



**Report of the
Comptroller and Auditor General of India
on
Revenue Sector
for the year ended 31 March 2016**



**Government of Tamil Nadu
Report No. 2 of the year 2017**

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PREFACE

This Report of the Comptroller and Auditor General of India for the year ended 31 March 2016 has been prepared for submission to the Governor of the State of Tamil Nadu, who shall cause the same to be laid before the State Legislature as per Article 151 of the Constitution of India.

The Report contains significant findings of audit of Receipts and Expenditure of major Revenue earning Departments under Revenue Sector conducted under the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

The instances mentioned in this Report are those, which came to notice in the course of test audit during the period 2015-16 as well as those which came to notice in earlier years, but could not be reported in the previous Audit Reports. The instances relating to the period subsequent to 2015-16 have also been included, wherever necessary.

The audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

OVERVIEW

The report contains 27 paragraphs, including one Performance Audit, relating to non / short levy of taxes, royalty, interest, penalty, etc. involving ₹ 4,107.31 crore. Some of the major findings are mentioned below:

I General

The total revenue receipts of the State during 2015-16 were ₹ 1,29,007.87 crore, comprising tax revenue of ₹ 80,476.08 crore and non-tax revenue of ₹ 8,918.31 crore. ₹ 20,353.86 crore was received from the Government of India as State's share of divisible Union taxes and ₹ 19,259.62 crore as grants-in-aid. The revenue raised by the State Government in 2015-16 was 69 per cent of the total revenue receipts as compared to 71 per cent in 2014-15. Sales tax (₹ 57,522.03 crore) formed a major portion (71 per cent) of the tax revenue of the State. Interest receipts, dividends and profits (₹ 3,093.50 crore) accounted for 35 per cent of the non-tax revenue.

(Paragraph 1.1)

Test check of records relating to commercial taxes, state excise, motor vehicles tax, stamp duty and registration fee, electricity tax, mines and minerals and land revenue during the year 2015-16 revealed under-assessments, short levy, loss of revenue and other observations amounting to ₹ 4,381.82 crore in 4,620 cases.

(Paragraph 1.9)

II Value Added Tax / Sales Tax

Audit of Assessment, levy and collection of Value Added Tax on transfer of goods involved in the execution of works contracts revealed the following:

- The Commercial Taxes Department failed to institute a well established system of collection of data from various work awarders in the State. This resulted in contract receipts escaping assessment from levy of tax under the Tamil Nadu Value Added Tax Act.

(Paragraphs 2.4.2 & 2.4.3)

- The existing system of deduction of tax at source in respect of works contracts suffered from various deficiencies like Non / short deduction of tax at source in the absence of Form-S certificate, absence of system to verify the genuineness of Form-S certificate, and failure to follow the prescribed procedures in issue of Form-S by the assessing authorities.

(Paragraph 2.4.5)

- The failure to forward the Statement of deposit of VAT-TDS in Form-R and the failure to forward the certificate of deduction in Form-T to the Assessment Circles concerned of the works contractors resulted in allowance of claim of VAT-TDS by the contractors without verification of remittance of the same into Government Account.

(Paragraph 2.4.6 & 2.4.7.2)

- The assessment of works contractors in the Assessment Circles suffered from various deficiencies like Non / short levy of purchase tax, short levy of penalty, Non-reversal of input tax credit, incorrect computation of taxable turnover, etc involving tax and penalty of ₹ 15.20 crore.

(Paragraph 2.4.7.2)

Audit of Tax Exemption to Industries revealed the following:

- The failure of the Commercial Taxes Department to comply with the provision of Government Order issued by the Industries Department led to non-recovery of deferred tax of ₹ 1,637.61 crore.

(Paragraph 2.5.2)

- Incorrect method of determination of achievement of Base Production Volume / Base Sales Volume resulted in issue of tax payment certificates in excess of the eligible amount; the excess amount being ₹ 170.93 crore in respect of six companies.

(Paragraph 2.5.5.1)

- Tax payment certificate of ₹ 25.04 crore for refund of tax paid on purchase of inputs was incorrectly issued to a company, though the goods purchased were not involved in process of manufacture.

(Paragraph 2.5.5.3)

- Two companies were incorrectly allowed to carry forward input tax credit of ₹ 1,597.64 crore in their monthly returns though the orders issued by the Industries Department in March 2015 provided that input tax credit shall be allowed only to the extent of sale of goods and the excess input tax credit after such adjustment shall lapse / be forfeited.

(Paragraph 2.5.6.2)

- The internal control and monitoring mechanism suffered from deficiencies of inadequate monitoring of the fulfillment of investment obligation, non-convening of the meetings of High Level Official Committee at prescribed time period and absence of mechanism to accurately determine the purchases and sales eligible for grant of special package of assistance to industries undertaking expansion.

(Paragraph 2.5.7)

Other Audit Observations

Incorrect claim of input tax credit of ₹ 3.14 crore was noticed in 17 cases.

(Paragraph 2.6.4)

Non / short reversal of input tax credit of ₹ 3.29 crore was noticed in 16 cases involving interstate sale of goods and stock transfer of goods to other States.

(Paragraph 2.6.5)

Omission to levy tax on the deemed sale of dyes and chemicals purchased from interstate and utilised in dyeing contracts resulted in non levy of tax of ₹ 81.29 lakh.

(Paragraph 2.6.9)

III Stamp Duty and Registration Fee

Non-levy of stamp duty and short levy of registration fee in respect of amalgamation resulted in non / short realisation of revenue of ₹ 5.47 crore.

(Paragraph 3.3.1)

The adoption of concessional rate of stamp duty in respect of instruments involving release of properties to persons other than family members resulted in short collection of stamp duty and registration fee of ₹ 98.02 lakh.

(Paragraph 3.3.4)

The adoption of concessional rate of stamp duty in respect of instruments involving partition of properties to persons other than family members resulted in short collection of stamp duty and registration fee of ₹ 1.46 crore.

(Paragraph 3.3.5)

Incorrect allowance of exemption in respect of lease deeds resulted in non-levy of stamp duty of ₹ 26.95 crore

(Paragraph 3.3.6)

IV Taxes on Vehicles

Performance Audit on **Collection of taxes and fees and delivery of citizen services by Home Transport Department** revealed the following:

- Misclassification of Private Service Vehicles as Educational Institution Vehicles resulted in short realisation of tax of ₹ 2.46 crore.

(Paragraph 4.3.8.5)

- Incorrect grant of Private Service Vehicle permits to vehicles not owned by the permit holder and plied based on contract agreements resulted in loss of revenue of ₹ 6.59 crore.

(Paragraph 4.3.8.5)

- Incorrect classification of Non-metropolitan services as Metropolitan services and collection of tax at the concessional rate applicable to Metropolitan services resulted in short realisation of tax of ₹ 4.18 crore.

(Paragraph 4.3.8.6)

- Penalty leviable for violation of permit conditions by the stage carriages of Metropolitan Transport Corporation amounted to ₹ 187.97 crore.

(Paragraph 4.3.9.3)

- There was tardy progress in the implementation of various measures undertaken by the Department for improving delivery of citizen services. This resulted in the benefits of such measures not being achieved.

(Paragraph 4.3.10)

V Other Tax and Non-Tax Receipts

Mines and Minerals

Omission to levy royalty on the basis of *ad valorem* rate on the quantity of minerals resulted in short collection of royalty of ₹ 3.97 crore.

(Paragraph 5.3.1)

There was excess transfer of seigniorage fee of ₹ 4.30 crore to local bodies.

(Paragraph 5.5)

CHAPTER I GENERAL

1.1 Trend of revenue receipts

1.1.1 Tax and non-tax revenue raised by the Government of Tamil Nadu during the year 2015-16, the State's share of net proceeds of divisible Union taxes and duties assigned to States and grants-in-aid received from the Government of India during the year and the corresponding figures for the preceding four years are mentioned in Table 1.1

Table 1.1
Trend of revenue receipts

(₹ in crore)						
Sl. No.	Particulars	2011-12	2012-13	2013-14	2014-15	2015-16
1.	Revenue raised by the State Government					
	• Tax revenue	59,517.66	71,254.27	73,718.11	78,656.54	80,476.08
	• Non-tax revenue	5,683.57	6,554.26	9,343.27	8,350.60	8,918.31
	Total	65,201.23	77,808.53	83,061.38	87,007.14	89,394.39
2.	Receipts from the Government of India					
	• State's share of divisible Union taxes	12,714.60	14,519.69	15,852.76	16,824.03	20,353.86 ¹
	• Grants-in-aid	7,286.31	6,499.48	9,122.28	18,589.27	19,259.62
	Total	20,000.91	21,019.17	24,975.04	35,413.30	39,613.48
3.	Total revenue receipts of the State Government (1 + 2)	85,202.14	98,827.70	1,08,036.42	1,22,420.44	1,29,007.87
4.	Percentage of 1 to 3	77	79	77	71	69

Source: Finance Accounts of Government of Tamil Nadu

During the year 2015-16, the revenue raised by the State Government (₹ 89,394.39 crore) was 69 per cent of the total revenue receipts as against 71 per cent in the preceding year. The remaining 31 per cent of the receipts during 2015-16 was from the Government of India.

¹ For details please see Statement No. 14 – Detailed statements of revenue by minor heads of the Finance Accounts of the Government of Tamil Nadu for the year 2015-16. Figures under the head '0021 – Taxes on income other than Corporation Tax – Share of net proceeds assigned to States' booked in the Finance Accounts under 'A – Tax revenue' have been excluded from the revenue raised by the State and included in 'State's share of divisible Union taxes' in this statement.

