

OVERVIEW

This Report contains 12 paragraphs and one Performance Audit involving ₹ 154.81 crore. Some of the major findings are as mentioned below:

I. General

The total revenue receipts of the Government of Gujarat in 2014-15 were ₹ 91,977.78 crore as against ₹ 79,975.74 crore during 2013-14. The revenue raised by the State from tax receipts during 2014-15 was ₹ 61,339.81 crore and from non-tax receipts was ₹ 9,542.61 crore. State's share of divisible Union taxes and grants-in-aid from the Government of India were ₹ 10,296.35 crore and ₹ 10,799.01 crore respectively. Thus, the revenue raised by the State Government was 77 *per cent* of the total revenue receipts. The main sources of tax revenue during 2014-15 were value added tax/sales tax (₹ 44,145.26 crore) and Taxes and Duties on Electricity (₹ 5,877.65 crore). The main receipt under non-tax revenue came from non-ferrous mining and metallurgical industries (₹ 4,285.85 crore).

(Paragraph 1.1)

II. Value Added Tax (VAT)/Sales Tax

A Performance Audit of **System of registration, assessment and collection under VAT** revealed the following:

- There was absence of provisions in the GVAT Act to conduct surveys on regular basis to identify/ detect the unregistered dealers to bring them under the tax net.

(Paragraph 2.3.8.2)

- There was uneven allocation of audit assessment cases to various assessing authorities and rush of assessment in the last quarter of the fourth year.

(Paragraph 2.3.9.2 and 2.3.9.3)

- The provisions in the Notification for remission of tax on sale of oiled/de-oiled cakes created disparity between the manufacturers and traders and subsequent loss of potential revenue to the Government due to non reduction in tax credit of ₹ 3.31 crore.

(Paragraph 2.3.10)

- Non-adoption of uniform policy on levy and assessment of Entry Tax on purchase of specified goods in the course of inter-State trade or commerce resulted in non-levy of entry tax of ₹ 1.30 crore.

(Paragraph 2.3.11)

- Non-assessment and levy of purchase tax on goods purchased from the unregistered dealers resulted in non-levy of tax of ₹ 52.97 lakh.

(Paragraph 2.3.12)

- There was ambiguity in the entries of the list of industrial inputs.

(Paragraph 2.3.13.2)

- Application of incorrect rate of tax due to misclassification of goods resulted in short levy of tax of ₹ 16.52 crore.

(Paragraph 2.3.13.3 and 2.3.13.4)

- Incorrect determination of turnover of sales resulted in short levy of tax of ₹ 24.22 crore.

(Paragraph 2.3.14.3)

- There was excess allowance of input tax credit of ₹ 1.27 crore.

(Paragraph 2.3.15)

- Irregularities in assessment under CST Act involved tax implication of ₹ 50.21 crore.

(Paragraph 2.3.16)

- Arrears of revenue of ₹ 20,765 crore were pending for recovery as on 31 March 2015. Of these, ₹ 10,228 crore pertained to *sub judice* cases.

(Paragraph 2.3.17)

Compliance Audit

In 44 assessments of 40 dealers, there was short levy of VAT of ₹ 2.19 crore due to misclassification of commodities.

(Paragraph 2.4)

In assessments of eight dealers, there was short levy of tax of ₹ 0.56 crore due to escapement of turnover.

(Paragraph 2.5)

In five assessments of four dealers, there was non/ short levy of tax/ additional tax of ₹ 0.57 crore.

(Paragraph 2.6)

In eight assessments of eight dealers, the Assessing Authority (AA) had either not reversed/reduced ITC or had reduced ITC less than that was due to the Government side. This had resulted in non/short reduction/reversal of ITC to the extent of ₹ 52.50 lakh.

(Paragraph 2.7)

III. Stamp Duty and registration Fees

In three Sub Registrar offices, three documents were classified on the basis of their titles and the stamp duty and registration fees were levied accordingly. Scrutiny of the recitals of these documents revealed that the documents were misclassified. This resulted in short levy of stamp duty and registration fees of ₹ 7.63 crore.

(Paragraph 3.3)

In two Sub Registrar offices, recitals of 12 documents revealed that unregistered deeds were executed which required levy of stamp duty and registration fees thereon. However, the SR failed to take cognizance of the recitals of the documents and did not levy stamp duty and registration fees chargeable on each such transaction. This resulted in non/ short levy of stamp duty and registration fees of ₹ 2.62 crore.

(Paragraph 3.4)

In seven Sub Registrar offices, the market value of the properties was determined incorrectly in 35 documents, which resulted in short levy of stamp duty and registration fees of ₹ 2.32 crore.

(Paragraph 3.5)

IV. Taxes on vehicles

Audit of “**Registration and safety of school buses, vans, etc. under the Motor Vehicles Act**” revealed the following:

- We observed that due to inadequate maintenance of records of registration, issue of permit and fitness certificates, the Department was not in a position to properly monitor the renewal of permits and fitness certificates.

(Paragraph 4.4.3)

- The system of ensuring the compliance with the existing safety norms was not adequate.

(Paragraph 4.4.5)

- The Department was unable to curb the menace of overcrowding of school buses/ vans and auto rickshaws despite the restriction of maximum passengers that are allowed to be carried. Thus, safety of school children was compromised.

(Paragraph 4.4.6)

Operators of 312 omnibuses/maxi cabs, who kept their vehicles for use exclusively as contract carriage and 367 vehicles used for transport of goods, had neither paid tax nor filed non-use declarations for various periods between 2008-09 and 2013-14. This resulted in non-realisation of motor vehicles tax of ₹ 4.57 crore excluding interest and penalty.

(Paragraph 4.5)

V. Other Tax and Non-tax Receipts

In four Collector offices, in six cases of change of tenure of land for the period 2012-13 and 2013-14, premium price of ₹ 5.67 crore was short recovered.

(Paragraph 5.2)