

OVERVIEW

The Report contains 33 paragraphs involving ₹ 54.46 crore relating to non-levy / short levy of taxes, interest, penalty etc., including a Performance Audit on “Revision and Implementation of Market Value Guidelines” with financial impact of ₹ 2.95 crore and a Follow-up of Performance Audit on “Functioning of the Prohibition and Excise Department”. Some of the significant audit findings are mentioned below:

I GENERAL

- The total revenue receipts of the State Government for the year 2015-16 amounted to ₹ 88,648 crore. Of this, Tax Revenue (₹ 39,907 crore) and Non-Tax Revenue (₹ 4,920 crore) accounted for 51 *per cent* of the total revenue receipts of the State. The remaining 49 *per cent* was received from Government of India as State’s share of divisible Union Taxes (₹ 21,894 crore) and Grants-in-Aid (₹ 21,927 crore).

(Paragraph 1.1.1)

- Test-check of 443 units relating to Value Added Tax, State Excise, Motor Vehicles Tax, Land Revenue, Stamp Duty and Registration Fee etc., conducted during 2015-16, showed preliminary audit findings involving non-levy / short levy of taxes, duties etc. amounting to ₹ 689.02 crore in 1,870 cases.

(Paragraph 1.9.1)

II VALUE ADDED TAX AND CENTRAL SALES TAX

- In nine offices, Input Tax Credit (ITC) of ₹ 10.25 crore was incorrectly allowed to 10 dealers.

(Paragraph 2.4.1)

- In five offices, the Department allowed ITC of ₹ 30.07 lakh to six dealers on ineligible items.

(Paragraph 2.4.2)

- In eight offices, the Assessing Authorities did not levy / short levied penalty of ₹ 6.24 crore on under-declared tax in 14 cases.

(Paragraph 2.5.1)

- In four offices, the Assessing Authorities did not levy/ short levied penalty of ₹ 2.20 crore on wilful under-declaration of tax by five dealers.

(Paragraph 2.5.2)

- In 32 offices, interest of ₹ 1.40 crore and penalty of ₹ 3.54 crore were not levied by the Assessing Authorities though 142 dealers had paid tax with delays ranging from 1 to 1,315 days.

(Paragraph 2.6)

- In four offices, the taxable turnover of seven works contractors was determined incorrectly by the Assessing Authorities resulting in short levy of tax of ₹ 1.81 crore.

(Paragraph 2.7.1)

- In five offices, the Assessing Authorities short levied tax of ₹ 69.33 lakh on five works contractors who opted to pay tax under composition scheme.

(Paragraph 2.7.2)

- In two offices, the Assessing Authorities failed to levy tax of ₹ 50.70 lakh on two works contractors who did not maintain detailed accounts.

(Paragraph 2.7.3)

- In four offices, the Assessing Authorities had short levied/ not levied tax of ₹ 1.42 crore in five cases due to acceptance of invalid statutory forms towards interstate sales.

(Paragraph 2.8.1)

- In nine offices, the Assessing Authorities had incorrectly determined taxable turnover under CST Act in 11 cases, which resulted in short levy of tax of ₹ 92.18 lakh.

(Paragraph 2.8.2)

- In one office, the Assessing Authority allowed concessional rate of tax on the interstate sales turnover based on counterfeit 'C' forms, which resulted in short levy of tax of ₹ 6.77 lakh and non-levy of penalty of ₹ 25.88 lakh.

(Paragraph 2.8.3)

- In five offices, the Assessing Authorities incorrectly exempted sales turnover of 'textiles and fabrics' in nine cases, which resulted in non-levy of tax of ₹ 1.86 crore.

(Paragraph 2.9)

- In 16 offices, incorrect determination of taxable turnover by the Assessing Authorities resulted in short levy of VAT of ₹ 73.84 lakh in 27 cases.

(Paragraph 2.10)

- In 11 offices, application of incorrect rates of tax resulted in under declaration of tax and consequential short levy of tax of ₹ 66.02 lakh in 13 cases.

(Paragraph 2.11)

- In five offices, the Assessing Authorities had not levied interest of ₹ 64.46 lakh on six dealers who paid deferred tax of ₹ 3 crore with delays ranging from 57 to 1,089 days.

(Paragraph 2.12)

III STATE EXCISE DUTY

- In an office of Prohibition and Excise Superintendent, additional licence fee of ₹ 36.90 lakh was not levied on additional enclosures in nine restaurant and bars for the licence period 2014-15.

(Paragraph 3.4)

- In two offices of Prohibition and Excise Superintendents, licence fee of ₹ 14 lakh was short levied on four retail liquor shops for the licence period 2014-15.

(Paragraph 3.5)

IV STAMP DUTY AND REGISTRATION FEE

A Performance Audit on “**Revision and Implementation of Market Value Guidelines**” with monetary value of ₹ 2.95 crore showed the following:

- The Department had not adhered to the periodicity of revision of market values as prescribed under the Market Value Guidelines Rules, 1998.

(Paragraph 4.4.7.2)

- The Department did not maintain any documents evidencing collection of inputs / requisite data to ascertain the prevailing market values for use at the time of revision of market values.

(Paragraph 4.4.7.4)

- Registers relating to market value information, intelligence reports on high values and development activities were not maintained. No mechanism was also in place to monitor maintenance of such registers.

(Paragraph 4.4.7.5)

- Incorrect classification of lands due to lack of coordination between Departments, incorrect fixation of market values, adoption of incorrect market values, undervaluation of properties and non-adherence to instructions resulted in non-levy / short levy of duties and fees amounting to ₹ 2.95 crore.