1.1.2 The following table presents the details of tax revenue raised during the period from 2011-12 to 2015-16.

Table 1.2
Details of Tax revenue raised

(₹ in crore)

Sl. No.	Head of revenue	2011-12		2012-13		2013-14		2014-15		2015-16		Percentage of increase (+) or decrease (-) in 2015-16 over 2014-15
		Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	
1.	Sales tax/VAT	33,393.95	36,288.90	44,007.69	44,041.13	52,826.74	53,532.17	65,202.06	57,190.80	68,874.57	57,522.03	(+) 0.58
2.	State Excise	8,935.23	9,975.21	11,473.97	12,125.68	14,469.87	5,034.91	6,483.04	5,731.18	7,296.67	5,836.02	(+) 1.83
3.	Stamp Duty and Registration Fee	5,856.07	6,580.78	8,466.94	7,645.40	9,874.22	8,251.25	10,470.18	8,362.33	10,385.29	8,721.45	(+) 4.29
4.	Taxes on Vehicles	3,033.11	3,101.09	4,141.11	3,928.43	4,881.15	3,683.58	5,147.14	3,828.95	4,882.54	4,233.39	(+) 10.56
5.	Land Revenue	70.82	87.21	80.02	131.31	112.38	272.83	171.57	170.54	203.41	257.53	(+) 51.01
6.	Taxes on immovable property other than agricultural land (urban land tax)	12.61	10.89	10.52	16.75	18.09	11.52	18.09	10.06	18.09	7.91	(-) 21.37
7.	Others ²	2,480.75	3,473.58	3,280.29	3,365.57	3,882.94	2,931.85	4,343.27	3,362.68	3,968.54	3,897.75	(+)15.91
	Total	53,782.54	59,517.66	71,460.54	71,254.27	86,065.39	73,718.11	91,835.35	78,656.54	95,629.11	80,476.08	

Source: Finance Accounts of Government of Tamil Nadu

The following are the reasons for variation in receipts.

Taxes on Vehicles: The increase was mainly due to huge increase in receipts under the “Tamil Nadu Motor Vehicles Taxation Act 1974”.

Land Revenue: The increase was mainly due to huge increase in receipts under “Recovery of Land Cess”.

² ‘Others’ represent tax receipts pertaining to heads other than those mentioned above.

1.1.3 The following table presents the details of non-tax revenue raised during the period from 2011-12 to 2015-16.

Table 1.3
Details of Non-tax revenue raised

(₹ in crore)

Sl. No.	Head of revenue	2011-12		2012-13		2013-14		2014-15		2015-16		Percentage of increase (+) or decrease (-) in 2015-16 over 2014-15
		Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	
1.	Interest receipts, dividends and profits	1,678.33	2,056.89	1,786.87	2,053.88	1,548.98	3,422.77	2,240.28	2,588.83	2,750.67	3,093.50	(+) 19.49
2.	Crop Husbandry	99.03	125.32	127.25	125.85	120.04	213.77	93.16	150.00	145.06	44.93	(-) 70.05
3.	Forestry and Wildlife	121.33	105.86	158.57	93.94	98.65	193.87	44.86	141.30	143.02	85.52	(-) 39.48
4.	Non-Ferrous Mining and Metallurgical industries	647.44	943.83	850.96	927.19	1,078.64	933.28	1,094.08	976.59	1,191.80	981.12	(+) 0.46
5.	Education, Sports, Art and Culture	786.99	483.26	911.34	751.88	1,565.12	1,693.29	1,606.33	1,932.01	1,985.40	1,355.04	(-) 29.86
6.	Other receipts ³	1,511.45	1,968.41	2,197.62	2,601.52	2,353.66	2,886.29	3,005.27	2,561.87	2,855.55	3,358.20	(+)31.08
	Total	4,844.57	5,683.57	6,032.61	6,554.26	6,765.09	9,343.27	8,083.98	8,350.60	9,071.50	8,918.31	

Source: Finance Accounts of Government of Tamil Nadu

The following are the reasons for variation in receipts.

Interest receipts, dividends and profits: The increase was mainly due to increase under “interest on investment of Defined Contribution Schemes deposits for Government Servants” and increase in dividends and profits from “Power Finance Corporation”.

Crop Husbandry: The decrease was mainly due to huge decrease under “Distribution of Improved Seeds of Paddy and Millets”.

Forestry and Wildlife: The decrease was mainly due to huge decrease under Sandalwood and receipts from Farm Forestry.

Education, Sports, Art and Culture: The decrease was mainly due to decrease in receipts from Sarva Shiksha Abhiyan Scheme and receipts for payments of teachers in Government High School and Higher Secondary Schools under SSA.

³ ‘Other receipts’ represent non-tax receipts pertaining to heads other than those mentioned above.

1.2 Analysis of arrears of revenue

The arrears of revenue, as on 31 March 2016, on some principal heads of revenue amounted to ₹ 29,118.90 crore, of which ₹ 9,529.41 crore was outstanding for more than five years, as detailed in Table 1.4.

Table 1.4
Arrears of revenue

(₹ in crore)

Sl. No.	Head of revenue	Total amount outstanding as on 31 March 2016	Amount outstanding for more than five years as on 31 March 2016	Replies of Department
1.	Sales Tax / VAT	25,930.42	6,804.50	Recovery of ₹ 6,097.30 crore was being done through issue of Recovery Certificates through auction of property. Recovery of ₹ 5,258.34 crore was stayed by High Court and other judicial authorities. Government stayed the collection of ₹ 14.24 crore. Recovery of ₹ 2,170.37 crore was held up due to rectification / review application. Collection of ₹ 526.24 crore was held up due to persons becoming insolvent. Amount of ₹ 636.23 crore was likely to be written off. Remaining arrears of ₹ 11,227.70 crore were at various stages of recovery.
2.	Stamp Duty and Registration Fee	334.96	246.19	Recovery of ₹ 334.90 crore was covered by Recovery Certificates and collection of ₹ 6 lakh was stayed by High Court and other judicial authorities.
3.	State Excise	34.97	34.97	Recovery of ₹ 16.26 crore was covered by Recovery Certificates. Recovery of ₹ 59.43 lakh was stayed by High Court and other judicial authorities. Recovery of ₹ 4.53 crore was covered by rectification / review application and persons becoming insolvent. Amount of ₹ 90.88 lakh was likely to be written off. Arrears of ₹ 12.68 crore were at various stages of collection.
4.	Taxes on vehicles	2.08	1.61	Demands of ₹ 1.67 crore were covered by Recovery Certificates. An amount of ₹ 21.83 lakh was stayed by High Court and other judicial authorities. Remaining arrears of ₹ 19.04 lakh were at various stages of collection.
5.	Non-Ferrous Mining and Metallurgical industries	2,683.11	2,323.05	Demands of ₹ 145.84 crore were covered by Recovery Certificates. Recovery of ₹ 1,540.87 crore was stayed by High Court and other judicial authorities. Recovery of ₹ 230.57 crore was stayed by Government. Recovery of ₹ 23.45 lakh was held up due to rectification / review application. Remaining arrears of ₹ 765.60 crore were at various stages of recovery.
6.	Electricity Taxes	133.36	119.09	Various stages of pendency of arrears were not furnished by the department.
	Total	29,118.90	9,529.41	

Source: Replies of concerned Departments

Recovery of arrears of ₹ 9,529.41 crore was pending for more than five years. However, recovery of some of the arrears has been stayed by judicial authorities. The table further indicates that the amount of uncollected revenue

as on 31 March 2016 was about one-third of the total revenue raised by the Government during the year 2015-16.

1.3 Arrears in assessments

As per the provisions of the Tamil Nadu Value Added Tax (TNVAT) Act, the returns filed by the dealers for the year shall be deemed to have been assessed as on 31 October of the succeeding year. The TNVAT Act provides for selection of cases which were deemed to have been assessed for detailed scrutiny. The Department stated that scrutiny of 35,836 out of 1,06,810 cases was yet to be completed as on 31 March 2016. The details of pendency furnished by the Department indicate that 9,630 cases relate to the assessment years 2006-07 and 2007-08, the selection of which was made between August 2008 and September 2010.

1.4 Evasion of tax detected by the Department

The details of cases of evasion of tax detected by the Commercial Taxes and Home (Transport) Departments, cases finalised and the demands for additional tax raised as reported by the Department are given in Table 1.5.

Table 1.5

Evasion of Tax

Sl. No.	Head of revenue	Cases pending as on 31 March 2015	Cases detected during 2015-16	Total	Number of cases in which assessment / investigation completed and additional demand with penalty, etc. raised		Number of cases pending for finalisation as on 31 March 2016
					Number of cases	Amount of demand (₹ in crore)	
1.	Sales Tax / VAT	4,847	10,070	14,917	7,278	9,867.95	7,639
2.	Taxes on Vehicles	75	328	403	328	0.86	75

The number of cases pending at the end of the year had increased when compared to that at the beginning of the year in respect of Sales Tax / VAT.

1.5 Pendency of Refund Cases

The number of refund cases pending at the beginning of the year 2015-16, claims received during the year, refunds allowed during the year and cases pending at the close of the year 2015-16 as reported by the Departments are given in Table 1.6.

