OVERVIEW

The Report contains 18 paragraphs including two Performance Audits relating to non/short levy of taxes, royalty, interest, penalty, etc., involving ₹ 171.25 crore. Some of the major findings are mentioned below:

I General

The total revenue receipts of the State during 2012-13 were ₹ 98,827.70 crore, comprising tax revenue of ₹ 71,254.27 crore and non-tax revenue of ₹ 6,554.26 crore. ₹ 14,519.69 crore was received from the Government of India as State's share of divisible Union taxes and ₹ 6,499.48 crore as grants-in-aid. The revenue raised by the State Government in 2012-13 was 79 *per cent* of the total revenue receipts as compared to 77 *per cent* in 2011-12. Sales tax (₹ 44,041.13 crore) formed a major portion (62 *per cent*) of the tax revenue of the State. Interest receipts, dividends and profits (₹ 2,053.88 crore) accounted for 31 *per cent* of the non-tax revenue.

(Paragraph 1.1)

Test check of records relating to commercial taxes, state excise, motor vehicles tax, stamp duty and registration fees, electricity tax and mines and minerals during the year 2012-13 revealed underassessments, short levy, loss of revenue and other observations amounting to ₹ 1,635.97 crore in 1,828 cases.

(Paragraph 1.5.1)

II Sales Tax / Value Added Tax

"Cross verification of import data obtained from the Customs Department" revealed the following:

- The existing system in the Commercial Taxes Department to ensure proper accounting and disclosure of imports by dealers is deficient in identifying tax evaders, detecting suppression of turnover and consequent evasion of tax.

(Paragraph 2.13.2)

- Sixty six dealers of 23 assessment circles who imported goods worth ₹ 904.67 crore during the years 2008-09 to 2011-12 did not file returns with the Commercial Taxes Department. The tax and penalty leviable on the turnover not disclosed by the dealers worked out to ₹ 48.91 crore and ₹ 73.37 crore respectively.

(Paragraph 2.13.3.1)

- Sixteen dealers of 12 assessment circles who imported goods worth ₹ 89.49 crore during the years 2008-09 to 2011-12 did not disclose any turnover of purchase and sales in the returns filed by them with the Commercial Taxes Department. The tax and penalty leviable on the turnover which was not disclosed by the dealers worked out to ₹ 6.42 crore and ₹ 9.63 crore.

(Paragraph 2.13.3.2)

- Seven dealers of five assessment circles did not disclose the entire turnover of import in the returns filed by them with the Commercial Taxes Department. The tax and penalty leviable on the turnover which was not disclosed by the dealers worked out to ₹ 2.90 crore and ₹ 4.35 crore respectively.

(Paragraph 2.13.3.2)

Other observations

In eight assessment circles involving 17 cases, there were irregularities in claim of ITC of ₹ 75.48 lakh.

(Paragraph 2.15.2)

Non/short reversal of ITC of ₹ 1.67 crore was noticed in 27 cases involving sale of goods to SEZ situated in other States, inter-State sales not covered by declaration forms and stock transfer of goods to other States.

(Paragraph 2.15.3)

III Stamp duty and Registration fees

Performance Audit on **"Implementation of Computerisation in the Registration Department"** revealed the following:

- The computerisation initiative undertaken by the Department is yet to be completed due to adhoc planning and non-monitoring of implementation. There was delay of eight years in computerisation of the offices covered in Phase IV. Web based software is yet to be developed.

(Paragraph 3.8.7.1)

- Non-utilisation of software resulted in non-sharing of information between Sub Registrar Offices and the Taluk offices.

(Paragraph 3.8.7.1)

- Non-mapping of business rules in the system even after 13 years of its inception necessitates the need for manual intervention in collection of stamp duty in case of partition deed and in collection of late fee for delay in presentation of document for registration.

(Paragraph 3.8.7.2)

- Absence of input controls/validation checks and incomplete data led to deficient data quality.

(Paragraph 3.8.8.1)

- Deficiencies in programming logic gave scope for generation of multiple receipts with same serial number and risk of generation of incomplete encumbrance certificate.

(Paragraph 3.8.8.3)

- Inadequate security controls resulted in modification of registration details without authorisation by superior officers. There was also no audit trail for collection of fee.

(Paragraph 3.8.9.2)

- More than 1,571 e-stamps issued under the e-stamping system were not locked though system requires the same to be locked to prevent re-use or misuse.

(Paragraph 3.8.10.1)

"Pendency of documents for valuation with the District Revenue Officer (Stamps)/Special Deputy Collector (Stamps)" revealed the following:

- Delay in assessment and determination of market value of instruments in 1,116 cases resulted in blocking of revenue of ₹ 139.67 crore due to the Government.

(Paragraph 3.9.5)

- Action was not taken for determination of market value of 99 instruments which were returned under the orders of Court.

(Paragraph 3.9.7)

- Due process for recovery of deficit stamp duty arrears under the Revenue Recovery Act was not initiated by the DRO (Stamps)/SDC (Stamps).

(Paragraph 3.9.8)

Other observations

Misclassification of instruments of Conveyance as Cancellation Deeds resulted in short realisation of stamp duty and registration fees of ₹ 17.82 lakh.

(Paragraph 3.11.1)

In seven cases though the executants were not members or were members of Co-operative Societies for a period less than two years, exemption from payment of stamp duty was allowed which resulted in non-realisation of stamp duty of ₹ 2.55 crore.

(Paragraph 3.11.4.1)

The notification granting remission of stamp duty issued under the Tamil Nadu Co-operative Societies Act, 1961 was incorrectly applied to societies registered under the Multi-State Co-operative Societies Act, 2002 which resulted in non-realisation of stamp duty of ₹ 1.47 crore.

(Paragraph 3.11.4.2)

Stamp duty and registration fees of ₹ 1.03 crore was short levied due to under valuation of properties in 56 instruments.

(Paragraph 3.11.5)

IV Taxes on Vehicles

Adoption of incorrect rate of tax resulted in short collection of motor vehicle tax of ₹ 36.58 lakh

(Paragraph 4.9.1)

V Non Tax Receipts

Mines and Minerals

Performance Audit of **"Mining activities in the State"** revealed the following:

- There existed delay in disposing applications for grant of fresh leases/renewal of existing leases.

  (Paragraph 5.5.8.1)

- There was short realisation of royalty of ₹ 1.10 crore in respect of removal of four minerals during the years from 2008-09 to 2012-13 by 64 lessees as the system of levy of royalty based on Indian Bureau of Mines declared values was not adopted.

  [Paragraph 5.5.10.1(i)]

- Non-monitoring of the sale price declared by lessees of beach sand minerals to the Indian Bureau of Mines led to less realisation of royalty in respect of mineral 'Garnet'.

  (Paragraph 5.5.10.2)

- Non-monitoring of submission of returns and inadequate inspections of mines rendered the internal control system weak.

  (Paragraph 5.5.12)