

OVERVIEW

The report contains 41 paragraphs involving ₹ 122.44 crore relating to non/short levy of taxes, interest, penalty, etc., including a Performance Audit on “Implementation of VAT (including IT Audit of VATIS)”. Some of the significant audit findings are mentioned below.

1. GENERAL

- The total revenue receipts of the composite State of Andhra Pradesh for the period from 1 April 2014 to 1 June 2014 amounted to ₹ 24,977.05 crore. State tax and non-tax revenue accounted for 62 *per cent* of this (₹ 12761.15 crore and ₹ 2794.62 crore respectively). The remaining 38 *per cent* was received from Government of India as State share of divisible Union taxes (₹ 3852.96 crore) and Grants-in-aid (₹ 5568.32 crore).

The total revenue receipts of the residuary State of Andhra Pradesh for the period from 2 June 2014 to 31 March 2015 amounted to ₹ 65,695.40 crore. State tax and non-tax revenue accounted for 58 *per cent* of this (₹ 29,856.87 crore and ₹ 8181.35 crore respectively). The remaining 42 *per cent* was received from Government of India as State share of divisible Union taxes (₹ 11,446.29 crore) and Grants-in-aid (₹ 16,210.89 crore).

(Paragraph 1.1.1)

- Test check of 350 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 ₹ 936.10 crore in 1487 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 ₹ 27.89 crore revealed the following:

- Penalty and interest of ₹ 65 lakh was not levied in respect of 42 dealers on belated payments of tax in 15 offices.

(Paragraph 2.4.8.1)

- Failure to check periodical returns, sales records of dealers by two Assessing Authorities and application of incorrect rate of tax by two dealers led to short payment of tax of ₹ 1.61 crore.

(Paragraph 2.4.8.2)

- Failure to scrutinise returns and cross verify with financial statements by Department led to under-declaration of Value Added Tax (VAT) of ₹ 1.73 crore.

(Paragraph 2.4.8.4)

- In five offices, Input Tax Credit (ITC) of ₹ 1.07 crore was incorrectly claimed by seven dealers.

(Paragraph 2.4.8.5)

- Inadequate scrutiny of returns resulted in non-payment of tax of ₹ 2.02 crore on transfer of right to use goods in two offices involving four dealers.

(Paragraph 2.4.8.8)

- Non-compliance with checks prescribed in VAT Audit Manual resulted in leakage of revenue of ₹ 20.50 crore in 13 offices.

(Paragraph 2.4.10.4)

Audit noticed

- Incorrect computation of taxable turnover by 12 dealers for the years 2005-06 to 2012-13 resulted in short levy of tax of ₹ 1.22 crore in 12 offices.

(Paragraph 2.5)

- Incorrect determination of taxable turnover for the period 2008-09 to 2012-13 in respect of eight works contractors resulted in short realisation of tax of ₹ 68.54 lakh in one office.

(Paragraph 2.6.1.1)

- Tax of ₹ 37.20 lakh was under-declared by three works contractors in two circles on account of not maintaining detailed accounts.

(Paragraph 2.6.1.2)

- Incorrect exemption of works contract turnover of ₹ 10.54 crore resulted in short levy of tax of ₹ 52.69 lakh in one office.

(Paragraph 2.6.3)

- Penalty of ₹ 98.47 lakh was either not levied or short levied in 16 offices constituting 35 cases on account of belated payment of tax, wilful under-declaration, excess claim of ITC etc.

(Paragraph 2.7)

- Non-recovery of deferred sales tax and incorrect adjustment of tax deferment led to non-realisation of sales tax of ₹ 96.61 lakh in 10 cases covering four offices.

(Paragraphs 2.8.1 and 2.8.2)

- Application of incorrect rate of tax, underassessment, incorrect exemption of interstate sale turnover not covered by statutory declaration forms resulted in short levy of Central Sales Tax (CST) of ₹ 74.94 lakh in 11 cases pertaining to eight offices.

(Paragraph 2.9.1)

- Incorrect allowance of concessional rate of tax on interstate sale turnover of cotton yarn, electrical goods etc. covered by invalid declaration forms led to short levy of CST of ₹ 45.79 lakh in five cases.

(Paragraph 2.9.2)

- VAT of ₹ 64.64 lakh was under-declared by 17 dealers on account of adoption of incorrect rate of tax in 10 offices.

(Paragraph 2.10)

- VAT of ₹ 68.74 lakh was not levied on turnover of ₹ 5.10 crore pertaining to hire charges / lease rentals received on automobiles, trucks etc. in six cases under the jurisdiction of four offices.

(Paragraph 2.11)

- Claim of ITC on ineligible goods, non-restriction of ITC to the percentage prescribed and excess claim of ITC led to incorrect allowance of ITC by ₹ 49.35 lakh in 17 cases pertaining to 11 offices.

(Paragraph 2.12)

3 STATE EXCISE DUTIES

- In three offices of Prohibition and Excise Superintendents, annual licence fee for Bar licences was short levied by ₹ 1.40 crore on 13 restaurant and bars for the licence period 2011-12 to 2013-14.

(Paragraph 3.4)

- In five offices of Prohibition and Excise Superintendents, additional licence fee amounting to ₹ 50.80 lakh was not levied on six restaurant and bars for the licence period 2011-12 to 2013-14.