Table 1.6
Details of pendency of refund cases

(₹ in crore)

Sl. No.	Particulars	Sales tax / VAT		Taxes on vehicles	
		No. of cases	Amount	No. of cases	Amount
1.	Claims outstanding at the beginning of the year	29,516	1,283.98	147	0.08
2.	Claims received during the year	14,568	1,142.60	273	0.53
3.	Refunds made during the year	19,198	1,185.32	268	0.47
4.	Balance outstanding at the end of the year	24,886	1,241.26	152	0.14

The TNVAT Act provides for payment of interest, at the rate of half *per cent* per month, if the excess amount is not refunded to the dealer within 90 days from the date of the order of assessment or revision of assessment. Due to slow pace of disposal of refund cases, Government may incur liability for payment of interest.

1.6 Response of the Departments / Government towards audit

The Accountant General (Economic and Revenue Sector Audit), Tamil Nadu (AG) conducts periodical inspection of the Government Departments to test check the transactions and verify the maintenance of important accounts and other records as prescribed in the rules and procedures. These inspections are followed up with Inspection Reports (IRs) incorporating irregularities detected during the inspection and not settled on the spot, which are issued to the heads of the offices inspected with copies to the next higher authorities for taking prompt corrective action. The heads of the offices / Government are required to comply with the observations contained in the IRs, rectify the defects and omissions and report compliance through initial replies to the AG within one month from the date of issue of the IRs. Serious financial irregularities are referred to the heads of the Departments and the Government.

IRs issued up to 31 December 2015 disclosed that 28,599 paragraphs, involving ₹ 4,624.91 crore relating to 6,830 IRs, remained outstanding at the end of June 2016 as mentioned below along with the corresponding figures for the preceding two years in Tables 1.7 and 1.8.

Table 1.7
Details of pending IRs

	June 2014	June 2015	June 2016
Number of IRs pending for settlement	6,802	7,070	6,830
Number of outstanding audit observations	28,739	24,978	28,599
Amount of revenue involved (₹ in crore)	2,768.65	4,699.50	4,624.91

Source: As per data maintained in office of the AG(E&RSA) TN, Chennai

1.6.1 The Department-wise details of the IRs and audit observations outstanding as on 30 June 2016 and the amounts involved are mentioned in Table 1.8.

Table 1.8
Department-wise details of IRs

(₹ in crore)

Sl. No.	Name of the Department	Nature of receipts	Number of outstanding IRs	Number of outstanding audit observations	Money value involved
1.	Commercial Taxes and Registration	Sales tax / Value added tax	2,465	16,684	1,691.49
		Stamp duty and registration fee	1,720	5,304	1,800.12
		Entry tax	173	306	5.94
		Entertainment tax	65	67	4.16
		Luxury tax	129	158	4.60
		Betting tax	11	22	0.09
		Expenditure audit	13	31	0.02
2.	Revenue	Land revenue	1,047	3,368	319.52
		Urban land tax	158	328	19.61
		Taxes on agricultural income	61	134	80.99
3.	Home (Transport)	Taxes on vehicles	401	1,084	57.77
4.	Home (Prohibition and Excise)	State excise	237	386	82.10
5.	Industries	Mines and minerals	245	523	207.61
6.	Energy	Electricity tax	105	204	350.89
Total			6,830	28,599	4,624.91

Source: As per data maintained in office of the AG(E&RSA) TN, Chennai

The large pendency of the IRs, due to non-receipt of the replies is indicative of failure by heads of offices and departments to initiate action to rectify defects, omissions and irregularities pointed out by the AG through the IRs.

1.6.2 Departmental Audit Committee Meetings

The Government has set up Audit Committees (during various periods) to monitor and expedite the progress of the settlement of paragraphs in the IRs. Five meetings of Departmental Audit Committee were held with the Commercial Taxes, Registration, Industries and Energy Departments during the year 2015-16. As a follow-up of the meetings, 907 paragraphs involving ₹ 46.37 crore were settled.

1.6.3 Non-production of records to audit for scrutiny

The programme of local audit of commercial tax offices is prepared sufficiently in advance and intimated to the Department / offices one month before the commencement of local audit to enable them to keep relevant records ready for audit scrutiny.

During 2015-16, 17,309 sales tax assessment records relating to 138 offices were not made available for audit. Of these, 200 assessment records pertained to five special circles where assessments of major dealers are dealt with.

The delay in production of records for audit would render the audit scrutiny ineffective, as rectification of under-assessment, if any, might become time barred, by the time these files are produced to audit.

The matter regarding non-production of records in each office and arrears in assessment is brought to the notice of the Department through the local audit reports of the respective offices.

The non-production of assessment records is a serious lapse on the part of the executive authorities thereby defeating the very purpose of audit as it also hinders the discharge of duties of the Comptroller and Auditor General of India as enshrined in the Constitution.

1.6.4 Response of the Departments to draft Audit Paragraphs

The draft audit paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India are forwarded by AG to the Principal Secretaries of the concerned Department, drawing their attention to audit findings and requesting them to send their response within six weeks. The fact of non-receipt of replies from the Departments is indicated at the end of each such paragraph included in the Audit Report.

Forty one draft paragraphs (including one Performance Audit) proposed for inclusion in the Report of the Comptroller and Auditor General of India for the year ended March 2016 were forwarded to the Principal Secretaries of the respective Departments between May and October 2016. However, replies to 19 paragraphs were not received (February 2017). These paragraphs have been included in the Report without the response of the Principal Secretary of the Departments concerned. However, replies of Assessing Authorities have been included in the paragraphs.

1.6.5 Follow-up of Audit Reports

With a view to ensure accountability of the executive in respect of the issues dealt with in the Audit Reports, the Public Accounts Committee (PAC) laid down in 1997 that after the presentation of the Report of the Comptroller and Auditor General of India in the Legislative Assembly, the Departments shall initiate action on the audit paragraphs and the action taken explanatory notes thereon should be submitted by the Government within two months of tabling the Report, for consideration of the Committee. In spite of these instructions, the explanatory notes on audit paragraphs of the Reports were being delayed inordinately. We observed that 207 paragraphs included in the Reports of the Comptroller and Auditor General of India on the Revenue Receipts of the Government of Tamil Nadu upto the year ended March 2015 were pending

discussion by PAC. Out of the above, the Departments have not furnished explanatory notes in respect of 175 paragraphs. Review of the outstanding action taken notes (ATNs) as of 31 January 2017 on paragraphs included in the Report of the Comptroller and Auditor General of India, Revenue Receipts, Government of Tamil Nadu indicated that the Departments had not submitted ATNs for 1,395 recommendations pertaining to audit paragraphs discussed by PAC. Out of the pending 1,395 recommendations, even the first ATN had not been received in respect of 965 recommendations, the earliest of which related to the Audit Report for the year 1986-87.

1.7 Analysis of the mechanism for dealing with the issues raised by Audit

To analyse the system of addressing the issues highlighted in the IRs / Audit Reports by the Departments / Government, the action taken on the paragraphs and Performance Audits included in the Audit Reports of the last 10 years for one Department is evaluated and included in this Audit Report.

1.7.1 Position of Inspection Reports

The summarised position of the IRs issued to Industries Department relating to Mines and Minerals during the last 10 years, paragraphs included in these reports and their status as on 31 March 2016 are tabulated in Table 1.9.

Table 1.9

Position of Inspection Reports

(₹ in crore)

Year	Opening balance			Additions during the year			Clearance during the year			Closing balance		
	IRs	Paras	Money value	IRs	Paras	Money value	IRs	Paras	Money value	IRs	Paras	Money value
2006-07	258	756	300.53	26	93	1.37	5	57	1.87	279	792	300.03
2007-08	279	792	300.03	28	83	10.38	33	105	6.27	274	770	304.14
2008-09	274	770	304.14	27	66	9.62	30	181	7.89	271	655	305.87
2009-10	271	655	305.87	8	14	0.08	19	70	1.66	260	599	304.29
2010-11	260	599	304.29	15	33	6.39	9	40	0.24	266	592	310.43
2011-12	266	592	310.43	20	61	11.14	15	60	3.19	271	593	318.38
2012-13	271	593	318.38	33	102	8.09	26	58	3.37	278	637	323.10
2013-14	278	637	323.10	12	47	7.67	5	23	0.72	285	661	330.05
2014-15	285	661	330.05	18	56	8.14	19	81	0.88	284	636	337.31
2015-16	284	636	337.31	10	46	17.86	40	126	140.51	254	556	214.67

The above table indicates that as against 756 paragraphs, which were pending at the beginning of 2006-07, the number at the end of 2015-16 had come down to 556 indicating progress in settlement of old paras / IRs.

1.8 Audit planning

The unit offices under various Departments are categorised into high, medium and low risk units according to their revenue position, past trends of audit observations, nature / volume of transactions, etc. The annual audit plan is prepared on the basis of risk analysis which, *inter alia*, includes statistical

analysis of the revenue earnings during the past five years, features of the tax administration, audit coverage and its impact during the past five years, etc.

During the year 2015-16, the audit universe comprised 1,681 auditable units, of which 428 units were planned and 433 units were audited during the year 2015-16 i.e., 26 *per cent* of the total auditable units. The details are shown in **Annexure 1**.

