

OVERVIEW

This Report contains 37 paragraphs involving ₹ 346.48 crore, including a Performance Audit on ‘**System of Registration, Assessment and Collection under VAT**’. Some of the significant audit findings are mentioned below:

I. General

The total revenue receipts of the Government of Rajasthan during 2014-15 were ₹ 91,326.91 crore as against ₹ 74,470.37 crore for the year 2013-14. The revenue raised by the Government amounted to ₹ 51,902.37 crore comprising tax revenue of ₹ 38,672.87 crore and non-tax revenue of ₹ 13,229.50 crore. The receipts from the Government of India were ₹ 39,424.54 crore (State’s share of divisible Union taxes of ₹ 19,817.04 crore and grants-in-aid of ₹ 19,607.50 crore).

(Paragraph 1.1)

II. Taxes/VAT on Sales, Trade, etc.

A Performance Audit of ‘**System of Registration, Assessment and Collection under VAT**’ disclosed the following:

- More than one Registration Certificate, aggregating to 742, was issued to 366 persons against the provisions of the RVAT Act. This resulted in non-levy of tax of ₹ 14.73 lakh on turnover of ₹ 3.27 crore in five cases.

(Paragraph 2.4.9)

- Cross verification of information collected from Department of Mines and Geology revealed that 142 mine owners/lease holders were not brought under the tax net and tax amounting to ₹ 9.49 crore could not be levied on turnover of ₹ 189.87 crore.

(Paragraph 2.4.11.2)

- Return formats were inadequate to capture all essential details to ascertain the correct tax liability. Absence of information resulted in non-levy of tax including interest and penalty of ₹ 6.37 crore on 22 dealers.

(Paragraph 2.4.13.1 and 2.4.13.3)

- Shortfall ranging between 36 to 67 *per cent* in conducting business audit of selected dealers was noticed. Due to shortfall in conducting business audit, 3,206 assessment cases for business audit got time barred. Besides, the shortfall in conducting the business audit provides leeway to tax assessing authorities to pick and choose the cases for actually conducting business audit and may provide scope for unethical practices.

(Paragraph 2.4.15.1)

- It was noticed that 1,440 dealers had collected tax of ₹ 11.39 crore but showed nil turnover in their returns. However, the Assessing Authorities could not detect the evasion and did not levy tax including interest and penalty of ₹ 38.95 crore.

(Paragraph 2.4.15.4)

- Input Tax Credit (ITC) of ₹ 1.93 crore was claimed by 189 dealers, who had shown purchases from selling dealers whose registration certificates were cancelled. However, these dealers were deemed assessed by Assessing Authorities resulting in wrong allowance/non-levy of input tax credit, interest and penalty of ₹ 6.61 crore.

(Paragraph 2.4.19.1)

- In 144 cases, the Assessing Authorities allowed input tax credit of ₹ 1.44 crore claimed by the dealers though registration certificates of the selling dealers from whom purchases were made had already been cancelled. This resulted in non-levy of reverse tax, interest and penalty of ₹ 4.93 crore.

(Paragraph 2.4.19.2)

- Assessing Authorities did not impose penalty of ₹ 3.24 crore while levying reverse tax on 117 dealers who had claimed input tax credit on the goods purchased from dealers whose registration certificates were cancelled.

(Paragraph 2.4.19.3)

- Audit noticed that 159 dealers had irregularly claimed input tax credit in respect of purchases of ineligible goods. However, Assessing Authorities did not levy reverse tax, penalty and interest of ₹ 21.04 crore.

(Paragraph 2.4.20)

- It was noticed that 100 dealers had either not shown re-imported goods or shown less amount in their returns which resulted in non-levy of tax, interest and penalty of ₹ 5.38 crore.

(Paragraph 2.4.23)

- State Excise Department had issued bar licences to 11 dealers as three stars and above or heritage hotels (B-category). However, these dealers had paid tax at lower rates on the sale of food cooked and served by them treating the hotels as below three star status. The Assessing Authorities did not levy tax, interest and penalty of ₹ 15.18 crore.

(Paragraph 2.4.25.1)

Non-levy of entry tax on the goods purchased from other States for consumption or use in the business resulted in non-recovery of tax of ₹ 1.21 crore and interest of ₹ 45.41 lakh.

