

OVERVIEW

The report contains 50 paragraphs involving ₹ 223.88 crore relating to non/short levy of taxes, interest, penalty etc., including a Performance Audit on “Implementation of VAT (including IT Audit of VATIS)” with financial impact of ₹ 104.83 crore. Some of the significant audit findings are mentioned below.

1 GENERAL

- The total revenue receipts of the State Government for the year 2014-15 amounted to ₹ 51,041.80 crore. State tax and non-tax revenue accounted for 70 *per cent* of this (₹ 29,288.30 crore and ₹ 6,446.82 crore respectively). The remaining 30 *per cent* was received from Government of India as State share of divisible Union taxes (₹ 8,188.58 crore) and Grants-in-aid (₹ 7,118.10 crore).

(Paragraph 1.1.1)

- Test check of 216 units of Commercial Taxes Department, Prohibition and Excise Department, Registration and Stamps Department, Transport Department, Land Revenue Department and other departmental offices conducted during 2014-15 revealed preliminary audit findings involving non levy/short levy of taxes, duties etc., amounting to ₹ 393.43 crore in 1299 cases.

(Paragraph 1.10.1)

2 TAXES / VAT ON SALES, TRADE etc.

A Performance Audit on “Implementation of VAT (including IT Audit of VATIS)” with money value of ₹ 104.83 crore revealed the following:

- In 10 offices, penalty and interest of ₹ 3.38 crore was not levied on 68 dealers for belated payment of tax

(Paragraph 2.4.8.1)

- Incorrect application of rate of tax for the years 2011-12 to 2013-14 resulted in short levy of tax of ₹ 5.94 crore by three CTOs on three dealers.

(Paragraph 2.4.8.2)

- In six offices, 12 dealers incorrectly claimed ITC of ₹ 41.01 crore.

(Paragraph 2.4.8.5)

- In two offices, deferred sales tax of ₹ 5.93 crore was not recovered in 13 cases and in four offices interest of ₹ 76 lakh was not levied on belated payment of deferred sales tax in nine cases.

(Paragraph 2.4.9)

- Non-compliance with checks prescribed in VAT Audit manual resulted in leakage of revenue of ₹ 45.92 crore.

(Paragraph 2.4.10.4)

Audit also noticed that

- Incorrect application of rate of tax for the years 2008-09 to 2013-14 resulted in short levy of tax of ₹ 38.59 crore by 14 CTOs on 26 dealers.

(Paragraph 2.5)

- There was short levy of tax of ₹ 8.24 crore on six works contractors due to incorrect determination of their taxable turnovers.

(Paragraph 2.6.1.1)

- In three offices, incorrect exemption of turnover of three works contractors who did not maintain accounts resulted in short levy of tax of ₹ 98.91 lakh.

(Paragraph 2.6.1.2)

- In three offices, incorrect exemption of interstate purchases of goods worth ₹ 36.11 crore incorporated in works led to short levy of tax of ₹ 4.76 crore.

(Paragraph 2.6.2.1)

- In 14 offices, allowing concessional rate of tax in 16 cases based on invalid statutory forms resulted in short levy of tax of ₹ 3.69 crore.

(Paragraph 2.7.1)

- In 12 cases, exemption under CST Act was allowed without proper documentary evidence which resulted in short levy of tax of ₹ 3.33 crore.

(Paragraph 2.7.2.1)

- Incorrect computation of taxable turnover under CST for the years 2009-10 and 2010-11 resulted in short levy of tax of ₹ 62.31 lakh by five CTOs in the case of five dealers.

(Paragraph 2.7.5)

- In 14 offices, interest of ₹ 4.14 crore was not levied on 23 dealers for belated payment of tax.

(Paragraph 2.8)

- In six offices, six dealers incorrectly claimed ITC of ₹ 5.95 crore.

(Paragraph 2.9.1)

- Penalty of ₹ 1.61 crore was not levied on 48 dealers for failure to file returns.

(Paragraph 2.10.1)

- In 20 cases, penalty of ₹ 3.27 crore for under declaration of tax was not/short levied.

(Paragraph 2.10.2)

- In six offices, tax of ₹ 2.54 crore was not levied in seven cases on transfer of right to use goods.

(Paragraph 2.11)

- Incorrect computation of taxable turnover for the years 2008-09 to 2011-12 resulted in short levy of tax of ₹ 96.50 lakh by 17 CTOs on 19 dealers.

(Paragraph 2.13)

3 STATE EXCISE DUTIES

- In seven offices of Prohibition and Excise Superintendents, toddy rentals for 41 Toddy co-operative Societies (TCS) and Tree For Tapper scheme (TFTs) were collected at rates applicable to rural areas instead of at higher rates applicable to urban areas. This resulted in short levy of toddy rentals amounting to ₹ 26.52 lakh.

