

OVERVIEW

This Report contains 38 draft paragraphs relating to non/short levy of taxes/duties/royalty, interest and penalty etc., loss of revenue, irregular exemption, unfruitful expenditure and other irregularities. It also contains a Performance Audit on 'Working of Transport Department', an Information Technology Audit of the Registration System 'e-Panjeeyan' and two Compliance Audit on - (i) 'Impact of Tax Exemptions to Industrial Units of Assam' and (ii) 'State Compensatory Afforestation Fund Management and Planning Authority'. Some of the major findings are mentioned below:

I. GENERAL

- The total receipts of the State for the year 2015-16 were ₹ 42,457.68 crore against ₹ 38,181.49 crore in the previous year. Of this, 30 *per cent* was raised by the State Government through tax revenue (₹ 10,106.49 crore) and non-tax revenue (₹ 2,741.56 crore). The balance 70 *per cent* was received from the Government of India in the form of State's share of net proceeds of divisible Union taxes (₹ 16,784.88 crore) and grants-in-aid (₹ 12,824.75 crore).

(Paragraph 1.1)

- Failure of senior officials to ensure timely replies and accountability resulted in 3,521 audit observations not being settled involving revenue implication of ₹ 7,169.23 crore at the end of June 2016.

(Paragraph 1.6)

- During the year 2015-16, only three Audit Committee meetings in respect of Environment and Forests, State Excise and Mines and Minerals departments were held in which 332 paragraphs were settled.

(Paragraph 1.6.2)

- Test check of records of 108 units of sales/value added tax, motor vehicles, state excise, forests, other tax and non-tax receipts conducted during the year 2015-16 revealed under assessment/short levy/short demand having revenue implication of ₹ 431 crore in 601 cases.

(Paragraph 1.9.1)

II. TAXES ON SALES, TRADE ETC.

A Compliance Audit on ‘Impact of Tax Exemptions to Industrial Units of Assam’ revealed the following:

- Tax exemptions of 200 *per cent* were allowed to Mega Projects, despite the decision taken by the Task Force of the Empowered Committee of Finance Ministers constituted by the Government of India (GoI) that incentives should generally be in the range of 25-50 *per cent* and that, only in the rarest of rare cases, should 100 *per cent* incentive should be granted.

(Paragraphs 2.4.6 & 2.4.10.2)

- Though substantial tax incentives (200 *per cent*) were granted to Mega Projects, the employment generated by them was far below that generated by Small/Medium/Large scale industries receiving lesser tax incentives.

(Paragraph 2.4.12.2)

- There was loss of revenue of ₹ 34.80 crore on account of irregular grant of entry tax exemptions not provided for under the Industrial Policy, 2008 while tax exemptions of ₹ 110.34 crore were granted irregularly to two Mega Projects.

(Paragraphs 2.4.10.1 & 2.4.11)

- Despite the judgment of Supreme Court prohibiting the coverage of certain activities under the term ‘manufacture’, tax exemptions, aggregating ₹ 78.48 crore, were irregularly granted to 45 ineligible industries.

(Paragraph 2.4.9)

- No mid-course corrections were initiated in regard to tax incentives.

(Paragraph 2.4.7)

Other audit observations

- Acceptance of purchase price of coal at rates lower than that applicable at the source of coal in Meghalaya led to short levy of tax by ₹ 14.67 crore on which interest of ₹ 8.57 crore was additionally leviable.

(Paragraph 2.6)

- Two dealers declared a portion of the turnover as exempted sales/applied lower rate of tax resulting in short levy of tax by ₹ 1.88 crore on which interest of ₹ 88.41 lakh was additionally leviable.

(Paragraph 2.7)

- Concealment of turnover by a dealer and failure of the Assessing Officer (AO) to detect the same resulted in tax of ₹ 54.73 lakh remaining unrealised on which interest of ₹ 22.99 lakh was additionally leviable.

(Paragraph 2.8)

- Irregular allowance of concessional rate of tax against declaration forms issued by an unregistered dealer resulted in short levy of tax of ₹ 31.78 lakh on which interest of ₹ 19.07 lakh was additionally leviable.
(Paragraph 2.9)
- Incorrect grant of concession against invalid declaration form led to revenue of ₹ 28.39 lakh including interest remaining unrealised.
(Paragraph 2.10)
- Assessment of purchase price of coal at lower rates led to short determination of turnover and consequent non-realisation of entry tax of ₹ 2.29 crore on which interest of ₹ 1.58 crore was additionally leviable.
(Paragraph 2.11)
- Determination of purchase turnover without considering the freight charges resulted in short determination of turnover and consequent short levy of tax of ₹ 1.73 crore.
(Paragraph 2.12)
- Failure of the AO to bring all taxable goods imported under the tax net resulted in entry tax of ₹ 61.63 lakh including interest remaining unrealised.
(Paragraph 2.13)
- Failure to register two dealers under the Assam Entry Tax Act, 2001 resulted in entry tax of ₹ 29.34 lakh (including interest) remaining unrealised.
(Paragraph 2.14)
- Application of incorrect rate of tax resulted in short payment of entry tax of ₹ 13.91 lakh on which interest of ₹ 9.39 lakh was additionally leviable.
(Paragraph 2.15)

