

OVERVIEW

This Report contains 33 paragraphs (including one Performance Audit) relating to non/short levy of taxes, duties, interest and penalty, etc., involving ₹ 117.24 crore. Some of the major findings are mentioned below:

I General

The total revenue receipts of the State during the year 2016-17 were ₹ 2,04,569.64 crore, of which the revenue raised by the State Government was ₹ 1,49,202.16 crore and receipts from Government of India was ₹ 55,367.48 crore. The revenue raised by the State Government constituted 73 *per cent* of the total net receipts of the State. The receipts from Government of India included ₹ 33,714.90 crore on account of the State's share of divisible Union taxes which registered an increase of 20 *per cent* over the previous year and ₹ 21,652.58 crore received as grants-in-aid.

(Paragraph 1.1.1)

II Taxes on Sales, Trade, etc.

Audit of “Maharashtra Settlement of Arrears in Disputes Act, 2016” revealed the following:

- The arrears of revenue locked up in appeals with the Sales Tax Department (STD), Maharashtra Sales Tax Tribunal (MSTT) and Courts as on 31 March 2016 aggregated to ₹ 60,135.26 crore in 1,02,743 appeal cases. The Government promulgated an Act called the “Maharashtra Settlement of Arrears in Dispute Act, 2016” (the Settlement Act) on 26 April 2016 to unlock these arrears.

(Paragraph 2.4)

- The expected settlement of arrears and the recovery therefrom was not properly assessed at the time of framing policy of the Settlement Act.

(Paragraph 2.4.1.2)

- The coverage of the scheme in the mainstream print and electronic media was not adequate. The Scheme of Settlement Act 2016 could achieve only two to 16 *per cent* reduction in number of appeal cases pending with various appellate authorities

(Paragraph 2.4.1.2 and 2.4.5)

- Out of 40,262 orders passed under the Settlement Act in the State, 15,309 orders (38 *per cent*) pertained to cases where the appeals had been filed by the dealers after the enactment of the Settlement Act which actually did not constitute arrears in dispute as on date of notification of the scheme. The net revenue recovered in these cases was ₹ 550.64 crore, after a waiver of ₹ 305.81 crore.

(Paragraph 2.4.2)

- Though 31 *per cent* of the revenue locked up in appeals related to four major oil companies, these companies were not persuaded to avail the

benefits of the Settlement Act as these were considered as highly unlikely to come forward for the same. As a result, huge arrears of revenue mostly relating to the repealed Bombay Sales Tax Act, 1959, remained locked up in appeals.

(Paragraph 2.4.3)

Sales in alcoholic and non-alcoholic beverages and general merchandise items valued at ₹ 3.91 crore made to various flights of different airlines were incorrectly treated the goods as tax free goods. This resulted in short levy of tax of ₹ 48.89 lakh.

(Paragraph 2.5.2.1)

Sales of cars valued at ₹ 6.72 crore was allowed in the course of inter-state trade on production of C forms from dealers who were not resellers. The concessional rate of tax applied was incorrect. This resulted in short levy of tax of ₹ 69.16 lakh.

(Paragraph 2.5.2.2)

Interest aggregating to ₹ 1.60 crore for delayed payment of value added tax was either not levied or was levied short in 28 cases.

(Paragraph 2.5.3 and 2.5.4)

III Stamp Duty and Registration Fee

As per the recitals of the documents, consideration of the property in terms of revenue sharing worked out to ₹ 202.19 crore involving stamp duty of ₹ 8.74 crore against which ₹ 3.73 crore was levied resulting in short levy of stamp duty of ₹ five crore.

(Paragraph 3.4.1.1)

The market value of the property, as per ASR was worked out to ₹ 52.95 crore on which stamp duty of ₹ 3.18 crore was required to be levied; against this ₹ 2.38 lakh was levied on ₹ 39.60 lakh. This resulted in short levy of stamp duty by ₹ 3.15 crore.

(Paragraph 3.4.2)

Irregular grant of bulk land benefit in valuation of a property, resulted in short levy of stamp duty of ₹ 1.58 crore.

(Paragraph 3.4.3)

Non considering the renewal clause as part of lease deed for calculation of market value resulted in short levy of stamp duty of ₹ 1.52 crore.

(Paragraph 3.4.4)

IV Land Revenue

Performance Audit on “**Encroachment on Government land for non-agricultural purposes**” revealed the following:

The Government did not maintain any database of the Government land in the State and also data of the encroachment on government land was not available at District and Tahsil level. The data prepared under the *Maharajaswa Abhiyan* was not reliable. There were discrepancies in data recorded at various levels. Encroachment registers were not properly maintained. No action was taken for eviction of encroachment. No periodical survey was conducted by Circle Officers for identification of encroachment.

