

OVERVIEW

This Report contains one Performance Audit on “**Exemption and Concessions against declaration forms**” and 25 illustrative paragraphs relating to non/short levy of taxes, interest, penalty, non/short levy of excise duty, stamp duty, passenger and goods tax, royalty etc. with revenue implications of ₹ 750.20 crore.

1. Chapter-I

General

The total revenue receipts of the State Government for the year 2016-17 were ₹ 52,496.82 crore as compared to ₹ 47,556.55 crore during the year 2015-16. Out of this, 77 per cent was raised through tax revenue (₹ 34,025.69 crore) and non-tax revenue (₹ 6,196.09 crore). The balance 23 per cent was received from the Government of India as State’s share of divisible Union taxes (₹ 6,597.47 crore) and Grants-in-aid (₹ 5,677.57 crore). There was an increase in revenue receipts over the previous year by ₹ 4,940.27 crore.

(Paragraph 1.1.1)

Test check of the records of 318 units of Sales Tax/Value Added Tax, State Excise, Stamp Duty and Registration Fees, Taxes on Goods and Passengers, Taxes on Vehicles and Non-Tax receipts conducted during the year 2016-17 brought out under-assessments/short levy/non-levy/loss of revenue aggregating ₹ 1,701.08 crore in 37,331 cases. During the year 2016-17, the Departments accepted under-assessment of ₹ 666.76 crore in 2,721 cases. Of these, the Department recovered ₹ 1.49 crore in 185 cases of earlier years.

(Paragraph 1.11)

2. Chapter-II

Taxes/Value Added Tax on sales, trade

A Performance Audit on “Exemption and Concessions against declaration forms” brought out cases for non-levy of additional tax and penalty for misuse of declaration forms, misclassification of sale, deductions allowed against invalid documents and cases of non/short levy of tax on sale without declaration forms which resulted in loss of revenue of ₹ 518.66 crore.

- Assessing Authorities allowed wrong exemption, nil/concessional rate of tax on sale against invalid declaration forms C, E1, F and H and allowed concessional sale to non existing dealers resulting in non levy of tax of ₹ 17.37 crore besides penalty of ₹ 103.27 crore was also leviable.

(Paragraph 2.3.7)

- Assessing Authorities did not levy additional tax and penalty of ₹ 262.24 crore for misuse of forms VAT D1 and D2.

(Paragraphs 2.3.8.1 and 2.3.8.3)

- Assessing Authorities did not levy penalty of ₹ 79.35 crore for misuse of C forms.

(Paragraph 2.3.8.4)

- Assessing Authorities failed to assess and levy tax of ₹ 25.77 crore on inter-State sale without C Form.

(Paragraph 2.3.8.5)

- Assessing Authorities applied incorrect rate of tax on inter-State sale without C forms, resulting in short levy of CST of ₹ 8.07 crore.

(Paragraph 2.3.8.6)

- Declaration forms printed by department were without security features such as logo and water mark even after departmental instructions of May 2013.

(Paragraph 2.3.15.1)

- Assessing Authority allowed Input Tax Credit against invalid VAT C4 form, resulting in under-assessment of tax of ₹ 2.13 crore and penalty of ₹ 6.38 crore was also leviable.

{Paragraph 2.3.16 (b) (i)}

108 unregistered works contractors and 28 dealers had suppressed sale of ₹ 247.25 crore resulting in evasion of tax and penalty of ₹ 49.78 crore.

(Paragraphs 2.4.2, 2.4.3.1 and 2.4.3.2)

Action to levy penalty of ₹ 11.43 crore was not initiated even after a lapse of 14 to 19 months in five cases by the department.

(Paragraph 2.4.4)

Stock of ₹ 83.72 crore was suppressed in 19 cases resulting in evasion of tax and penalty of ₹ 24.28 crore.

(Paragraph 2.4.5)

Three dealers had suppressed purchase of ₹ 5.08 crore, resulting in evasion of tax and penalty of ₹ 1.09 crore.

(Paragraph 2.4.6)

The Assessing Authorities allowed the deductions treating embroidered fabrics as sale of fabrics resulting in non levy of VAT amounting to ₹ 5.82 crore. In addition, interest of ₹ 2.79 crore was also leviable.

