

CHAPTER III: STATE EXCISE

3.1 Tax administration

The Additional Chief Secretary to the Government of Haryana, Excise and Taxation Department, is the administrative head at Government level and the Excise and Taxation Commissioner (ETC) is head of the Department. The ETC is assisted by the Collector (Excise) at headquarters and Deputy Excise and Taxation Commissioners (Excise) {DETCs (Excise)}, Assistant Excise and Taxation Officers (AETOs), Inspectors and other allied staff for proper administration of State Excise Acts/Rules in the field.

Excise revenue is mainly derived from the license fee for grant of license of various vends, excise duties levied on spirit/beer produced in distilleries/breweries and on their import/export to and from any other States.

3.2 Results of audit

During 2016-17, test check of the records of 37 out of 94 units of State Excise Department revealed non/short realisation of excise duty/license fee/interest/penalty and other irregularities involving ₹ 13.48 crore in 634 cases which fall under the following categories as tabulated in the **Table 3.1**.

Table 3.1- Results of audit

Sr. No.	Categories	Number of cases	Amount (₹in crore)
1.	Non/short deposit of license fee and loss of interest	254	5.90
2.	Non-realisation of differential amount of license fee on re-allotment of vends	12	4.06
3.	Non imposition of additional duty/penalty	229	1.56
4.	Non-recovery of penalty on illicit liquor	96	0.48
5.	Miscellaneous irregularities	43	1.48
	Total	634	13.48

During the year, the Department accepted under-assessment and other deficiencies amounting to ₹ 4.80 crore involved in 158 cases out of which ₹ 4.65 crore involved in 133 cases were pointed out during the year and the rest in earlier years. The Department recovered ₹ 18.64 lakh in 33 cases out of which ₹ 3.66 lakh involved in eight cases relates to the year 2016-17 and the rest to earlier years.

Some significant cases involving ₹ 5.08 crore are discussed in the following paragraphs.

3.3 Non/short recovery of license fee and interest

Ninety vends failed to pay the monthly instalments of license fee due for the year 2015-16 by the prescribed dates and DETCs (Excise) did not initiate action to seal the vends resulting in non/short recovery of license fee of ₹ 2.43 crore. In addition, interest of ₹ 1.57 crore was also leviable.

Para 6.4 of State Excise policy for the year 2015-16 stipulates that every licensee holding a license for retail outlets of Indian Made Foreign Liquor (IMFL) and Country Liquor (CL) vends shall make payment of monthly instalment of license fee by 20th of each month. Failure to do so renders him liable to pay interest at the rate of 18 *per cent* per annum for the period from the first of the month in which the license fee was due, to the date of payment of the instalment or any part thereof. Further as per para 6.5 of State Excise policy, if the licensee fails to deposit the monthly instalment in full along with interest by the end of the month, the licensed vends shall cease to be in operation on the first day of the following month and shall ordinarily be sealed by the Deputy Excise and Taxation Commissioner {DETC (Excise)} of the respective district.

Scrutiny of the records of Fatehabad, Kurukshetra and Rohtak DETCs (Excise) for the year 2015-16 revealed that 20 vends for sale of IMFL and CL were allotted to licensees for ₹ 5.51 crore. The licensee had paid license fee of only ₹ 3.08 crore and the balance license fee of ₹ 2.43 crore was yet to be deposited by the licensees. This resulted in short recovery of license fee of ₹ 2.43 crore. In addition, interest of ₹ 57.24 lakh was also leviable.

Further audit noticed that four DETCs (Excise)¹ of seventy vends had paid monthly instalments of license fee of ₹ 26.88 crore for the period between April 2015 and March 2016 with delay ranging from 11 to 331 days. The DETCs (Excise) did not initiate action to levy interest on belated payment of license fee. This resulted in non levy of interest of ₹ 99.43 lakh.

On this being pointed out, all the DETCs (Excise) stated (between November 2016 and August 2017) that an amount of ₹ 9.08 lakh had been recovered and efforts would be made to recover the outstanding amount of ₹ 3.91 crore from the defaulters.

The matter was reported to the Excise and Taxation Department between September 2016 and January 2017 and to the Government in June 2017; their replies were awaited (October 2017).

¹ Gurugram, Jhajjar, Kurukshetra and Rohtak.

3.4 Non-realisation of differential license fee on re-auction

The Department failed to initiate action to recover the differential amount of license fee from the original allottees resulting in non-realisation of Government revenue of ₹ 1.08 crore.

Para 6.5 and 2.19 of the State Excise policy for the year 2015-16 stipulates that in case the allottee fails to make payment of security deposit and defaults in payment of license fee along with interest, the licensed outlet shall cease to be in operation on the first day of the following month and the Deputy Excise and Taxation Commissioner (Excise) {DETC (Excise)} may re-allot it at the risk and cost of original allottee after seeking prior permission of the Excise and Taxation Commissioner (ETC).

Scrutiny of the records of DETCs (Excise) Fatehabad and Rohtak for the year 2015-16 revealed that three retail outlets were auctioned in 2015 for ₹ 3.07 crore. The allottee, however, failed to pay monthly instalments of license fee in full by the due date. Of the total license fee of ₹ 3.07 crore, the allottees deposited security and monthly license fee of ₹ 67.13 lakh and failed to deposit the balance amount of ₹ 2.40 crore. The Department cancelled their retail outlets between May and June 2015 and thereafter re-auctioned/re-allotted them between July and October 2015 for ₹ 1.36 crore for the remaining period at the risk and cost of original allottees. While the Department recovered ₹ 1.32 crore from the second allottees, it failed to initiate action to recover the differential amount of license fee of ₹ 1.08 crore (₹ 2.40 crore – ₹ 1.32 crore) from the original allottees. This resulted in non-realisation of Government revenue of ₹ 1.08 crore.

On this being pointed out, both the DETCs (Excise) stated in April 2017 that notices had been issued to the defaulter allottees and efforts would be made to recover the outstanding amount of ₹ 1.08 crore from the defaulters.

The matter was reported to the Excise and Taxation Department in September and December 2016 and to the Government in May 2017; their replies were awaited (October 2017).