- Cross verification by Audit of encroachment registers in 416 test checked villages with property cards and other records in the Tehsil indicated that encroachments had taken place in 77 villages which were not included in the registers.

(Paragraph 4.3.1.1)

- Niphad Tahsil of Nasik District consisted of 135 villages. The Tahsildar reported 582 cases of encroachments in the Tahsil. The village level Encroachment Registers showed 1,270 cases of encroachments on Government land in 55 villages selected for test check. The encroachments could be more if encroachment cases in all the 135 villages were considered.

(Paragraph 4.3.1.3)

Government land measuring 67,490.20 sqm of Lendi Talab (pond), a water body in Mauza Nagpur Khas was encroached with the construction of 1,200 to 1,500 houses.

In Thane city, a lake existed 30 to 35 years ago and now a slum comprising 300 to 350 houses had grown up and remaining open land was used for parking vehicles.

(Paragraph 4.3.2.2)

Encroachment on Government land in respect of brick kilns in three Tahsils was 1,74,421.71 sqm.

(Paragraph 4.3.2.3)

No action for eviction of encroachment was taken even after noticing it. In Thane District, Government land was transferred to Municipal Corporations (MC) for protection against encroachment. However, it did not serve the purpose as cases of encroachment by MC itself were noticed on the transferred land. The encroachment on grazing land was not removed as Revenue Department passed on the responsibility to concerned Local bodies.

- Audit noticed that Government land reserved (September 2010) in District Plan for public purpose like playground, parks, cremation ground, roads etc., in the custody of Municipal Corporations (MC) in Thane District, was encroached.

(Paragraph 4.3.2.5)

- Unauthorised transfer of leased land by manipulating document and encroachment was noticed in village Waladgaon of Aurangabad Tahsil. The land was allotted on lease for touring talkies purpose and the lessee sold the leased land.

(Paragraph 4.3.2.6)

The monitoring by the Department was weak on account of (i) absence of periodical reports for keeping a check over encroachment, (ii) lack of efforts to obtain data/information on Government land and (iii) laxity of the Department in taking penal action against encroachers.

- Scrutiny of records revealed that a road included in Development Plan of Nagpur city was encroached for residential purposes. There was no co-ordination between the Government and NMC to ensure the eviction of the encroachments made.

(Paragraph 4.3.2.7)

- Information furnished by Tahsildars of test-checked Tahsils revealed that in 102 villages of nine Tahsils 507.87 ha of grazing land was encroached and had not been evicted and handed over to Gram Panchayat despite Supreme Court orders.

(Paragraph 4.3.2.8)

- The records of allotment of Government land were test checked at District Collector/Tahsil offices. The cases of breach of terms and conditions of allotment was noticed in 13 cases involving area of 1,39,651 sqm.

The flats constructed on the Government land allotted to a society of 218 members of tribal community for residential purposes were unauthorisedly transferred to persons other than the 218 members.

(Paragraph 4.3.3)

Audit of “**Management of Nazul Lands in Vidarbha Region**” revealed the following:

- Non execution and registration of Nazul leases at the time of renewal resulted in loss of stamp duty and registration fee of ₹ 16.81 crore in 80 cases.

(Paragraph 4.4.1.3)

- There was no mechanism to keep track on sales/transfers of Nazul Lands, in absence of which the department could not recover the unearned income of ₹ 9.87 crore in 15 test checked cases.

(Paragraph 4.4.1.4)

- In two Districts viz., Nagpur and Gondia the lease rents were levied between June 2007 and December 2011 at pre-revised rates instead of rates prescribed in the resolution of June 2007. This resulted in under assessment of annual lease rent of ₹ 2.44 crore with cumulative effect of ₹ 24.40 crore for 10 years in 81 test-checked cases.

(Paragraph 4.4.2)

- In Nagpur District, 19 lessees were using the land for commercial purposes though these were allotted for residential purposes. The department has not recovered unearned income of ₹ 22.67 crore for breach of condition of lease.

(Paragraph 4.4.3)

Application of incorrect rate for valuation of land to calculate occupancy price resulted in short levy of ₹ 1.42 crore.

(Paragraph 4.5.1)

V Taxes on Vehicles

Tax amounting to ₹ 1.04 crore was not recovered from vehicles of various classes.

(Paragraphs 5.4 to 5.6)

VI Other Tax and Non-Tax Receipts

Additional licence fees for service of liquor in rooms aggregating ₹ 51.34 lakh was not recovered from three star-category hotels.

(Paragraph 6.3)

Entertainments Duty payable by cable operators aggregating ₹ 1.21 crore was not recovered in case of 247 cable operators.

(Paragraph 6.6)

Fines at revised rates for traffic violations aggregating ₹ 3.63 crore in 1,34,010 cases was not realized as the notification revising the rates was implemented with delays ranging from four to 25 weeks in five offices.

(Paragraph 6.11)

