

## Overview

This Report contains one performance audit on “**Levy and Collection of Stamp Duty and Registration Fee**” and 21 paragraphs relating to non/short levy of Sales Tax/VAT, stamp duty and registration fee, motor vehicle tax and other receipts with revenue implications of ₹ 285.97 crore.

### 1. Chapter-I

#### General

The total receipts of the State Government for the year 2015-16 were ₹ 41,523.38 crore. The Government raised ₹ 29,340.76 crore comprising tax revenue of ₹ 26,690.49 crore and non-tax revenue of ₹ 2,650.27 crore. The State Government received ₹ 8,008.90 crore as State’s share of divisible Union taxes and ₹ 4,173.72 crore as Grants-in-aid from the Government of India.

**(Paragraph 1.1.1)**

Test check of the records of 312 units of Value Added Tax, State Excise, Motor Vehicles, Stamp Duty and Registration Fee, Forest Receipts and other Departmental offices conducted during the year 2015-16 revealed under-assessment/short levy/loss of revenue aggregating ₹ 595.96 crore in 15,445 cases. The Departments collected ₹ 12.03 crore in 6,880 cases during 2015-16, out of which ₹ 0.08 crore in 109 cases was for the year 2015-16 and ₹ 11.95 crore in 6,771 cases was of earlier years.

**(Paragraph 1.10.1)**

### 2. Chapter-II

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

Audit of utilisation of statutory declaration forms brought out that system of electronic generation of declaration forms was not made operational even though Rules in this regard were framed in July 2012. Concessions/exemptions were allowed on the basis of false, defective, duplicate, tampered and short declaration forms even when Public Accounts Committee recommended not to accept incomplete/duplicate/tampered declaration forms resulted in short levy of tax of ₹ 3.15 crore while concessions allowed without obtaining statutory declarations led to excess refund of ₹ 42.91 lakh.

**(Paragraph 2.3)**

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Incorrect computation of purchase tax in one case resulted in short levy of ₹ 1.97 crore.

**(Paragraph 2.4)**

Inadmissible deduction of soil as tax free in works contracts resulted in short levy of tax of ₹ 40.62 lakh.

**(Paragraph 2.5)**

Non-reversal of notional input tax credit on export and inter-state sale at concessional rate of tax resulted in short levy of tax of ₹ 28.33 lakh.

**(Paragraph 2.6)**

Incorrect reversal/non-reversal of input tax credit resulted in short levy of tax of ₹ 77.23 lakh in four cases.

**(Paragraph 2.7)**

The Assessing Authority did not reduce its exemption for sale of paddy on account of purchase tax resulting in excess benefit of exemption by ₹ 2.87 crore in four cases.

**(Paragraph 2.8)**

Reversal of input tax credit on disposal of by-products worth ₹ 20.58 crore other than by way of sale was not made by Assessing Authorities in 16 cases, resulting in short levy of tax of ₹ 82.31 lakh.

**(Paragraph 2.10)**

Application of incorrect provision relating to levy of interest in assessment orders resulted in short levy of interest of ₹ 9.49 crore.

**(Paragraph 2.13)**

### **3. Chapter-III**

#### **State Excise**

Contravention to Government notification relating to fixation of rates of license fee for liquor vends resulted in short realisation of license fee of ₹ 90 lakh.

**(Paragraph 3.3)**

### **4. Chapter-IV**

#### **Stamp Duty**

A performance audit of the Levy and Collection of Stamp Duty and Registration Fee for the period 2010-15 brought out both systemic and implementational

deficiencies that led to loss and leakage of revenues. Some of the significant findings are as follows.

- The Department had to forgo revenue of ₹ 11.92 crore as it did not evolve a mechanism to ensure that instruments lying in custody of Government offices and banks had been charged with applicable stamp duty and registration fee.

**(Paragraph 4.3.7)**

- There was loss of revenue of ₹ 1.83 crore on account of non levy of additional stamp duty for Social Security Fund due to non-specifying of the villages falling within five km from the outer limit of Municipal Corporation. In addition, delay in circulation of notifications resulted in non-levy of Registration Fee and Social Infrastructure Cess of ₹ 13.76 crore.

**[Paragraph 4.3.9(a, b)]**

- Non-registration of instruments relating to mutation of properties resulted in revenue loss of ₹ 19.79 crore on account of Stamp Duty and Registration Fee.

**(Paragraph 4.3.10)**

- Irregular remission of stamp duty, additional stamp duty, social infrastructure cess and registration fee on deeds involving mega projects, land acquisition and charitable institutions resulted in loss of ₹ 6.99 crore.

**(Paragraph 4.3.11)**

- Misclassification and undervaluation of properties resulted in short levy of stamp duty and registration fee of ₹ 17.16 crore.

**(Paragraphs 4.3.12)**

## **5. Chapter-V**

### **Taxes on Vehicles, Goods and Passengers**

Motor Vehicle Tax of ₹ 48.02 lakh relating to private service vehicles and vehicles used by educational institutes was short realised from eight companies/institutes operating in the jurisdiction of nine District Transport Officers.

**(Paragraph 5.3)**

Motor Vehicle Tax of ₹ 27.31 lakh was non/short realized from stage carriage buses in eight District Transport Officers.

**(Paragraph 5.4)**

Additional fee of ₹ 7.80 lakh was not realized by the State Transport Commissioner while allotting the registration marks of choice to 156 owners of tourist vehicles.

**(Paragraphs 5.6)**

Motor Vehicle Tax of ₹ 6.06 lakh was short realized from four depots of Himachal Road Transport Corporation due to application of incorrect rates applicable under the reciprocal agreement.

**(Paragraph 5.7)**

## **6. Chapter-VI**

### **Forest, Other Tax and Non Tax Receipts**

Audit of conduct of Lotteries in Punjab brought out that lottery schemes were organised without issuing advance notifications and agents for sale of these lottery schemes were appointed without inviting tenders. Department made payment of ₹ 1.48 crore on account of bonus/promoter's prize to sub-agent without observing compliance with the extant rules. There was no system in the Directorate for conducting annual financial and systems audit of various lottery schemes.

**(Paragraph 6.3)**

Audit of the system of collection of arrears of revenue in the State brought out that non-maintenance of records in prescribed form and lack of details of defaulters coupled with slow pace of recovery led to an exponential increase of the arrears of revenue by 254 *per cent* from ₹ 1,057 crore in 2012-13 to ₹ 3,747 crore in 2014-15. Outstanding dues of ₹ 28.80 crore under different revenue heads were not even declared as arrears of land revenue while ₹ 10.21 crore were outstanding on account of water charges.

**(Paragraph 6.4)**

Non-compliance of the provisions of Punjab Entertainment Duty Act by cable operators resulted in non/short realisation of entertainment duty of ₹ 31.80 lakh.

**(Paragraph 6.5)**

Non-application of correct rates resulted into short realisation of marriage registration fee of ₹ 9.66 lakh in 685 cases.

**(Paragraph 6.6)**