(Paragraph 2.5.1)

Input Tax Credit for Purchase of Duty and Entitlement pass book was allowed incorrectly as the same was not used for resale and adjusted against custom duty payable resulting in incorrect grant of input tax credit of ₹ 2.68 crore to a dealer. Further, ITC of ₹ 1.28 crore was allowed incorrectly as the selling dealer had not shown any sale during the year.

(Paragraph 2.6)

Assessing Authorities omitted to levy central sales tax on the inter-State sales of ₹ 30 crore resulting in short levy of tax of ₹ 3.77 crore.

(Paragraph 2.7)

The Assessing Authorities did not levy interest in five cases and in two cases interest was levied short on delayed payment of tax which resulted in non/short levy of interest of ₹ 2.51 crore.

(Paragraph 2.8)

Assessing Authority incorrectly allowed higher deduction of taxable turnover resulting in under-assessment of tax of 0.76 crore. In addition, interest of ₹ 61.96 lakh was also leviable.

(Paragraph 2.9)

Assessing Authorities while finalising the assessment underassessed the tax of ₹ 1.17 crore due to calculation mistake.

(Paragraph 2.10)

3. Chapter-III

State Excise

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.

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.

(Paragraph 3.3)

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.

(Paragraph 3.4)

4. Chapter-IV

Stamp Duty

Instances of non-compliance with various provisions of the Indian Stamp Act in respect of valuation of residential/commercial immovable property and sale/exchange/gift deeds and land purchased from the amount of compensation received, agricultural land sold within/outside municipal limits, with an area less than 1,000 square yards or in case where purchasers are more than one and the share of each purchaser is less than 1,000 square yards, were noticed resulting in short levy of stamp duty and registration fees of ₹ 45.44 crore (SD ₹ 44.67 crore and RF ₹ 0.77 crore).

(Paragraph 4.3)

Registering Authorities misclassified sale deeds as collaboration agreements instead of agreement to sell in six agreements resulting in short levy of stamp duty of ₹ 7.35 crore.

(Paragraph 4.4)

The Registering Authorities levied SD of ₹ 3.52 lakh instead of ₹ 6.96 crore in respect of annual average rent of ₹ 229.52 crore resulting in short levy of SD of ₹ 6.92 crore.

(Paragraph 4.5)

Six deeds were registered for sale at normal Khasra rates for agricultural land for ₹ 18.76 crore on which SD of ₹ 1.05 crore was levied instead of at rates of khasras, on which Change of Land Use (CLU) was issued to develop residential colonies, for ₹ 62.04 crore on which SD of ₹ 3.82 crore was leviable resulting in short levy of SD of ₹ 2.77 crore. Further, 47 conveyance deeds were executed and registered at a consideration less than what had been agreed to between the parties resulting in short levy of stamp duty and registration fees of ₹ 42.07 lakh.

(Paragraph 4.6)

Irregular exemption of stamp duty in 38 cases to farmers who had purchased residential/commercial land, purchased agriculture land for amounts exceeding the compensation and purchased agricultural land beyond the permissible period of two years of compensation received, resulted in non/short levy of SD and RF of ₹ 1.85 crore.

(Paragraph 4.7)

5. Chapter-V

Taxes on Vehicles, Goods and Passengers

Transport Department

Vehicle owners of 619 public or private carriers used for carrying goods had not deposited or short deposited Goods tax during the years 2014-15 to 2015-16 resulting in non/short realisation of goods tax of ₹ 47.25 lakh. In addition, interest of ₹ 27.88 lakh was also leviable.

(Paragraph 5.3)

Vehicle owners of 742 goods carriages either had not deposited or short deposited token tax during the year 2015-16 resulting in non/short realisation of token tax of ₹ 17.16 lakh. In addition, penalty of ₹ 34.32 lakh was also leviable.

(Paragraph 5.4)

6. Chapter-VI

Other Tax and Non-Tax Receipts

Mines and Geology Department

Failure on the part of the Department to take timely action resulted in non-realisation of contract money of ₹ 35.90 crore including interest of ₹ 10.37 crore.

(Paragraph 6.3)

Royalty and interest amounting to ₹ 37.22 lakh was not recovered from 67 brick kiln owners, who were issued permits between April 2014 and March 2017 in respect of four districts.

(Paragraph 6.4)