

# Overview

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This report contains one performance audit on levy and collection of motor vehicle taxes and 21 paragraphs relating to non/short levy of output taxes/central sales tax, refunds in VAT, non/short levy of stamp duty and registration fee, non/short levy of motor vehicle tax, non-realisation of receipts of minor mineral etc. involving ₹ 221.22 crore.

### 1. General

The total receipts of the State Government for the year 2013-14 were ₹ 35,103.54 crore as compared to ₹ 32,051.15 crore of the previous year. Out of this, the Government raised ₹ 27,270.69 crore, comprising tax revenue of ₹ 24,079.19 crore and non-tax revenue of ₹ 3,191.50 crore. The State Government received ₹ 4,431.47 crore as State's share of divisible Union taxes and ₹ 3,401.38 crore as Grants-in-aid from the Government of India.

**(Paragraph 1.1.1)**

Test check of records of 324 units of Sales Tax/Value Added Tax, State Excise, Motor Vehicles, Goods and Passengers, Forest Receipts and other Departmental offices conducted during the year 2013-14 showed under assessment/short levy/loss of revenue aggregating ₹ 477.04 crore in 61,882 cases. During the course of the year, the Departments concerned accepted under assessment and other deficiencies of ₹ 0.73 crore involved in 168 cases which were pointed out in audit during 2013-14. The Departments collected ₹ 5.09 crore in 1,245 cases during 2013-14, pertaining to the audit findings of previous years.

**(Paragraph 1.11.1)**

### 2. Taxes/VAT on Sales, Trade etc.

In four cases, excess notional input tax credit of ₹ 22.42 lakh was allowed due to non/short reversal on account of goods purchased and sold as zero rated/inter state sale/export.

**(Paragraph 2.3)**

Excess allowance of ITC of ₹ 267.94 lakh was allowed in 16 cases due to non/short reversal of ITC on branch transfer, incorrect calculation, non-reversal on entry tax, short reversal of tax free and non/short debit of ITC etc.

**(Paragraph 2.8)**

49 dealers were issued provisional refunds of ₹ 3.24 crore even after the mandatory deadline i.e. close of that financial year. Out of these, 39 dealers used 8 two wheelers<sup>1</sup> in 767 transactions on which goods worth of ₹ 4.53 crore were shown to have been transported to dealers in States like Tamil Nadu, Assam, Maharashtra, Jharkhand etc. which seems to be unjustified and needs investigation.

**(Paragraph 2.9.2)**

Excess refund of ₹ 64.34 lakh was issued due to short reversal of ITC on account of tax free exports.

**(Paragraph 2.9.3 (a))**

In 50 refund cases of 25 dealers, full entry tax paid on inter-state purchases was refunded whereas it should be allowed only to the extent by which the amount exceeds four *per cent*, resulted in inadmissible refund of ₹ 1.09 crore.

**(Paragraph 2.9.4)**

In two cases of refunds for the period 2012-13 and 2013-14 the dealers had sold goods at a loss of ₹ 8.17 crore, whereas full ITC was allowed resulting in excess allowance of ITC of ₹ 49.43 lakh in contravention to the provision of the Act *ibid*.

**(Paragraph 2.9.5 (b))**

### **3. State Excise**

Low yield of spirit from molasses in five distilleries resulted in short collection of excise duty of ₹ 1.93 crore for the period 2010-11 to 2012-13.

**(Paragraph 3.3)**

### **4. Stamp Duty**

Stamp Duty and Registration Fee of ₹ 2.53 crore was short levied in 58 instruments due to misclassification of residential properties as agricultural land.

**(Paragraph 4.3)**

Eleven instruments of transfer of immovable properties within five kilometres of the outer limit of Municipality/Corporation were registered in 2012-13 without payment of additional stamp duty, resulted in non-levy of additional stamp duty of ₹ 1.20 crore.

**(Paragraph 4.4)**

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<sup>1</sup> Only those two wheelers which have been used in more than 50 transactions.

There was irregular remission of Stamp Duty and Registration Fee of ₹ 71.99 lakh to charitable Institution without obtaining proper certificate from the District Collector.

**(Paragraph 4.5)**

Social Infrastructure Cess (SIC) amounting to ₹ 48.89 crore at the rate of one *per cent* of total consideration of ₹ 4,889.14 crore on 49,370 deeds executed between 6 February 2013 to 31 March 2013 was not levied on the instruments as was required.

**(Paragraph 4.7)**

There was non/short levy of stamp duty and registration fee of ₹ 1.03 crore on loans amounting to ₹ 26.01 crore for construction of building, business, running of educational institution, cash credit limit, rural godown etc. by treating the same as agricultural purposes.

**(Paragraph 4.9.1)**

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

Performance Audit on “**Levy and Collection of Motor Vehicle Tax**” showed the following:

Motor Vehicle Tax amounting ₹ 7.18 crore pertaining to mini buses, educational institution buses, goods vehicles and All India Tourist Buses/Maxi cabs was neither paid by the vehicle owners nor demanded by the concerned transport authorities.

**(Paragraphs 5.3.7 (i-vi))**

Short realisation of MVT of ₹ 17.64 lakh on account of plying buses of other States in excess of permitted distance against reciprocal agreement.

**(Paragraph 5.3.9)**

The transport authorities did not ascertain the actual number of vehicles sold by dealers against which trade certificates were issued and recover the correct amount of trade fee which resulted in non-realisation of revenue of ₹ 6.05 crore.

**(Paragraph 5.3.12)**

The internal control mechanism in the department was weak as evidenced from lack of reliable centralized database, improper maintenance of registers and weak internal audit.

**(Paragraph 5.3.13)**

In STC office, the stock registers of receipt books, challans books and daily cash register were not maintained properly and no physical verification was conducted in the last five years period.

**(Paragraph 5.3.13.1)**

## **6. Other Tax and Non Tax Receipts**

12 cinema proprietors did not deposit the withheld entertainment tax of ₹ 1.75 crore for the period of 2003-04 to 2007-08 despite dismissal of their writ petition by the Hon'ble Court even after the lapse of more than one year of the decision of Hon'ble Court as well as issuance of directions (September 2013) by Commissioner, Excise and Taxation.

**(Paragraph 6.6)**

718 BKO's in four Mining Offices for the period 2008-09 to 2012-13 had deposited the royalty after a delay ranging between one and 2,185 days but interest amounting ₹ 1.02 crore was not levied.

**(Paragraph 6.7.1)**