

Overview

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This report contains one performance audit on ‘System of assessment under VAT’ and 26 paragraphs relating to non/short levy of output taxes/central sales tax, refunds in VAT, short deposit of license fee, non/short levy of stamp duty and registration fee, non-levy of social infrastructure cess, evasion of stamp duty and registration fee on mortgage deeds, non/short levy of motor vehicle tax, short realisation of marriage registration fee, non-realisation of interest on royalty of trees, non-deduction of service charges etc. involving ₹ 339.99 crore.

1. Chapter –I

General

The total receipts of the State Government for the year 2014-15 were ₹ 39,022.85 crore. The Government raised ₹ 28,449.93 crore, comprising tax revenue of ₹ 25,570.20 crore and non-tax revenue of ₹ 2,879.73 crore. The State Government received ₹ 4,702.97 crore as State’s share of divisible Union taxes and ₹ 5,869.95 crore as Grants-in-aid from the Government of India.

(Paragraph 1.1.1)

Test check of the records of 281 units of Sales Tax/Value Added Tax, State Excise, Motor Vehicles, Goods and Passengers, Forest Receipts and other Departmental offices conducted during the year 2014-15 showed under assessment/short levy/loss of revenue aggregating ₹ 2,494.57 crore in 35,362 cases. The Departments collected ₹ 18.26 crore in 4,459 cases during 2014-15, out of which ₹ 0.09 crore in 14 cases was for the year 2014-15 and ₹18.17 crore in 4,445 cases was of earlier years.

(Paragraph 1.11.1)

2. Chapter-II

Taxes/VAT on Sales, Trade etc.

Performance Audit on "System of assessment under VAT" showed the following:

Scrutiny of returns, which is the basis for selection of cases for assessment, was not done as per Act and Guidelines. In the absence of scrutiny, the identification of cases for assessment was not done scientifically.

(Paragraph 2.3.6.1)

The Department had no criteria for risk based selection of cases for assessment, in absence of which, the Department could raise additional demand upto ₹ 10,000 only in 68 to 90 *per cent* assessment cases during 2012-13 and 2013-14.

(Paragraph 2.3.6.2)

Assessing Authority allowed the benefit of transactions made on fake/non-genuine statutory declaration forms to a dealer amounting to ₹ 76.76 crore for the year 2009-10. The same dealer also submitted fake/non-genuine forms for ₹ 141.67 crore for the year 2008-09 and 2010-11.

(Paragraph 2.3.9.1)

Tax revenue of ₹ 4.16 crore in 14 cases was foregone due to failure of the Department to utilise information available in ICC data for cross verification of inter-state sale/purchase.

(Paragraph 2.3.9.2(a))

Assessing Authority had reversed ITC of ₹ 6.44 crore against the reversible ITC of ₹ 16.91 crore in 21 cases, which resulted in short reversal of ITC of ₹ 10.47 crore on account of branch transfer.

(Paragraph 2.3.9.3)

Tax exemption of ₹ 3.41 crore already availed by the dealers was not recovered from seven dealers, though they cancelled their RCs before completion of exemption period.

(Paragraph 2.3.9.6)

Excess ITC of ₹ 8.19 crore was allowed in 18 cases due to suppression of purchase/sale, incorrect brought forward of ITC, non-debiting of exemption etc.

(Paragraph 2.3.9.7)

Assessing Authorities had accounted for less turnover in the assessment orders in respect of 21 dealers than the actual turnover worked out on the basis of trading account, which resulted in short levy of tax of ₹ 10.22 crore.

(Paragraph 2.3.9.15)

Transaction Audit

Non-restricting of Notional Input Tax Credit upto the limit of CST paid resulted in excess allowance of Notional Input Tax Credit of ₹ 21.93 lakh in one case, by AETC Ferozepur.

(Paragraph 2.4(a))

Application of incorrect rate of purchase tax of 2.75 *per cent* on the purchase of sugarcane between April 2011 to December 2011 against the actual rate of purchase tax of 5.5 *per cent* resulted in short levy of purchase tax of ₹ 19.91 lakh in one case of AETC Gurdaspur.

(Paragraph 2.6)

The Assessing Authority allowed the full benefit of TDS/Entry tax but the turnover corresponding to TDS/Entry tax was not accounted for correctly for the purpose of output tax. This resulted in short levy of output tax of ₹ 34.55 lakh.

(Paragraph 2.9)

3. Chapter-III

State Excise

Separate licenses were issued for each category to hotels/restaurants/bar owners but the Department charged fee for only one licence against the chargeable fee for all categories of licenses, resulting in short realisation of license fee of ₹ 3.24 crore in 238 cases.

(Paragraph 3.3)

4. Chapter-IV

Stamp Duty

Stamp duty and registration fee of ₹ 2.11 crore was short levied in 20 instruments either due to misclassification of residential/commercial properties as agriculture or non-application of actual rates.

(Paragraph 4.3)

Failure to comply with the Government instructions resulted into non levy of social infrastructure cess (SIC) and social security fund (SSF) of ₹ 1.71 crore in 32 cases.

(Paragraph 4.5)

Mortgage deeds were executed and registered for securing loan for development purposes (other than agriculture purpose) without levying Stamp Duty and Registration Fee of ₹ 12.06 crore in three cases.

(Paragraph 4.6)

Delay in referring the cases to the Collector resulted in non realisation of deficient amount of ₹ 1.57 crore. No action was taken by the Department to recover the deficient amount of ₹ 19.08 crore in 2,134 cases even after being decided by the Collector. Interest amounting to ₹ 34.64 lakh was not levied on the delayed recovery of deficient amount.

(Paragraph 4.9)

5. Chapter-V

Taxes on Vehicles, Goods and Passengers

Motor vehicle tax (MVT) of ₹ 33.12 lakh was non/short realised from stage carriage big buses of Punjab Roadways/PUNBUS, Batala in three DTOs.

(Paragraph 5.3)

Motor vehicles tax of ₹ 29.90 lakh was short realized from the stage carriage big buses of Himachal Road Transport Corporation/Punjab Roadways/PUNBUS plied under stage carriage in Punjab, due to non application of revised rates by two RTA.DTO.

(Paragraph 5.4)

Payment of ₹ 64.63 crore was made to the concessionaire for affixing HSRPs without deducting TDS, Penalty of ₹ 3.22 crore was not levied on BOOT operator for delayed printing of Registration Certificates/Driving Licences. Punjab State Transport Society (PSTS) collected medical charges from users without providing services of issuing medical certificate.

(Paragraph 5.6)

6. Chapter-VI

Forest Receipts

Non-harvesting of 9,500 clumps of bamboos due for harvesting, resulted in blockage of revenue of ₹ 67.83 lakh during 2012-14 in Hoshiarpur division.

(Paragraph 6.3)

Interest of ₹ 4.38 crore on account of late deposit of royalty was not recovered from Punjab State Forest Development Corporation.

(Paragraph 6.3.2)

7. Chapter-VII

Other Tax and Non Tax Receipts

Non-compliance of the Government instructions resulted in short realisation of marriage registration fee of ₹ 9.72 lakh in 736 cases.

(Paragraph 7.3)

No action was initiated by the revenue authorities to evict encroachers from the Gram Sabha/Gram Panchayat land measuring 7,668 acres, in two districts, despite the directives of the Apex Court and orders of the State Government.

(Paragraph 7.4)