(Paragraph 2.7)

III. Taxes on Vehicles, Goods and Passengers

A paragraph on 'Road Safety measures in Transport Department' disclosed the following:

- The delay in implementation of the action plan relating to mandatory use of helmets by drivers of two wheeled vehicles in the whole State reflected

indifference towards safety concerns on the part of Department/ Government.

(Paragraph 3.4.4.1)

- Enforcement Module of VAHAN software was not in operation for easy retrieval of history of offences and for identifying and taking stringent action against repeat offenders.

(Paragraph 3.4.4.3)

- The relaxation granted by the State Government in imposition of fine for overloading diluted the deterrence which was sought to be achieved. Besides, the State Government was deprived of revenue of ₹ 84.91 crore.

No action was taken against test checked 700 overloaded vehicles involved in mining activities. An amount of ₹ 2.25 crore was leviable as fine/composition amount on these vehicles.

(Paragraph 3.4.4.5)

- Computerised weighbridges were to be established at tax collection centres on interstate boundaries to check overloading of vehicles. However, no computerised weighbridges were established by the Department.

(Paragraph 3.4.5.2)

- In 21 out of 51 District Transport Offices, no test driving track was available indicating absence of the required infrastructure for conducting test before issue of driving licences.

(Paragraph 3.4.5.3)

- Out of total vehicles registered in the State during last 15 years; fitness certificates in respect of 7,25,854 vehicles under transport category were not renewed during 2011-12 to 2013-14. This also resulted in non-realisation of fitness certificate renewal fee of ₹ 7.26 crore.

(Paragraph 3.4.5.5)

Short/non-realisation of One Time Tax and surcharge aggregating to ₹ 1.18 crore was noticed against 108 non-transport vehicles.

(Paragraph 3.5)

Lump-sum tax of ₹ 1.35 crore in respect of 312 transport vehicles owners was either not paid or paid short.

(Paragraph 3.6)

Government money amounting to ₹ 11.74 crore shown to have been deposited in the cash book was actually deposited after the dates mentioned in the cash book. The delay in deposit ranged from 1 to 191 days. Receipts aggregating to ₹ 16.63 crore were not deposited on the next working day but were deposited after a delay ranging from one to five days and receipts aggregating to ₹ 32.74 lakh was not deposited into the bank.

(Paragraph 3.7)

Motor vehicle tax and special road tax aggregating to ₹ 18.05 crore in respect of 5,538 vehicles for the period between April 2011 and March 2014 were either not paid or paid short.

(Paragraph 3.8)

IV. Land Revenue

In two cases, the Department incorrectly worked out the cost of land surrendered when compared to the cost of land allotted. This resulted in non-recovery of differential cost of ₹ 1.37 crore.

(Paragraph 4.4)

Agricultural land was used for non-agricultural purposes without obtaining permission for change of land use, resulting in either non-recovery or short recovery of conversion charges of ₹ 80.68 lakh.

(Paragraph 4.5)

V. Stamp Duty and Registration Fee

A piece of land belonging to M/s Capstan Meter Company (India) Limited (CMC) was converted from industrial to commercial and lease was issued to another entity *i.e.* M/s Jai Drinks Private Limited (JDPL) without cancelling the lease deed executed earlier with the CMC or without ensuring whether the land was transferred to JDPL on receipt of consideration. The value of the land was ₹ 531.41 crore as per District Level Committee rates, on which Stamp Duty (SD) of ₹ 29.23 crore was leviable. Besides, SD and surcharge of ₹ 2.29 crore was short levied on conversion charges.

(Paragraph 5.4.1)

Stamp Duty and surcharge of ₹ 6.39 crore in 212 cases though leviable under section 37(4) of the Rajasthan Stamp Act, 1998 was not levied.

(Paragraph 5.4.2)

Stamp Duty, surcharge and Registration Fee (RF) of ₹ 6.15 crore were not levied or short levied in 34 development agreements due to misclassification or undervaluation.

(Paragraph 5.5)

In 20 sale deeds, the Sub-Registrars (SRs) had not taken into account the capital contribution or total land contribution by individuals to partnership firms in consideration of their share and the Stamp Duty was not recovered as per extant provision on market value of ₹ 54.59 crore. This resulted in non-levy of Stamp Duty and surcharge of ₹ 3.00 crore.