1.9 Results of audit

Position of local audit conducted during the year

The records of commercial taxes, state excise, motor vehicles tax, stamp duty and registration fee, electricity tax, mines and minerals and land revenue were test checked during 2015-16 and under-assessment, short levy, loss of revenue and other observations amounting to ₹ 4,381.82 crore were noticed in 4,620 cases. During the year, the Departments accepted under-assessment and other deficiencies in 888 cases involving ₹ 33.37 crore. Out of these, 208 cases involving ₹ 8.70 crore were pointed out in 2015-16 and 680 cases involving ₹ 24.67 crore pertained to objections raised in earlier years. The Departments collected ₹ 16.50 crore during 2015-16.

1.10 Scope of this Report

This Report contains 27 paragraphs including one Performance Audit relating to non / short levy of taxes, royalty, interest, penalty and other audit observations involving financial effect of ₹ 4,107.31 crore. The Departments / Government accepted audit observations involving ₹ 53.85 crore; of which, ₹ 5.11 crore had been recovered / adjusted by the Departments. Reply in respect of cases involving ₹ 116.65 crore had not been received (February 2017). These are discussed in succeeding Chapters II to V.

CHAPTER II

VALUE ADDED TAX / SALES TAX

2.1 Tax administration

Assessment, levy and collection of sales tax, central sales tax and value added tax are governed by the erstwhile Tamil Nadu General Sales Tax Act, 1959 (TNGST Act) and the Rules made thereunder, the Central Sales Tax Act, 1956 (CST Act) and the Rules made thereunder, the Tamil Nadu Value Added Tax Act, 2006 (TNVAT Act) and the Tamil Nadu Value Added Tax Rules, 2007 (TNVAT Rules) respectively. Administration of the Department is vested with the Commissioner of Commercial Taxes (CCT). The State has been divided into 40 zones, comprising 334 Assessment Circles including four Large Taxpayers⁴ units (LTUs) at Chennai and two Fast Track Assessment Circles (FTACs) at Coimbatore. Assessment, levy and collection of tax are done by the Assessing Authorities (AAs) in charge of the Assessment Circles. Monitoring and control at the Government level is done by the Principal Secretary, Commercial Taxes and Registration Department.

2.2 Internal audit

The Internal Audit wing is organised in each Zone and consists of an Assistant Commissioner (AC), Commercial Tax Officer (CTO) and two supporting staff. The assessments finalised and the refunds made in the preceding quarter were to be taken up for audit in the succeeding quarter.

The details of offices programmed for conduct of internal audit and the offices in respect of which internal audit was done during the year 2015-16 were not furnished by the Department. The year-wise break up of outstanding inspection reports was also not furnished by the Department, though 21,284 paragraphs involving ₹ 520.17 crore were stated to be pending for settlement as of 31 March 2016.

⁴ Large taxpayers – Dealers whose taxable turnover for a year exceeds ₹ 200 crore.

2.3 Results of audit

Test check of records of departmental offices conducted during the period from April 2015 to March 2016 revealed under-assessment of tax and other irregularities amounting to ₹ 3,950.08 crore in 3,344 cases, which broadly fall under the following categories.

Table: 2.1

(₹ in crore)

Sl. No.	Category	No. of cases	Amount
1	Audit of Assessment, levy and collection of Value Added Tax on transfer of goods involved in the execution of works contracts	1	118.72
2	Audit of Tax Exemption to Industries	1	3,719.65
3	Incorrect exemption of tax	84	6.03
4	Incorrect rate of tax	220	12.74
5	Incorrect computation of taxable turnover	239	9.32
6	Non / short levy of tax	347	10.36
7	Non-levy of penalty / interest	215	7.39
8	Incorrect allowance of input tax credit	1,765	43.73
9	Others	472	22.14
	Total	3,344	3,950.08

During 2015-16, the Department accepted under-assessment and other deficiencies amounting to ₹ 23.64 crore in 572 cases; out of which, ₹ 5.58 crore involved in 181 cases were pointed out during the year and the rest in earlier years. Out of the above, an amount of ₹ 7.96 crore had been collected.

Audit of Assessment, levy and collection of Value Added Tax on transfer of goods involved in the execution of work contract, Audit of Tax Exemption to Industries and few illustrative cases involving ₹ 3,849.31 crore are discussed in the following paragraphs.

2.4 Audit of ‘Assessment, levy and collection of Value Added Tax on transfer of goods involved in the execution of works contracts’

2.4.1 Introduction

The assessment, levy and collection of VAT on works contracts is governed by the Tamil Nadu Value Added Tax Act, 2006 (TNVAT Act) and the Tamil Nadu Value Added Tax Rules, 2007 (TNVAT Rules) made thereunder. “Works Contract” is defined to include any agreement made towards cash transactions, deferred payment or other valuable consideration, building construction, manufacture, processing, fabrication, erection, installation, fitting out, improvement, modification, repair or commissioning of any movable or immovable property.

The various stakeholders of works contract and their roles and responsibilities are given below.

Stakeholder	Role and responsibilities
Commercial Taxes Department	<ul style="list-style-type: none"> • Overall monitoring of the activities relating to assessment, levy and collection of VAT. • Establishment of a system to cross verify third party data to detect and prevent tax evasion.
Work Awarder	<ul style="list-style-type: none"> • Deduction of tax at source (VAT-TDS) (except in cases covered by Form-S⁵) at the time of making payments to the works contractors and deposit of the same to the prescribed authority within the prescribed time along with a Statement in Form-R⁶. • Issue of Certificate of deduction of tax in Form-T⁷ to the works contractor and forwarding a copy of the same to the assessing authority (AA) having jurisdiction over the said works contractor.
Works Contractor	<ul style="list-style-type: none"> • Registration as a dealer with the jurisdictional Assessment Circle. • Filing of monthly returns along with proof of payment of tax.
TDS Circle and other assessment circles receiving VAT-TDS	<ul style="list-style-type: none"> • Monitoring deposit of VAT-TDS by the work awarders within the prescribed time along with the statement in Form-R. • Timely remittance of the VAT-TDS amount to the Bank. • Timely transfer of the credit particulars (Form-R) to the AAs having jurisdiction over the works contractors concerned.
Jurisdictional Assessment Circles where contractors are registered as assesseees	<ul style="list-style-type: none"> • Performing street survey to identify unregistered works contractors • Conducting scrutiny of returns filed by the works contractors. • Monitoring adjustment of VAT-TDS credit. • Issue of Form-S and watching utilisation of Form-S.

⁵ Form-S certificate is issued by the AA based on the application made by the works contractor to certify that the dealer had no liability to pay or had paid the tax under Section 5 of the TNVAT Act. The certificate shall be produced by the dealer to the work awarder, based on which VAT-TDS deduction would not be made.

⁶ Form-R is the statement filed by the person making deduction of VAT-TDS to the prescribed authority along with the deposit of VAT-TDS.

⁷ Form-T is the certificate of deduction of tax issued to the works contractor by the works awarder, a copy of which is also forwarded to the AA having jurisdiction over the works contractor.

Audit was conducted to ascertain the (i) adequacy of collection of third party data and effectiveness of its utilisation by the Department to detect tax evasion (Paras 2.4.2 to 2.4.4); (ii) correctness of deduction of VAT-TDS and timeliness of its remittance by the work awarders (Para 2.4.5); (iii) extent of compliance to the provisions of the Act, Rules, Notifications and instructions governing assessment, levy and collection of tax on works contract by the AAs (Para 2.4.7); and (iv) adequacy of internal controls and monitoring mechanism (Paras 2.4.5.2 and 2.4.6).

In order to ascertain whether the roles assigned to various stakeholders were duly fulfilled, we obtained third party data consisting of payments made to the contractors by various work awarders⁸ during the years 2012-13 to 2014-15. Out of 79,729 payments involving ₹ 14,759.71 crore, 58,480 payments amounting to ₹ 12,093.28 crore were cross verified with the database of the Commercial Taxes Department (CTD) and followed up with necessary verification at the Assessment Circles concerned. We also collected Form-S certificates from the above work awarders, based on which tax was not deducted on payments made by them to the works contractors and cross verified the same with the records of CTD to ascertain the correctness thereof. The audit was conducted in 115 out of 336 Assessment Circles during the period from December 2015 to August 2016. The 115 Assessment Circles which had the highest incidence of irregularities found out during cross-verification, both in terms of value / numbers were selected. Apart from the above, the activities of TDS Circle situated at Chennai and other Assessment Circles, which also perform the role of TDS Circle, were also scrutinised.

Audit findings

Audit findings as a result of our examination of records of 115 out of 336 Assessment Circles are given in the succeeding paragraphs. Since these are the results of our test check of sampled Assessment Circles and assessees, Government may get the position examined in the whole State as this exercise is likely to yield considerable revenue for the State.

2.4.2 Inadequate mechanism of cross verification of details of works contractors

Regular and systematic cross verification of database of CTD with third party data can assist in identifying unregistered works contractors and suppression of turnover by the contractors. A white paper released on 17 January 2005, by the Empowered Committee of State Finance Ministers, constituted by the Ministry of Finance, Government of India, emphasised the importance of

⁸ Public works Department (PWD) (Buildings Division), Ground Water Division and Water Resources Division), Highways Department, Local Bodies (Corporation of Chennai, Madurai and Coimbatore), Tamil Nadu Water Supply and Drainage (TWAD) Board, Chennai Metro Water Supply and Sewerage Board (CMWSSB), Airport Authority of India (AAI), Tamil Nadu Transmission Corporation (TANTRANSCO), Southern Railway, Chennai (Construction and Maintenance Divisions), Southern Railway (Chennai and Madurai Divisions), National Highways Authority of India (NHAI), Rail Vikas Nigam Limited (RVNL) and Chennai Metro Rail Limited (CMRL)

cross-checking of tax returns and other documents of the VAT system of the States and those of Central Excise and Income Tax, to help reduce tax evasion and growth of tax revenue. The Tamil Nadu Commercial Tax Manual (Volume III – Standing Order 225 c (iii) (2) prescribes for co-ordinating with other Departments / agencies to obtain information and make use of the same in detecting suppression and evasion of tax.