(Paragraph 3.5)

- In three offices of Prohibition and Excise Superintendents, licence fee of ₹ 75.50 lakh was short levied on 10 retail liquor shops for the licence period 2012-13 and 2013-14.

(Paragraph 3.6)

- In 11 offices of Prohibition and Excise Superintendents, permit room licence fee of ₹ 41.42 lakh was either not levied or short realised for the licence period 2012-13 and 2013-14.

(Paragraph 3.7.1)

4 STAMP DUTY AND REGISTRATION FEES

- Test check of records in eight offices of District Registrars and 12 offices of Sub-Registrars revealed undervaluation of properties in respect of 100 documents such as sale deeds, gift-deeds, partition deeds, settlement/release deeds, exchange deeds, development agreements etc., which resulted in short levy of stamp duty, transfer duty and registration fees of ₹ 3.52 crore.

(Paragraph 4.4)

- Test check of sand leases in two offices of Assistant Directors of Mines and Geology revealed that stamp duty was short realised on three lease deeds. Besides, these compulsorily registerable leases were not registered resulting in short realisation of stamp duty and registration fees amounting to ₹ 1.33 crore.

(Paragraph 4.5)

- In three offices of District Registrars and four offices of Sub-Registrars, 131 sale deeds registered between April 2011 and March 2014 were undervalued resulting in short levy of duties and registration fees amounting to ₹ 33.06 lakh.

(Paragraph 4.7)

- Test check of records in two offices of District Registrars revealed that misclassification of sale deeds resulted in short levy of duties amounting to ₹ 30.61 lakh.

(Paragraph 4.9.1)

5 TAXES ON VEHICLES

- Quarterly tax of ₹ 1.49 crore and penalty of ₹ 2.97 crore were not realised from owners of 1,513 transport vehicles for the years 2012-13 and 2013-14 in four offices of Deputy Transport Commissioners and four offices of Regional Transport Officers.

(Paragraph 5.4)

- Non-renewal of fitness certificate (FC) of 31,604 transport vehicles resulted in non-realisation of fitness certificate fee of ₹ 1.17 crore during the years 2012-13 and 2013-14 in four offices of Deputy Transport Commissioners and five offices of Regional Transport Officers.

(Paragraph 5.5)

- Scrutiny of Vehicle Check Reports (VCRs) conducted in the offices of four Deputy Transport Commissioners and four Regional Transport Officers revealed that compounding fee of ₹ 46.06 lakh was not realised in respect of 799 compoundable offences.

(Paragraph 5.6)

6 LAND REVENUE

- Undervaluation of property and usage of land for non-agricultural purposes without prior permission of competent authority resulted in non/short levy of conversion tax and penalty of ₹ 1.96 crore.

(Paragraphs 6.4.1 & 6.4.2)

- Lack of co-ordination between Revenue Divisional Officers and Division Level Panchayat Officers/Gram Panchayats led to non-levy of conversion tax and penalty of ₹ 21.27 crore.

(Paragraph 6.4.3)

- Non-finalisation of alienation proposals on land alienated for non-agricultural purpose led to non-realisation of land cost amounting to ₹ 13.95 crore. Further, conversion tax of ₹ 1.25 crore also remained unrealised in respect of the land alienated.

(Paragraph 6.5)

- Excess compensation of ₹ 2.68 crore was paid in nine cases while acquiring land of 242.04 acres in three offices of Revenue Divisional Officers.

(Paragraph 6.6)

7 OTHER TAX AND NON-TAX RECEIPTS

Levy and collection of water tax

- Test check of Jamabandi records of 18 Tahsildar offices revealed that water tax of ₹ 13.60 crore was levied instead of ₹ 15.15 crore by the Department of Land Revenue on an extent of 6.75 lakh acres leading to short levy of water tax of ₹ 1.55 crore.

(Paragraph 7.2.6)

- In 72 Tahsildar offices, interest of ₹ 2.65 crore was not levied and interest of ₹ 1.76 crore short levied on collection of water tax arrears of ₹ 85.80 crore.

(Paragraph 7.2.9)

- In two Tahsildar offices, while carrying forward opening balances of water tax demand, an amount of ₹ 77.67 lakh of revenue was short realised.

(Paragraph 7.2.10)

INDUSTRIES AND COMMERCE DEPARTMENT

Mines and Minerals

- In the office of Assistant Director of Mines and Geology, Nellore, it was noticed that in 17 leases, Mineral Revenue Assessments (MRAs)

for the period 2011-12 to 2013-14 were finalised by adopting incorrect rates of royalty resulting in short levy of royalty amounting to ₹ 2.05 crore.

(Paragraph 7.3.1)

- In the office of Assistant Director of Mines and Geology, Banaganapally, it was noticed that in the MRAs of three lessees adoption of incorrect quantity of limestone despatches and the rates of royalty resulted in short levy of royalty and cess by ₹ 18.13 crore.

(Paragraph 7.3.2)

- In the office of Assistant Director of Mines and Geology, Nandigama, discrepancy in the quantity of limestone consumption by five cement companies led to short levy of royalty and cess by ₹ 38.02 lakh.

(Paragraph 7.3.3)

- In two offices of Assistant Director of Mines and Geology and one office of Assistant Director of Mines and Geology (Vigilance), penalty was levied at one time normal seigniorage fee instead of five times the normal seigniorage fee prescribed on minor minerals leading to short levy of penalty amounting to ₹ 3.27 crore in six cases.

(Paragraph 7.5)