluation and prompt realisation of electricity duty.

(Paragraph 5.4.12)