We observed during audit that the CTD did not have any system in existence for collection of third party data. A separate wing, Business Intelligence Unit (BIU) was formed for collection of data from various sources only in August 2014. BIU had obtained data from the Service Tax Department relating to the year 2013-14 and from the Municipal Corporation of Chennai for the periods 2013-14 and 2014-15. The same was hosted in intranet for use by the AAs. The several other additional sources⁹ of third party data remained untapped by BIU. Also, the data uploaded by BIU in intranet was not utilised by the AAs.

After we pointed this out (January 2016), BIU stated (April 2016) that no norms had been evolved for obtaining data from work awarders. Government stated (November 2016) that efforts were made regularly to obtain details of works contracts but lack of co-operation by the Government Departments and Public Sector work awarders to furnish the details of contracts awarded by them was the primary reason for revenue leakage in the department.

The reply was not acceptable as the measures undertaken by the Department were not effective in obtaining details of works contracts, though more than nine years had passed since the introduction of VAT in the State. Further, we noticed that the details obtained by BIU were also not utilised by the AAs in the process of assessment of works contractors, due to which the turnover escaped assessment from levy of tax under the TNVAT Act.

Recommendation 1: We recommend that the Government may put in place an appropriate mechanism for obtaining details of contracts from major work awarders of the State, followed up by proper utilisation of the details by the AAs in the process of assessment of works contractors to prevent leakage of revenue and to ensure revenue augmentation.

2.4.3 Adequacy of collection of third party data and effectiveness of its utilisation in process of assessment

We obtained details from major work awarders of the State and after excluding payments in respect of which Taxpayers Identification Number (TIN) / Permanent Account Number (PAN) of the contractor was absent, we cross verified 58,480 payments amounting to ₹ 12,093.28 crore with the

⁹ Public works Department (PWD) (Buildings Division, Ground Water Division and Water Resources Division), Highways Department, Local Bodies (Corporation of Madurai and Coimbatore), Tamil Nadu Water Supply and Drainage (TWAD) Board, Chennai Metro Water Supply and Sewerage Board (CMWSSB), Airport Authority of India (AAI), Tamil Nadu Transmission Corporation (TANTRANSOCO), Southern Railway, Chennai (Construction and Maintenance Divisions), Southern Railway (Chennai and Madurai Divisions), National Highways Authority of India (NHAI), Rail Vikas Nigam Limited (RVNL) and Chennai Metro Rail Limited (CMRL)

database of CTD. Such a cross verification revealed the following deficiencies:

Table 2.2: Results of cross verification

(₹ in crore)				
Nature of deficiencies	No. of contractors	No. of assessment circles	Payments made to contractors for execution of works	Amount of tax involved (after deducting TDS)
Execution of contract by dealers whose RCs were cancelled by CTD	104	73	120.31	1.63
Contractors whose RCs were cancelled by CTD subsequent to execution for works	130	86	187.34	2.89
Contractors who filed 'Nil' returns	592	189	672.46	10.09
Non-filing of returns by contractors	327	150	411.27	6.18
Filing of annual return by contractors	630	200	613.69	8.46
Total	1,783	698	2,005.07	29.25

We followed up with necessary verification at the Assessment Circles to ascertain the action taken, if any, by the AAs. The results of such verification are mentioned below:

2.4.3.1 Unregistered works contractors

As per Section 38 of the TNVAT Act, every dealer who purchases goods within the State and sells those goods within the State and whose total turnover in any year is not less than rupees ten lakh and every other dealer whose total turnover in a year is not less than rupees five lakh should be registered under the Act in the State with an appropriate authority.

(i) NHAI, Chennai had awarded a work to a Joint Venture (JV) firm, comprising of a company registered in Tamil Nadu (participant in JV with 65 per cent share) and a company based in Hyderabad (participant in JV with 35 per cent share). Our verification revealed that the JV and one of the constituent companies of the JV were not registered dealers in the State.

(ii) Cross-verification of Permanent Account Number of 103 contractors to whom payment of ₹ 80.58 crore had been made by five¹⁰ work awarders, who remit VAT-TDS at four¹¹ Assessment Circles revealed the absence of matching TIN in CTD database.

(iii) Verification of TINs provided by Airport Authority of India, a work awarder who remits VAT-TDS in Nandambakkam Assessment Circle revealed

¹⁰ CMWSSB, Southern Railways (Division) Chennai, Southern Railways (Division) Madurai, Southern Railways (Construction and Maintenance) Chennai and Rail Vikas Nigam Limited (RVNL)

¹¹ Alwarpet, Chintadripet, TDS Circle and West Veli Street Circle

that 26 works contractors to whom payments of ₹ 16.97 crore were made, were having either invalid TIN or it was not issued by the State Government.

After we pointed this out (August 2016), the AA of Chintadripet Assessment Circle (CMWSSB), Alwarpet Assessment Circle (Rail Vikas Nigam Limited) and West Veli Street (Railway Division Madurai) stated that notices would be issued to the work awarders demanding remittance of VAT-TDS in respect of contracts entrusted by them to contractors without valid TIN. The work awarder, Airport Authority of India stated that they do not verify the registration status of the works contractors with the CTD. Reply in respect of remaining cases was awaited (February 2017).

2.4.3.2 Non-levy of tax on contract receipts

As per Section 21 of the TNVAT Act, every registered dealer shall file return in the prescribed form showing the total and taxable turnover within the prescribed period and in the prescribed manner. Under the TNVAT Act, a works contractor can either pay tax on the transfer of property in goods involved in the execution of works contract or may opt to pay tax at compounded rates on total value of works contract executed by him in a year. The option so exercised shall be final for that financial year. Section 22(4) of the TNVAT Act empowers the AA to assess a dealer to the best of its judgment, where no return is submitted by the dealer for any period of the year or if the return filed is found to be incomplete or incorrect. Section 22(5) of the Act provides for levy of penalty of one hundred and fifty *per cent* of the difference of the tax assessed and the tax already paid as per the returns.

We noticed from the data obtained from work awarders that 442 works contractors had executed works during the period 2012-13 to 2014-15 and received payment of ₹ 1,042.04 crore. We noticed from the records of CTD that (i) the registration certificates (RCs) of 33 works contractors pertaining to 24¹² Assessment Circles were cancelled (between April 2007 and March 2014) prior to the execution of works, and (ii) 409 dealers of 79¹³ Assessment

¹² Adyar, Arumbakkam, Chokkikulam, Cuddalore (Town), Dharapuram, KK Nagar, Koyambedu, Madurai Rural South, Munichalai Road, Nandambakkam, Nanganallur, Nethaji Road-Salem, NH Road, RG Street, Royapuram, Saligramam, Singanallur, Surapattu, Tallakulam, Thirumangalam, Tiruppur (Rural), Tondiarpet, Villivakkam and West Veli Street Circle

¹³ Adyar, Alandur, Amaindakarai, Arisipalayam, Arumbakkam, Avanashi, Bazaar Street, Bhavani, Brough Road, Chidambaram-I, Chitrakara Street, Chidambaram II, Chokkikulam, Cholavaram, Cuddalore (Town), Dr. Nanjappa Road, Ekkatuthangal, Ganapathy, Gandhipuram, Guindy, KK Nagar, Kamarajar Salai, Kelambakkam, Kotturpuram, Koyambedu, Madipakkam, Madurai (Rural) (South), Mahal, Manali, Mandaveli, Melur, MMDA Colony, Munichalai Road, Mylapore, Nandambakkam, Nandanam, Nanganallur, Nethaji Road-Salem, NH Road, Omalur, PN Palayam, Palladam, Perundurai, Perur, Podanur, Pandy Bazaar, Purasawakkam, RG Street, Rasipuram, Royapettah, Royapuram, Saibaba Colony, Saidapet, Salem Rural, Saligramam, Sholinganallur, Singanallur, South Avani Moola Street, Suramangalam, Surapattu, T. Nagar, Tallakulam, Tamil Sangam Salai, Thirumangalam, Thiruparamkundram, Thiruvallikeni, Thiruvanmiyur, Thudiyalur, Tindivanam, Tiruppur Central-II, Tondiarpet, Trichy Road, Velachery, Velandipalayam, Villivakkam, Villupuram II, Virudhachalam, West Tower Street, and West Veli Street Circle

Circles, who received payments of ₹ 984.64 crore, either did not file returns or had filed 'Nil' returns / Annual returns not involving any tax liability. Since the details of work were not obtained by CTD and the AAs neither watched the filing of returns nor they undertook scrutiny of the returns filed by the dealers, the contract receipts escaped assessment from levy of tax. The amount of tax leviable, calculated at the rate of five *per cent* on 70 *per cent* of the contract receipts, after excluding 30 *per cent* towards labour and the amount of TDS already deducted by the works awarder worked out to ₹ 15.05 crore. Besides, penalty of ₹ 22.58 crore calculated at 150 *per cent* of the amount of tax was also leviable.