(Paragraph 3.4)

- In four offices of Prohibition and Excise Superintendents, additional licence fee of ₹ 23.60 lakh was not levied on five bar and restaurants for the years 2011-14.

(Paragraph 3.5)

4 STAMP DUTY AND REGISTRATION FEES

- Test check of five offices of District Registrars and 10 Sub-Registrars revealed that undervaluation of properties in 134 documents such as sale deeds, gift-deeds, partition deeds, settlement/release deeds, development agreements etc. resulted in short levy of stamp duty, transfer duty and registration fees of ₹ 2.50 crore.

(Paragraph 4.4)

- Audit noticed during test check of records of District Registrar Rangareddy (West) and 10 Sub Registrars that 28 documents (sale deeds, mortgage deeds, partition deeds, dissolution of partnership deeds, conveyance deeds, etc.) were misclassified. Misclassification of documents resulted in short levy of stamp duty, transfer duty and registration fees amounting to ₹ 1.84 crore.

(Paragraph 4.5)

- Test check of records of offices of two District Registrars and three Sub-Registrars revealed that registering authorities did not consider service tax component of ₹ 106.36 crore payable by lessees on behalf of lessors while computing duties payable on lease rentals. This resulted in short levy of stamp duty and registration fees of ₹ 1.15 crore.

(Paragraph 4.7)

- In four offices of District Registrars and four offices of Sub-registrars registering authorities did not consider factors such as complete built-up area, higher rate for the structure as agreed to be paid by the builder to land owner, valuation of property as per market value guide lines, etc. for levy of stamp duty. This resulted in short levy of stamp duty of ₹ 1.12 crore.

(Paragraph 4.8)

- District Registrar Rangareddy (West), adopted lesser area of construction than was sanctioned by Greater Hyderabad Municipal Corporation. This resulted in short levy of stamp duty of ₹ 40.27 lakh.

(Paragraph 4.9)

- In two offices of District Registrars, Audit noticed that in two lease deeds, stamp duty of ₹ 89.24 lakh was short levied due to incorrect calculation.

(Paragraph 4.11)

- Audit noticed in two offices of District Registrars and in the office of Sub-Registrar, Marredpally that the registering officers did not register documents such as gift, partition, sale and memorandum of compromise which are to be compulsorily registered under the Indian Stamp Act. This resulted in non-realisation of stamp duty and registration fees of ₹ 51.53 lakh.

(Paragraph 4.12)

5 TAXES ON VEHICLES

- Quarterly tax of ₹ 4.23 crore and penalty of ₹ 8.45 crore were not realised from owners of 2,644 transport vehicles.

(Paragraph 5.4)

- Non-renewal of fitness certificate (FC) of 31,087 transport vehicles resulted in non-realisation of fitness certificate fee of ₹ 1.13 crore during the years 2012-13 and 2013-14 in six offices of Deputy Transport Commissioners and five offices of Regional Transport Officers.

(Paragraph 5.5)

6 LAND REVENUE

- It was noticed from audit of 20 offices of Land Acquisition Officers that Land acquisition deposits of ₹ 294.78 crore were made in various nationalised and private banks in contravention to the provisions of AP Financial Code. Interest of ₹ 2.93 crore was utilised for purposes other than land acquisition.

(Paragraph 6.4.3)

- Audit of offices of 12 Revenue Divisional Officers/Special Deputy Collectors revealed that in 19 cases provision for valuation of land being acquired were disregarded while acquiring 462.41 acres of land. This resulted in excess payment of ₹ 12.18 crore towards compensation.

(Paragraph 6.4.4.1)

- Conversion tax of ₹ 1.31 crore was short levied due to adoption of incorrect basic value in three Revenue Divisional Offices in 25 cases.

(Paragraph 6.5)

- Lack of co-ordination between Revenue Divisional Offices and Divisional Level Panchayat Officers led to non-levy of conversion tax and penalty of ₹ 37.46 lakh.

(Paragraph 6.6)

7 OTHER TAX AND NON-TAX RECEIPTS

- It was noticed during the audit of offices of two Assistant Directors of Mines and Geology that seigniorage fee of ₹ 72.21 lakh and penalty amounting to ₹ 3.57 crore were not levied in two cases.

(Paragraph 7.2)

- In four offices of Assistant Directors of Mines and Geology royalty was levied and collected at rates lesser than prescribed resulting in short levy of royalty of ₹ 95.25 lakh.

(Paragraph 7.3)

- In two offices of Assistant Directors of Mines and Geology in four cases, penalty was levied at pre revised rate instead of five times the seigniorage fee prescribed leading to short levy of penalty of ₹ 22.89 lakh.

(Paragraph 7.4)