III. STATE EXCISE

- Revenue of ₹ 1.02 crore was not realised against damaged stock allowed for destruction.
(Paragraph 3.4)
- Revenue of ₹ 70.70 lakh involved in stock of India Made Foreign Liquor (IMFL) damaged in fire was not recovered despite specific orders of the Commissioner of Excise.
(Paragraph 3.5)
- Three bonded warehouses, one bottling unit, two retail 'OFF' and three 'ON' bar licences did not pay the annual licence fees resulting in licence fees of ₹ 34.17 lakh not being realised.
(Paragraph 3.6)

- Short realisation of excise duty of ₹ 31.90 lakh on IMFL/Wine/Beer issued to the retailers by two bonded warehouses.
(Paragraph 3.7)
- Stock of IMFL/Beer/Wine was irregularly deducted from the stock register resulting in evasion of revenue of ₹ 29.56 lakh.
(Paragraph 3.8)
- Irregular allowance of godown wastage leading to revenue of ₹ 23.38 lakh not being realised.
(Paragraph 3.9)
- Five consignments of IMFL were not accounted for by two bonded warehouses on which demand was not raised by the Superintendents of Excise resulting in revenue of ₹ 14.21 lakh remaining unrealised.
(Paragraph 3.10)
- Non-monitoring of stock of IMFL held by a bonded warehouse and enhancement of bond limit without realising the balance licence fees resulted in short realisation of licence fees of ₹ 7.50 lakh.
(Paragraph 3.11)

IV. MOTOR VEHICLE TAXES

A Performance Audit on ‘Working of Transport Department’ revealed the following:

- Due to the absence of a mechanism to review the combined register at periodical intervals, the concerned district transport offices could not detect non-payment of tax of ₹ 2.94 crore by the vehicle owners.
(Paragraph 4.2.8)
- Fitness fee of ₹ 1.28 crore could not be recovered due to not verifying the fitness of the vehicles at the due time.
(Paragraph 4.2.9)
- Failure to renew the licences of Agents of Goods and Passenger Vehicles resulted in renewal license fee of ₹ 73.60 lakh not being realised.
(Paragraph 4.2.11)
- Inadequate existence of internal control system led to misappropriation and not-depositing of Government revenue.
(Paragraph 4.2.29)

V. ENVIRONMENT AND FORESTS

A Compliance Audit on ‘State Compensatory Afforestation Fund Management and Planning Authority (State CAMPA)’ revealed the following:

- Discrepancy on remittance of fund of ₹ 90.57 crore received from user agencies had not been reconciled.
(Paragraph 5.4.6)
- Short realisation of Net Present Value (NPV) of ₹ 24.54 crore from user agencies for diversion of forest land for non-forest purpose.
(Paragraph 5.4.6)
- Non-remittance of ₹ 17.41 crore to *Ad-hoc* CAMPA received from user agencies.
(Paragraph 5.4.7.1)
- State CAMPA incurred expenditure of ₹ 53.50 lakh towards purchase of vehicles and repair of Forest Inspection *Bungalow* in violation of CAMPA guidelines.
(Paragraph 5.4.7.5)
- There was failure of plantation in 3,256.50 hectares involving expenditure of ₹ 6.51 crore due to non-release of fund in time for maintenance.
(Paragraph 5.4.7.5)

VI. STAMP DUTY AND REGISTRATION FEE

An Information Technology Audit of the Registration System ‘*e-Panjeeyan*’ revealed the following:

- The full features of computerisation of the Registration application ‘*e-Panjeeyan*’ are yet to be implemented, even five years after the system was rolled out in September 2011.

Lack of integration with the Land Records Application made the system vulnerable to unauthorised processing, with even government land being sold to individuals.
(Paragraph 6.2.9.1)
- The Post Data Module remained non-functional, due to lack of inter-connectivity among the Sub-Registrar Offices and the Data Centre, as a result of which, data backup is not being maintained properly at the Data Centre.
(Paragraph 6.2.9.2)

- No concrete steps have been taken to update the Legacy Data.
(Paragraph 6.2.9.3)
- Flaws in System Design and inappropriate Programme Formulae resulted in manual entries of Registration Fee.
(Paragraph 6.2.11.3)
- Absence of Input Controls and Validation Checks led to inadequate assurance regarding the completeness and validity of data.
(Paragraph 6.2.12)
- Inadequate security controls resulted in modification of registration details without authorisation by superior officers.
(Paragraph 6.2.13)