After we pointed this out (between April and July 2016), the AAs of 23¹⁴ Assessment Circles issued notices in 84 out of 442 cases between April and July 2016. Further action taken by the AAs after issue of notice and reply in respect of remaining cases was awaited (February 2017).

Government stated (December 2016) that the tax deduction authorities, *viz.*, work awarders had failed to deduct TDS as envisaged under Section 13 of the Act and that necessary instructions had been issued to take appropriate action as per the provisions of the TNVAT Act.

Reply was not acceptable as the audit observations were not regarding non-deduction of VAT-TDS by the work awarders. The audit observations related to (i) the failure of the CTD to instruct the work awarders to insist upon furnishing of TIN by the contractors before awarding contracts of work to them; and (ii) the failure of the AAs to watch the filing of returns and to undertake scrutiny of returns filed by the dealers. This resulted in contract receipts not being subjected to levy of tax under the TNVAT Act.

Recommendation 2: We recommend that the GoTN may make mandatory the furnishing of TIN by the contractors to the work awarders before awarding contracts of work to them. We further recommend that suitable instructions may be issued to the AAs to undertake scrutiny of the returns filed by the works contractors to avoid leakage of revenue.

2.4.4 Non-utilisation of data obtained from Service Tax Department

As per the Tamil Nadu Commercial Tax Manual (Volume III – Standing Order 225 c (iii) (2), the CTD is required to ensure co-ordination with other Departments / agencies to obtain information and make use of the same in detecting suppression and evasion of tax. The data relating to rebate claimed by the service providers of “works contract services” was obtained by BIU from the Service Tax Department and uploaded in intranet of the CTD for use by the AAs.

¹⁴ Amaindakarai, Arisipalayam, Arumbakkam, Avanashi, Bazaar Street, Bhavani, Brough Road, Cuddalore (Town), Dr. Nanjappa Road, Ganapathy, K.K. Nagar, Koyambedu, Manali, MMDA Colony, Nanganallur, Perur, Purasawakkam, Saidapet, Salem Rural, Suramangalam, Tondiarpet, Villupuram-II and Virudhachalam

We noticed during scrutiny of records in 31¹⁵ Assessment Circles that 40 works contractors, who had claimed rebate of ₹ 51.28 crore with the Service Tax Department towards cost of material during 2013-14, either did not file returns or filed 'Nil' returns / Annual return not involving tax liability. We further noticed that the RCs of seven works contractors were cancelled during or prior to 2013-14. The AAs neither watched the filing of returns nor did they undertake scrutiny of the returns filed by the dealers. Thus, the information uploaded in intranet of CTD was not utilised by the AAs. This resulted in the turnover of ₹ 51.28 crore escaping assessment and consequent non-levy of tax and penalty of ₹ 2.56 crore and ₹ 3.85 crore respectively in test checked Assessment Circles only.

After we pointed this out (between May 2016 and July 2016), the AA of Mettur Road Assessment Circle stated (July 2016) that the dealer had obtained RC only in August 2014 and action would be initiated after issue of notice to the dealer. The AAs of four¹⁶ Assessment Circles issued notices to the dealers in four cases. Report regarding further action taken by the AAs after issue of notice and reply in respect of the remaining cases was awaited (February 2017).

Government stated (December 2016) that a proper system was put in place and the third party data uploaded in intranet was being utilised by the AAs. The Government, however, stated that the individual dealer specific observations would be processed by the AAs and replies would be furnished.

Thus, we observed that the data obtained by BIU was not utilised by the AAs in assessment process, which led to loss of revenue as indicated above. This indicated lack of monitoring system to ensure that the details uploaded in intranet by BIU were utilised by the AAs in the assessment process.

Recommendation 3: We recommend that an appropriate mechanism may be instituted by the Department to ensure utilisation of the data obtained by BIU by AAs while doing assessment work.

2.4.5 Deduction and remittance of VAT-TDS

As per Section 13 of the TNVAT Act, every person responsible for paying any sum to any dealer for execution of works contract shall, at the time of payment of such sum, deduct tax at source at the rate of two *per cent* in respect of civil works and civil maintenance works contract and at the rate of five *per cent* in respect of all other works contracts. As per the provisions of Section 13 of the TNVAT Act read with Rule 9 of the TNVAT Rules, no such deduction shall be made, where the dealer produces a certificate in Form-S from the AA concerned that he has no liability to pay or has paid the tax. Any person who fails to deduct VAT-TDS or fails to deposit the same, shall pay, in addition to

¹⁵ Adyar, Alwarpet, Amaindakarai, Arni, Arumbakkam, Avarampalayam, Cuddalore (Taluk), Ganapathy, Gandhipuram, Kotturpuram, Mandaveli, Mettur Road, MMDA Colony, Mylapore, Nandanam, Pammal, Perur, Podanur, RS Puram (East), Royapettah, Royapuram, Salem Rural, Suramangalam, T. Nagar, Thiruvallikeni, Tiruvarur, Tondiarpet, Tuticorin-III, Velachery, Velandipalayam and Villupuram-II

¹⁶ Arumbakkam, Cuddalore (Taluk), Ganapathy and Salem (Rural)

the amount required to be deducted and deposited, interest at one and a quarter *per cent* per month of such amount for the entire period of default.

We scrutinised the details of payments made by works awarders during the period 2012-13 to 2014-15 to the works contractors and also the remittances of VAT-TDS by the work awarders in the TDS Circle. We also obtained copies of Form-S certificates from the work awarders and cross verified the same with the records maintained in the Assessment Circles of the CTD. This audit exercise revealed the following deficiencies.

2.4.5.1 Non / short deduction of VAT-TDS

Scrutiny of records in test checked Assessment Circles revealed the following deficiencies in deduction of VAT-TDS in respect of payments made to works contractors.

Table 2.3: Non / short deduction of VAT-TDS

(₹ in crore)

Sl. No.	Nature of deficiency	Assessment circles	Number of work awarders	Year of payment	Payment made	Amount of VAT-TDS not deducted
1	Non-deduction of VAT-TDS despite non-production of Form-S Certificate	31 ¹⁷	273	2012-13 to 2014-15	271.85	9.70
<p>Deduction of VAT-TDS in respect of dyeing contracts was not made on the basis of the letter issued by the CCT in November 2015 that where the cloth manufacturers were Proprietary concern, Partnership Firm and Hindu Undivided Family, VAT-TDS was not required to be insisted on payments made to dyeing contractors. The clarification was not in order as the term 'Person' mentioned in Section 13 is an inclusive definition. Deduction of VAT-TDS would not result in double taxation since VAT-TDS can be adjusted against the tax liability of the works contractor.</p> <p>The AAs of Avanashi, Sathy Road and Tiruppur Bazaar Assessment Circles issued (July 2016) notices to the dealers. Further action taken in this regard and reply in respect of the remaining cases was awaited (February 2017).</p>						
Sl. No.	Nature of deficiency	Assessment circles	Number of work awarders	Year of payment	Payment made	Amount of VAT-TDS not deducted
2.	Non-deduction of VAT-TDS based on Form-S Certificates not issued to the works contractors	Nandanam	1	2012-13 to 2015-16	319.06	6.38
<p>The work was awarded by NHAI to a Joint Venture (JV) firm. VAT-TDS was not deducted on the strength of Form-S certificate issued in favour of one of the constituent companies of the JV firm, which was not in order.</p> <p>After we pointed this out (May 2016), the AA replied that one of the constituent companies of the JV had executed the entire work and hence, the said dealer had obtained two Form-S certificates from the AA, Nandanam Assessment Circle for this work. The reply of the AA was not acceptable since the allotment of work and payments thereof were made to the JV firm. In the absence of Form-S certificate being furnished by the JV firm, VAT-TDS was required to be deducted. Further report was awaited (February 2017).</p>						

¹⁷ Avanashi, Arisipalayam, Avarampalayam, Bhavani, Brough Road, Chithode, Erode (Rural), Mannargudi, Mettur Road, Nethaji Road, Omalur, Palladam, Park Road, Peelamedu (North), Perundurai, Perur, Rasipuram, RS Puram (East), RS Puram (West), Saligramam, Sathy Road, Tiruppur (North), Tiruppur (Rural), Tiruppur (South), Tiruppur Bazaar, Tiruppur Central-I, Tiruppur Central-II, Tiruppur Kongu Nagar and Tiruppur Lakshmi Nagar

