

OVERVIEW

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This Report contains 27 paragraphs relating to non/short levy of VAT/CST, State excise, stamp duty and registration fee, passenger and goods tax and royalty with revenue implication of ₹279.28 crore.

I. General

The total revenue receipts of the Government for the year 2015-16 was ₹23,440.48 crore as compared to ₹17,843.45 crore during the previous year. Out of this, 36 per cent was raised through tax revenue (₹6,695.81 crore) and non-tax revenue (₹1,837.15 crore). The balance 64 per cent was received from the Government of India as State's share of divisible Union taxes (₹3,611.17 crore) and Grants-in-Aid (₹11,296.35 crore). There was an increase in Revenue Receipts over the previous year by ₹5,597.03 crore.

(Paragraph 1.1)

Test check of the records of 217 units of Sales tax/Value Added Tax, State Excise, Taxes on Motor Vehicles, Taxes on Goods & Passengers and Forest Receipts conducted during the year 2015-16 brought out under-assessment/short levy/loss of revenue aggregating ₹585.95 crore in 1,206 cases. During the year, the Department concerned accepted under-assessment and other deficiencies of ₹182.20 crore in 664 cases, out of which an amount of ₹23.06 crore was realised in 533 cases of which ₹15.15 crore in 471 cases relate to findings of previous years and ₹7.91 crore in 62 cases for the findings of year 2015-16.

(Paragraph 1.10)

II. Taxes/VAT on Sales and Trade

Transaction Audit

The Department of Taxes/VAT on Sales and Trade took no action to recover lease money from lessees of toll barriers amounting to ₹51.40 crore.

(Paragraph 2.3)

The Assessing Authority applied incorrect rate of tax of four to 11 per cent instead of applicable rates of five to 30 per cent while finalising assessment of nine dealers during the years 2005-06 to 2013-14 resulting in short realisation of tax amounting to ₹0.54 crore. In addition, interest of ₹0.41 crore was also leviable.

(Paragraph 2.4)

Acceptance of invalid, duplicate and defective statutory forms by Assessing Authorities and allowing concessional rate of tax on inter-state sales resulted in short levy of tax of ₹47.90 lakh in 15 cases. In addition, interest of ₹41.83 lakh was also leviable.

(Paragraph 2.5)

A dealer had paid entry tax of ₹3.40 crore as against tax payable of ₹6.91 crore resulting in short levy of tax of ₹3.51 crore.

(Paragraph 2.6)

The Assessing Authority during assessment of a dealer for the year 2008-09 excluded the sundry debtors from the Gross Turnover resulting in loss of revenue of ₹0.83 crore. Besides, interest was also leviable.

(Paragraph 2.7)

III. State Excise

License fee amounting to ₹8.59 crore was short recovered from 29 licensees. In addition, interest of ₹1.03 crore was also leviable.

(Paragraph 3.3)

Additional fee of ₹5.34 crore for short lifting of 20,16,928 proof liters of liquor by licensee of 451 vends was not levied. In addition, a penalty of ₹0.54 crore was also leviable.

(Paragraph 3.4)

Interest amounting to ₹99.61 lakh on delayed payment of license fee of ₹76.39 crore was not demanded by the Department from the licensees of 109 vends resulting in short levy of interest to that extent.

(Paragraph 3.5)

License fee of ₹43.83 lakh was recoverable in respect of 252 vends due to non-accountal of unsold stock of preceding year.

(Paragraph 3.6)

Salaries of ₹34.77 lakh of excise establishment staff posted in a brewery, a distillery and two bottling plants were not recovered from the licensees for the year 2014-15.

(Paragraph 3.7)

License fee and excise duty amounting to ₹28.75 lakh from two licensees was short recovered, resulting in loss of revenue to that extent. Interest on belated payment of license fee/franchisee fee of ₹5.39 lakh was also recoverable.

(Paragraph 3.8)

The Excise and Taxation Department did not levy entertainment duty on cable operators thereby forgoing revenue of at least ₹0.55 crore.

(Paragraph 3.10)

IV. Stamp Duty

The State Government failed to ensure adherence and enforcement of statutory and regulatory provisions while leasing land to users for various purposes resulting in short or non-recovery of revenue totaling ₹101.80 crore. The ability of the Department to monitor and properly manage leases were also undermined by non-maintenance of a centralized data of land and allotments made on lease basis. Lease deeds were not executed/renewed within the specified period, lease money was not fixed/revised as per prescribed rates on the basis of prevailing market value of the land and the Department had not taken any action to resume the land in favour of Government or cancel the lease deeds.

(Paragraph 4.3)

Incorrect adoption of market rate for built up structure of ₹10.99 crore resulted in short realisation of Stamp Duty and Registration Fee of ₹0.79 crore.

(Paragraph 4.4)

Incorrect valuation on the basis of affidavits regarding distance of the land from road filed by purchasers resulted in short realisation of Stamp Duty and Registration Fee of ₹0.56 crore. In addition, penalty of ₹27.94 lakh was also leviable.

(Paragraph 4.5)

Application of incorrect rates of Stamp Duty in sale deeds resulted in short realisation of Stamp Duty of ₹31.87 lakh in 400 cases.

(Paragraph 4.6)

Non-adopting of prevailing market rates on lease deeds resulted in short recovery of Stamp Duty and Registration Fee of ₹10.64 lakh.

(Paragraph 4.7)

V. Taxes on Vehicles, Goods and Passengers

Poor maintenance of essential records coupled with inadequate enforcement and lack of co-ordination between Motor Vehicle Registering Authorities and the Excise and Taxation Department to ensure registration of all commercial vehicles under the Himachal Pradesh Passengers and Goods Tax Act resulted in non/short levy of revenue amounting to ₹84.90 crore.

(Paragraph 5.3)

Token tax ₹4.09 crore in respect of 11,018 vehicles for the years 2012-13 to 2014-15 was neither demanded by the Department nor paid by the vehicle owners.

(Paragraph 5.4)

The e-Governance societies collected receipt of ₹43.02 lakh on account of user charges of which ₹10.76 lakh was to be deposited in the Government account. However, only ₹1.79 lakh was deposited resulting in ₹8.97 lakh remaining outside Government account.

(Paragraph 5.5)

Special Road Tax was not recovered from Himachal Road Transport Corporation, private stage carriers and stage carriages of other States amounting to ₹1.53 crore.

(Paragraph 5.6)

VI. Forest Receipts

Non-disposal of seized timber measuring 539.2254 cu.m lying in various depots of the Department for disposal resulted in blocking of revenue of ₹2.79 crore including value added tax of ₹33.70 lakh.

(Paragraph 6.3)

Short recovery of royalty of ₹8.30 crore due to application of incorrect rates of royalty by the Himachal Pradesh State Forest Development Corporation Limited.

(Paragraph 6.4)

Cost of ₹32.50 lakh of 536 trees having standing volume of 257.434 cu.m coming in the alignment of projects was not recovered from the user agencies by the Department.

(Paragraph 6.5)

Lease period of 36 timber lots handed over to Himachal Pradesh State Forest Development Corporation Limited for exploitation of timber were extended without demanding extension fee ₹17.20 lakh.

(Paragraph 6.6)