

# *OVERVIEW*



## OVERVIEW

This Report contains 24 paragraphs including one IT Audit on 'Haryana Registration Information System' and other observations relating to non/short levy of taxes, interest, penalty, non/short levy of excise duty, passenger and goods tax, royalty etc., involving tax effect of ₹ 527.46 crore.

### 1. Chapter-I

#### General

The total revenue receipts of the State Government for the year 2013-14 were ₹ 38,012.08 crore as compared to ₹ 33,633.53 crore during the year 2012-13. Out of this, 80 *per cent* was raised through tax revenue (₹ 25,566.60 crore) and non-tax revenue (₹ 4,975.06 crore). The balance 20 *per cent* was received from the Government of India as State's share of divisible Union taxes (₹ 3,343.24 crore) and Grants-in-aid (₹ 4,127.18 crore). There was an increase in Revenue receipts over the previous year by ₹ 4,378.55 crore.

(Paragraph 1.1.1)

Test check of the records of 250 units of Sales Tax/Value Added Tax, Stamp Duty and Registration fee, State Excise, Taxes on Goods and Passengers, Taxes on Vehicles and Non-Tax receipts conducted during the year 2013-14 showed under assessments/short levy/non-levy/loss of revenue aggregating ₹ 1,625.53 crore in 5,383 cases. During the year 2013-14, the Departments accepted under assessment of ₹ 20.89 crore in 771 cases. Of these, the Department recovered ₹ 2.09 crore in 310 cases for the cases of earlier years.

(Paragraph 1.11)

### 2. Chapter-II

#### Taxes/Value Added Tax on sales, trade

Irregular allowance of ITC in respect of sale of petroleum products (four cases), goods not sold (nine cases), pre-owned cars (12 cases), paints (eight cases), bogus claim of ITC (three cases), excess benefit of ITC (14 cases) and incorrect carry forward of ITC (eight cases) resulted in inadmissible claim of ITC of ₹ 24.22 crore.

(Paragraphs 2.2.1 to 2.2.9)

Irregular deduction of transit sale (19 cases), High Sea Sales (four cases) to turnkey contractors and wrong deduction of sale during import (two cases) resulted in under assessment of tax of ₹ 195.38 crore. Exempted (transit) sales against E-I and 'C' forms was incorrectly allowed in 32 cases which resulted in underassessment of VAT of ₹ 32.69 crore.

(Paragraphs 2.3.1.1 to 2.3.2.2)

Exemptions/concessions were allowed for the years 2009-10 to 2010-11 against fake 'C' forms which were not issued to the dealers, resulting in evasion of tax of ₹ 3.33 crore including penalty of ₹ 2.50 crore.

**(Paragraph 2.6)**

Irregular deduction of ₹ 107.88 crore treating as SEZ sale to the dealer, resulting in under assessment of tax of ₹ 8.03 crore including interest of ₹ 3.65 crore in two cases.

**{Paragraphs 2.8 (i) and (ii)}**

### **3. Chapter-III**

#### **State Excise**

No action was taken to recover the differential amount of license fee of ₹ 23.70 crore from 74 defaulting allottees of retail liquor outlets, after re-auction of vends under the risk and cost clause of the contract conditions.

**(Paragraph 3.2)**

Non-observance of Rules 12 and 13 of the Haryana Imposition and Recovery Rules resulted in non-recovery of penalty of ₹ 69.04 lakh in 27 cases.

**(Paragraph 3.3)**

### **4. Chapter-IV**

#### **Stamp Duty**

IT Audit on “**Haryana Registration Information System**” showed the following:

Lack of input controls in HARIS IT application led to misclassification of 254 sale documents resulting in irregular remission of stamp duty of ₹ 70.90 crore.

**(Paragraph 4.2.7.1)**

Deficient design of the application to capture details of properties being exchanged resulted in short realisation of stamp duty of ₹ 4.06 crore in 13 cases.

**(Paragraph 4.2.7.7)**

Non-mapping of locations falling within MC limits led to non-levy of two *per cent* additional stamp duty of ₹ 31.62 crore in 3,497 cases.

**{Paragraph 4.2.8.5 (ii)}**

Non-incorporation of appropriate validation checks in IT application led to wrong remission of stamp duty of ₹ 70.25 crore in 334 documents.

**{Paragraph 4.2.8.7 (i)}**

Deficient validation checks on the transactions made within MC limits with area less than 1,000 square yards led to short levy of stamp duty of ₹ 19.90 crore in 1,213 cases.

**{Paragraph 4.2.8.8 (i)}**

Failure of the department to reconcile the entries of receipts recorded in the manual cash book with the system generated cash book resulted in shortage of ₹ 74.83 lakh.

**{Paragraph 4.2.9.1(i)}**

### **Transaction audit**

Failure to identify and record Khasra number of prime land/colonies/wards/sectors and land falling within MC limit in the Collector rate list and non observance of the instructions for cases decided by the Collectors within two months resulted in short realisation of revenue of ₹ 14.75 crore in 782 cases.

**(Paragraphs 4.3.1 to 4.3.5)**

Misclassification of sale deeds as collaboration agreements instead of agreement to sell in 10 agreements resulting in short levy of stamp duty of ₹ 2.32 crore.

**(Paragraph 4.4)**

## **5. Chapter-V**

### **Taxes on Vehicles, Goods and Passengers**

#### **Excise and Taxation Department (Passengers and Goods Tax)**

Passengers tax amounting to ₹ 34.67 lakh including interest of ₹ 10.20 lakh was not realised by the Department in respect of 53 private bus operators.

**(Paragraph 5.2)**

## **6. Chapter-VI**

### **Non-tax Receipts**

#### **Mines and Geology Department**

Failure to take timely action to recover the bid money from the five contractors resulted in short realisation of ₹ 4.43 crore (including interest of ₹ 2.55 crore). Royalty and interest of ₹ 66.27 lakh was not realised from 151 BKO's.

**(Paragraphs 6.2.2 and 6.2.3)**

## **Transport Department**

*Adda* fees was not collected in respect of 194 permits (Faridabad: 67 and Gurgaon: 127) issued to private operators for city bus service amounting to ₹ 7.55 crore and service tax from shop contractors amounting to ₹ 16.83 lakh in respect of 10 Depots for the years 2009-10 to 2013-14. An amount of ₹ 571.08 crore was pending as on 31 March 2014 from various departments in respect of free/concession facility.

**(Paragraphs 6.3.2, 6.3.3 and 6.3.5)**