Sl. No.	Nature of deficiency	Assessment circles	Number of work awarders	Year of payment	Payment made	Amount of VAT-TDS not deducted
3.	Non-deduction of VAT-TDS based on invalid Form-S Certificate	Five ¹⁸	6	2012-13 to 2014-15	696.96	13.94
<p>The CCT had issued instructions in March 2011 that Form-S certificate shall be issued only for the contract specified and the Form-S certificate will be valid only for the financial year in which it was issued. In all the cases, Form-S did not pertain to the year during which payments were made to the contractors and therefore, the non-deduction of VAT-TDS on the basis of the said Form-S certificates was not in order.</p> <p>After we pointed this out (between June and August 2016), the AA of LTU Assessment Circle stated (August 2016) that the turnover in respect of the contract covered by Form-S was already reported by the dealer and since the contract had already been completed, deduction of tax does not arise. The reply of the AA was not acceptable since the provisions governing deduction of VAT-TDS were different from the assessment procedure and the responsibility to deduct VAT-TDS lies with the work awarder. The AA of Guindy assessment circle issued (July 2016) notice to the work awarder. Further report regarding action taken after issue of notice and reply in respect of the remaining cases was awaited (February 2017).</p>						
Sl. No.	Nature of deficiency	Assessment circles	Number of work awarders	Year of payment	Payment made	Amount of VAT-TDS not deducted
4	Non-deduction of VAT-TDS on the payments made towards cost escalation	Mylapore Brough Road	2	2012-13 and 2013-14	7.43	0.34
<p>The above payment was made towards cost escalation, which was not covered by the Form-S certificate since the cost escalation was decided at a later date.</p> <p>After we pointed this out (May / July 2016), the AA of Brough Road Assessment Circle had issued notice to the dealer. Further action after issue of notice and reply in respect of the remaining case was awaited (February 2017).</p>						
Sl. No.	Nature of deficiency	Assessment circles	Number of work awarders	Year of payment	Payment made	Amount of VAT-TDS not deducted
5	Short deduction of VAT-TDS	Nine ¹⁹	46	2012-13 to 2014-15	219.37	2.82
<p>The rate of VAT-TDS in respect of “all other work contracts” was increased from four <i>per cent</i> to five <i>per cent</i> with effect from 10 March 2012. Scrutiny of the statement in Form-R filed by the work awarders in TDS Circle along with deposit of VAT-TDS and analysis of data obtained from various work awarders revealed that VAT-TDS was deducted at incorrect rates. In respect of four payments, the work awarders had erroneously deducted VAT-TDS at the rate of two <i>per cent</i> applicable to civil works contracts, though the contracts related to electrical works, for which deduction of VAT-TDS was required to be made at the rate of five <i>per cent</i>. In the other cases, VAT-TDS was deducted at four <i>per cent</i> instead of at five <i>per cent</i>.</p> <p>After we pointed this out (between June and August 2016), the AA of Saidapet Assessment Circle reported collection of ₹ 0.42 lakh. Reply in respect of the other cases was awaited (February 2017).</p>						

Government stated (November 2016) that the failure on the part of the work awarders / tax deduction authorities to comply with the provisions of the TNVAT Act had resulted in the discrepancies. The reply was not acceptable

¹⁸ Amaindakara, Guindy, LTU-II, Mylapore and Namakkal (Town)

¹⁹ Chintadripet, Nandambakkam, N.H.Road, Royapettah, Saidapet, Tallakulam, TDS Circle, T.Nagar and West Veli Street Circle

as the department should have instituted a requisite system to monitor and ensure due adherence to the provisions of the TNVAT Act by the work awarders / tax deduction authorities as regards deduction and deposit of VAT-TDS.

Recommendation 4: The audit observation regarding non / short deduction of VAT-TDS is only in respect of test checked circles. We, therefore, recommend that the Department may take necessary steps to ensure due adherence to the provisions regarding deduction of VAT-TDS in all the 336 Assessment Circles.

2.4.5.2 Absence of system to verify the genuineness of Form-S

We observed that based on Form-S certificates produced by the contractors for ₹ 3,070.77 crore, deduction of VAT-TDS of ₹ 25.34 crore was not made by the work awarders in respect of payments of ₹ 1,266.79 crore made by them during the period from 2012-13 to 2014-15. We, however, noticed that entries for issue of the said Form-S certificates were not available in the registers maintained in five²⁰ Assessment Circles concerned. Further, scrutiny of registers maintained in the Deputy Commissioner's offices concerned also revealed absence of entries therein for having recommended the issue of Form-S certificates.

After we pointed this out (between April 2016 and September 2016), the AAs of three²¹ Assessment Circles replied that 12 Form-S certificates for ₹ 452.44 crore produced by four dealers had not been issued by the Assessment Circles. The AAs further stated that the work awarders had been requested to take further action. The AA, Royapettah Assessment Circle stated (July 2016) that the authenticity of Forms would be verified. Based on these certificates, VAT-TDS of ₹ 5.67 crore was not deducted by the work awarders in respect of payment of ₹ 283.25 crore made by them during 2012-13 to 2015-16. Reply from the other AAs was awaited (February 2017).

The above cases indicated the absence of a system to verify the genuineness of the Form-S certificates.

The Government, during Exit Conference stated that necessary action for filing of bogus Form-S would be taken after obtaining a report from the field offices. Based on the audit observation, notices were issued by the AAs of Brough Road and Erode (Rural) Assessment Circles to the works contractors; to which the works contractors have replied that the sales tax consultants engaged by them were responsible for the filing of bogus Form-S. Since these consultants had expired, further progress on the police complaint registered by the works contractors was not feasible. The AAs had issued notices calling for production of accounts by the works contractors to ensure the proper accounting of contract receipts. Further report in this regard was awaited (February 2017).

²⁰ Amaindakarai, Brough Road, Erode (Rural), Omalur and Royapettah

²¹ Brough Road, Erode (Rural) and Royapettah

Recommendation 5: We recommend that action may be taken in all cases to ascertain the genuineness of Form-S certificates and also to ensure that the contract receipts covered by the Form-S certificates were duly reported by the contractors in the monthly returns filed by them with CTD and do not escape assessment from levy of tax.

2.4.5.3 Failure to follow prescribed procedures in issue of Form-S

The CCT had instructed (March 2011) that application for issue of Form-S shall be entered in a common register maintained by the Head of the Assessment Circle. The AA, after making necessary checks and if satisfied that Form-S can be granted, shall send the same to the Deputy Commissioner (CT) concerned for approval. Form-S shall be issued only on receipt of approval of the Deputy Commissioner. A register shall also be maintained by the Deputy Commissioner in the prescribed format.

We examined the extent of adherence to the procedures prescribed for issue of Form-S certificate and observed the following.

- Form-S issue register and Form-S approval register were not maintained in four²² Assessment Circles of Coimbatore division and in the offices of the Territorial Deputy Commissioners respectively. Further, entries for issue of eight Form-S for ₹ 2.77 crore were not available in the registers maintained in four²³ Assessment Circles. Hence, the genuineness of 19 Form-S certificates for ₹ 21.69 crore furnished to work awarders by the contractors of the Assessment Circles concerned could not be ensured.
- The Form-S approval register in the office of the Deputy Commissioner (CT) Namakkal did not contain entries for having accorded approval for issue of seven Form-S certificates for ₹ 3.19 crore by the AAs of Attur (Rural) and Omalur Assessment Circle.
- The Form-S approval register of Deputy Commissioner (CT) Namakkal for the period from April 2012 to December 2013 was not produced. We therefore, could not ascertain the adherence to the procedure of obtaining prior approval of Deputy Commissioner before issue of Form-S by the AA of Tiruchengode (Rural) Assessment Circle in respect of 14 Form-S certificates for ₹ 55.23 crore issued during 2012-13 and 2013-14.

2.4.5.4 Follow up of Form-S certificates issued to works contractors

The CCT instructed in March 2011 that the utilisation of Form-S certificates by the applicant must be verified immediately by the AA and doubtful cases should be communicated to the Enforcement Wing for investigation. If any dealer fails to submit monthly returns after issue of Form-S certificate, then the AA shall take immediate action to cancel the Form-S and inform the same to the concerned work awarder to recover VAT-TDS for the entire contract value from the payments to be made.

We observed as under as a result of examination of records:-

²² Dr. Nanjappa Road, Ganapathy, Gandhipuram and Thudiyalur

²³ Arisipalayam, Namakkal (Rural), Omalur and Rasipuram

- In three²⁴ Assessment Circles, 12 works contractors, who were issued 13 Form-S certificates for ₹ 44.98 crore during 2010-11 to 2014-15 had either not filed return or had filed 'Nil' return. The works contractors had received ₹ 9.45 crore during 2012-13 to 2014-15 without deduction of VAT-TDS. The AAs failed to watch the utilisation of Form-S Certificates. Thus, non-adherence to the instructions regarding watching the utilisation of Form-S by the AAs and failure to refer cases of non-filing of return and filing of 'Nil' return to the Enforcement wing for investigation resulted in contract receipts escaping assessment from levy of tax. Tax and penalty leviable on the contract receipts not disclosed to CTD works out to ₹ 33.07 lakh and ₹ 49.61 lakh respectively.

We pointed this out in May / June 2016. Reply was awaited (February 2017).

- In Erode (Rural) Assessment Circle, the RCs of three contractors, who had obtained Form-S certificates for ₹ 6.20 crore were cancelled subsequently due to non-filing of returns. Thirty one works contractors, who had not filed monthly returns during the year 2012-13 were issued Form-S certificates for ₹ 21.63 crore. A contractor, who had filed 'Nil' return during 2014-15 was issued Form-S certificate for ₹ 74.89 lakh on 31 March 2015.

After we pointed this out (July 2016), the AA replied (July 2016) that notices would be issued to the dealers. Report regarding further action taken after issue of notice was awaited (February 2017).

Government stated (November 2016) that there existed proper mechanism in the department for issue of Form-S certificate and Form-S was issued after obtaining proper approval of the Territorial Deputy Commissioners and a register was also being maintained in this regard. The reply was not acceptable as we found out that the prescribed registers were not maintained in four²⁵ Assessment Circles. The audit observations also indicated non-adherence to procedures prescribed for issue of Form-S certificate.