(Paragraphs 4.4.7.6 to 4.4.10.1)

- Test-check of records in offices of five District Registrars and 30 Sub-Registrars showed under-valuation of properties in 78 documents, such as, sale deeds, General Powers of Attorney, partition deeds etc., which resulted in short levy of stamp duty and registration fee of ₹ 2.68 crore on agricultural lands converted for non-agricultural purposes.

(Paragraph 4.5.1)

- In 37 offices, stamp duty and registration fee was short levied by ₹ 72.05 lakh on account of not implementing the revised rates from effective date.

(Paragraph 4.6)

- Scrutiny of records in offices of two District Registrars and seven Sub-Registrars showed that 11 sale deeds and 6 power of attorney deeds registered between May 2011 and December 2014 were undervalued, resulting in short levy of duties and registration fee amounting to ₹ 24.85 lakh.

(Paragraph 4.9)

V TAXES ON VEHICLES

- Quarterly Tax of ₹ 4.37 crore and penalty of ₹ 2.19 crore were not realised from owners of 3,014 transport vehicles for the years 2012-13 to 2014-15 in eight offices of Deputy Transport Commissioners and six Regional Transport Officers.

(Paragraph 5.4)

- Non-renewal of fitness certificate of 69,214 transport vehicles resulted in non-realisation of fitness certificate fee of ₹ 1.63 crore during the year 2014-15 in the offices of 11 Deputy Transport Commissioners and 8 Regional Transport Officers.

(Paragraph 5.5)

- Green tax amounting to ₹ 86.22 lakh was not levied for the period from April 2012 to March 2015 in respect of 21,002 transport vehicles and 4,274 non-transport vehicles.

(Paragraph 5.6)

- Scrutiny of vehicle check reports conducted in the offices of 12 Deputy Transport Commissioners and 8 Regional Transport Officers showed that compounding fee of ₹ 78.63 lakh was not realised in respect of 1,737 cases.

(Paragraph 5.7)

VI LAND REVENUE

- No re-survey had been conducted in the State in the last 69 years.
(Paragraph 6.4.3)
- In eight *Inam* / Estate villages under six *mandals*, re-survey was not conducted after abolition of *Inams* or Estates in 1956.
(Paragraph 6.4.4)
- Basic land records such as Re-Settlement Registers, Field Measurement Books and Village Maps were not available in required number in 38, 17 and 30 Tahsildar offices respectively.
(Paragraph 6.4.5)
- Precautionary measures such as scanning / computerisation etc. were not taken to preserve the basic land records.
(Paragraph 6.4.6)
- In one *mandal*, proposal for alienation of Government land for construction of Police Station could not be finalised due to discrepancy between Fair Land Register and *Adangal*.
(Paragraph 6.4.7.1)
- In Visakhapatnam Urban *mandal*, of the 14.53 acres of Government land alienated, details for 14 acres were not available in Settlement Fair *Adangal*, making it difficult to identify the actual alienees.
(Paragraph 6.4.7.2)
- Automatic sub-division of survey numbers in computerised records without effecting changes in manual records resulted in mismatch between computerised land records and manual land records.
(Paragraph 6.4.9.2)
- In Thenebanda village of Chittoor *mandal*, Patta Land was classified as Assigned Land which affected the rights of the *pattadar*.
(Paragraph 6.4.10)
- Out of 40 *mandals* test-checked, none of the *mandals* maintained Register of Bought-in-Lands, Register of Leased out Lands, Register of Relinquishment and Register of Transfer of Lands.
(Paragraph 6.4.12)
- Due to delays in finalisation of Village Accounts, land records at village level were not updated.
(Paragraph 6.4.13)

- Lack of coordination between Departments of Revenue and Panchayat Raj led to non-levy of conversion tax and penalty of ₹ 64.53 lakh.

(Paragraph 6.5.1)

- Under-valuation of property and use of land for non-agricultural purposes without prior permission of competent authority resulted in non-levy/ short levy of conversion tax and penalty of ₹ 16.59 lakh.

(Paragraph 6.5.2)

VII OTHER TAX AND NON-TAX RECEIPTS

- Interest of ₹ 38.16 lakh on collection of water tax arrears was not levied in eight Tahsildar offices.

(Paragraph 7.2)

- Scrutiny of Lease Files and Mineral Revenue Assessments in four offices of Assistant Directors of Mines and Geology showed that the Department had adopted incorrect sale price, resulting in short levy of royalty of ₹ 55.30 lakh in respect of 12 leases.

(Paragraph 7.3.1)

VIII FOLLOW-UP AUDIT

A Follow-up Audit was conducted on the recommendations made in the Performance Audit on “Functioning of Prohibition and Excise Department”.

- Out of nine audit recommendations, the Government had completed action on three recommendations while, in case of three other recommendations, the Government had initiated action but was yet to be completed. In the case of the remaining three recommendations, the Government had not taken any action.

(Paragraph 8.1.3)

- Government had introduced Hedonic Path Finder System (HPFS) to track and trace manufacture and sale of Indian Made Foreign Liquor (IMFL). This system included affixture of Holographic Excise Adhesive Labels (HEALs) embedded with barcode on bottles of IMFL in distilleries. HEALs were being affixed on bottles of liquor manufactured at distilleries.

(Paragraph 8.1.3.1)

- The HPFS included computerisation at three levels i.e. Distilleries, Depots and Retail sale outlets. Computerisation at Distilleries and Depots was completed and computerisation of retail sale outlets was pending.

(Paragraph 8.1.3.4)

- Government had set up 14 new border check-posts in June 2014. However, no new posts were sanctioned to work in border check-posts.

(Paragraph 8.1.3.5)