(Paragraph 5.6)

Due to breach of conditions mentioned in the Rajasthan Investment Promotion Scheme, 2010 or lack of eligibility, the beneficiaries were liable to refund the SD and surcharge of ₹ 1.22 crore.

(Paragraph 5.7)

The market value of properties was considered on lower side despite the fact that such properties were purchased for commercial/institutional/residential purposes or located at the site where higher DLC rates were applicable. This resulted in short levy of SD and RF amounting to ₹ 1.59 crore in 15 cases.

(Paragraph 5.8)

A document was registered as an agreement to sell without possession despite the fact that the entire amount of consideration had been received at the time of handing over physical possession of the land. This resulted in short levy of SD and RF of ₹ 25.02 lakh.

(Paragraph 5.10)

VI. State Excise

A paragraph on 'Arrear of State Excise Department' disclosed the following:

- Arrear aggregating to ₹ 198.73 crore was outstanding as on 31 March 2015.

(Paragraph 6.4.4)

- The Excise Commissioner had identified 64 cases involving amount of ₹ 35.32 crore pertaining to the period 1967-68 to 2006-07 for write-off. No decision for write-off was taken till 31 March 2015.

(Paragraph 6.4.4.2)

- Identified properties of defaulters were not attached in three cases pertaining to District Excise Office (DEO), Kota and Ajmer wherein revenue of ₹ 28.90 crore was involved.

(Paragraph 6.4.6)

- Two properties of a defaulter licensee of liquor group Kota for the year 1999-2001 having solvency amount of ₹ 1.60 crore, though attached during the period 2000-2001 by DEO Kota, were still in the possession of defaulters. The department could not auction the properties despite issuing more than 20 auction notices.

(Paragraph 6.4.7.2)

- Scrutiny of records of five DEOs disclosed that auction amount of ₹ 1.90 crore realised by the Department in auction of 34 properties was much less than ₹ 4.19 crore, the amount shown in the solvency certificates.

(Paragraph 6.4.8)

In DEOs, Behror and Alwar, 95,186.96 bulk litres (12,204 cartons) of beer involving excise duty of ₹ 42.02 lakh exported by five breweries were short delivered. Duty was neither paid by the breweries nor was it demanded by the Department. This resulted in non-levy of State excise duty of ₹ 42.02 lakh.

(Paragraph 6.5)

The Department charged hotel bar licence fee of 'other' category hotel instead of 'star' category and issued/renewed hotel bar licence. This resulted in short recovery of hotel bar licence fee of ₹ 36.50 lakh.

(Paragraph 6.6)

Two wholesale vendors imported 65 bottled in other country (BIO) brands of foreign liquor for various depots and 106 retail-on vendors imported 2,841 BIO brands during the year 2013-14. However, the licence fee for import of foreign liquor had neither been paid by these wholesale and retail-on vendors nor demanded by the Department. This resulted in non-levy of licence fee amounting to ₹ 8.65 crore.

(Paragraph 6.8)

VII. Non-Tax Receipts

Rejection of highest bid for collection of the excess royalty pertaining to mineral *Bajri* resulted in loss of ₹ 1.85 crore.

(Paragraph 7.4)

Irregular collection of royalty amount on the mineral used in the works of Mega Highway against the provision of Rule 37A(ix) of the Rajasthan Minor Minerals Concession Rules, 1986 resulted in non-recovery of ₹ 58.05 lakh from the Excess Royalty Collection Contractor.

(Paragraph 7.5)

Two lessees of mineral marble and 27 lessees of mineral masonry stone excavated 3,985 MT mineral marble and 2.29 lakh MT masonry stone valuing ₹ 5.82 crore without obtaining consent to operate.

(Paragraph 7.8)

Sixty five lessees excavated mineral masonry stone and sand stone valued at ₹ 15.56 crore without approval of mining plan.

(Paragraph 7.9)

There was short raising of demand of ₹ 11.81 crore in 52 cases where kiln owners used brick earth illegally without obtaining requisite permits and payment of royalty.

(Paragraph 7.12)