Recommendation 6: We recommend strict adherence to the prescribed procedures for issue of Form-S and the follow up action which was required to be taken after issue of Form-S to prevent leakage of revenue to Government. We also recommend that as in the case of furnishing of Form-R and Form-T in proof of deduction of tax, the work awarders may also be required to furnish to the AAs concerned, details of Form-S produced by the contractors, so that the genuineness of the said certificates can be ensured by the AAs with reference to the registers maintained by them.

2.4.5.5 Irregular remittance of VAT-TDS

As per Section 13(2) of the TNVAT Act read with Rule 9(1) of the TNVAT Rules, the amount of VAT-TDS shall be deposited with the AA having jurisdiction over the person or to any other authority authorised to receive such payment on or before the 20th day of the succeeding month in which the deduction was made with a statement in Form-R. Section 13(5) of the

²⁴ Madurantakam, Omalur and Royapettah

²⁵ Dr. Nanjappa Road, Ganapathy, Gandhipuram and Thudiyalur

TNVAT Act provides that default in deposit of VAT-TDS shall attract interest at one and a quarter *per cent* per month of such amount for the entire period of default.

We observed delay in remittances of VAT-TDS by the Municipal Corporations of Salem, Erode and Madurai. VAT-TDS of ₹ 4.31 crore pertaining to the period from April 2012 to December 2013 was deposited by Municipal Corporation of Madurai with delay ranging from one day to 363 days. The belated deposit of VAT-TDS attracted payment of interest of ₹ 13.95 lakh, which was required to be collected from the Municipal Corporation of Madurai.

After we pointed this out during April / May 2016, the AAs of the concerned Assessment Circles promised to initiate action for ensuring timely deposit of VAT-TDS and for levy of interest in respect of belated deposit of VAT-TDS. Further report was awaited (February 2017).

This indicated that timely deposit of VAT-TDS by the work awarders was not being monitored by the AAs with whom such deposits were required to be made.

Government admitted (November 2016) that the lapses were due to failure on the part of work awarders / tax deduction authorities to comply with the statutory provisions regarding deposit of VAT-TDS.

The reply of the Government was not acceptable as the Department should have ensured compliance to provisions of the TNVAT Act and should have taken action for levy of interest prescribed under Section 13 (5) of the TNVAT Act in cases, where there was delay in remittance of VAT-TDS.

2.4.6 Statement in Form-R and Certificate in Form-T

As per Section 13(2) of the TNVAT Act read with Rule 9(1) of the TNVAT Rules, any person making deduction of VAT-TDS under Section 13 of the Act, shall deposit the sum so deducted to the AA having jurisdiction over the person authorised to receive such payment, on or before the 20th day of the succeeding month in which the deduction was made along with a statement in Form-R. The person, shall, within fifteen days of such deposit, issue to the said dealer, a certificate in Form-T for each deduction separately, and send a copy of the certificate of deduction to the AA having jurisdiction over the said dealer.

We observed the following deficiencies relating to submission of Form-R / Form-T.

- State Government Departments, which remit VAT-TDS by way of book adjustment were neither submitting the statement in Form-R nor were sending a copy of the certificate in Form-T to the AA concerned. Thus, in the absence of Form-R and Form-T, the adjustment of credit claimed by the works contractors in the monthly returns, against the tax liability of the contractors by the AAs was not in accordance with the provisions of Section 13(4) of the TNVAT Act, which provide that the AA, shall, on receipt of the certificate of

deduction in Form-T, adjust the amount deposited towards the tax liability of the dealer.

- Since the functioning of TDS circle was yet to be computerised, the circle maintains records manually. Although it was stated that TDS particulars were intimated to the Assessment Circles concerned in which the contractors were registered through territorial Joint Commissioners, this aspect could not be verified in the absence of relevant records. The CCT observed in November 2014 that there was huge pendency in transfer of credits by TDS circle to the Assessment Circles concerned and stressed that steps should be taken immediately to transfer pending credits then and there.
- The statement in Form-R mentioned in Rule 9(1) of the TNVAT Rules specifies that the same should, *inter-alia*, contain details of name, complete address of the registered place of business / residence, assessment year, TIN / PAN of the dealer. We noticed that statements in Form-R involving payment of ₹ 93.76 crore made by 122 work awarders were retained in the TDS circle. These statements suffered from deficiencies like absence of PAN / mentioning of incorrect PAN, absence of TIN, absence of name and address of the contractor, etc. Thus, they were not forwarded to the Assessment Circles. We also noticed that Nandambakkam and Royapettah Assessment Circles, which had received deposit of VAT-TDS from two work awarders did not send the details to the Assessment Circles of the contractors. After we pointed this out (April 2016) the AA of Royapettah Assessment Circle stated that the instructions relating to transfer of returns / statements would be adhered to in future. Reply from AA of Nandambakkam Assessment Circle was awaited (February 2017).

Government stated (November 2016) that the lapses were due to failure on the part of work awarders / tax deduction authorities in not furnishing the details of tax deductions, contractor-wise in Form-Rs and individual Form-Ts. The reply was not acceptable as the work awarders are governed by the provisions of the TNVAT Act and the Department should have taken steps to ensure due compliance to the statutory provisions.

Recommendation 7: We recommend that responsibility may be fixed on part of work awarders / tax deduction authorities who fail to furnish the details of tax deduction to the Assessment Circles concerned. We further recommend that the Department may take steps to ensure that the details of Form-R are communicated to the Assessment Circles concerned, so that the AAs may utilise the same in the assessment of works contractors falling within their jurisdiction.

2.4.7 Role of jurisdictional Assessment Circles

2.4.7.1 Identification of works contractors by conducting survey

We sought details from the office of the CCT of the measures taken to identify unregistered works contractors and to bring them into the tax net. The Department stated that detailed instructions had been issued in November 2014 and street survey was being periodically done by circle officers and unregistered works contractors are brought under tax net. On a scrutiny of the registers maintained in the Assessment Circles, we, however, observed that no

works contractors were identified during the surveys in six²⁶ Assessment Circles.

Government stated (November 2016) that instructions were issued reiterating that street surveys should be conducted periodically to identify prospective works contractors.

2.4.7.2 Scrutiny of returns by the AAs

The CCT had issued instructions in November 2014 that all works contract dealers shall be subject to detailed scrutiny of accounts without omission, once a year. It was emphasised to obtain the full list of works contract activities carried out by the works contractors, to conduct input-output analysis and to carry out expenditure scrutiny. It was also emphasised to carry out various checks relating to deduction of TDS and issue of Form-S certificates. However, the AAs of 15²⁷ Assessment Circles replied that scrutiny of returns was not conducted in respect of works contractors. Reply from the remaining Assessment Circles was awaited (February 2017).

Independent scrutiny of returns by audit revealed the following deficiencies.

Incorrect adjustment of TDS credit

As per Section 13(4) of the TNVAT Act, the AA, shall, on receipt of the certificate of deduction in Form-T, adjust the amount deposited towards the tax liability of the dealer.

We noticed that 58 dealers assessed in six Assessment Circles, had adjusted ₹ 5.89 crore towards VAT-TDS in the monthly returns relating to the years 2012-13 to 2014-15. Verification of assessment records revealed that the dealers had not enclosed corresponding Form-T certificates in support of their claim. We ascertained that the Assessment Circles had not received any Form-T certificates from the work awarders and had also not received the statement in Form-R from the respective Assessment Circles, where the VAT-TDS had been deposited. Further, no correspondence had been sent from these Assessment Circles calling for the TDS credit particulars.

Thus, the credit claimed by the dealers towards VAT-TDS was allowed by the AAs without verification of remittance of TDS into Government Account, which is in violation of the provisions of Section 13(4) of the TNVAT Act.

Recommendation 8: We recommend that the Department may take necessary action to enforce production of Form-T by the dealers as proof for adjustment of TDS. We further recommend that instructions may be issued to AAs that adjustment of VAT-TDS against the tax liability of the dealer shall be made only on the furnishing of Form-T by the dealer along with the monthly return.

²⁶ Erode (Rural), Omalur, Perur, Royapettah, Tallakulam and Velachery

²⁷ Kongu Nagar, Madipakkam, Medavakkam, N.H.Road, Coimbatore, Palladam, Podanur, Singanallur, Tiruppur Central-I, Tiruppur Central-II, Tiruppur Lakshmi Nagar, Tiruppur (North), Tiruppur (Rural), Tiruppur (South), Trichy Road and Velandipalayam

Non / short levy of Purchase tax

As per Section 12 of the TNVAT Act, every dealer, who in the course of his business purchases from a registered dealer or for any other person, any goods (the sale or purchase of which is liable to tax under the Act) in circumstances in which no tax was payable by the registered dealer on the sale price of such goods under this Act and consumes or uses such goods in or for the manufacture of other goods for sale, shall pay tax on the turnover relating to the purchase at the rate specified in the schedule to the Act. The CCT had clarified in December 2013 that purchase of raw materials such as blue metal, sand and bricks from unregistered dealers and use in works contract would attract levy of purchase tax.

During scrutiny of records in three²⁸ Assessment Circles, we noticed that 24 dealers had purchased bricks, blue metal, steel, timber, cement, etc. from unregistered dealers during the years 2012-13 to 2014-15 and used the same in civil works contracts. These goods were purchased without payment of tax and were utilised in the execution of works contracts. The purchase of commodities for ₹ 219.81 crore without payment of tax and their use in civil works contract attracted levy of purchase tax of ₹ 10.71 crore. The AAs, however, levied purchase tax of ₹ 5.90 lakh. Thus, the AAs failed to enforce the provisions of Section 12 of the TNVAT Act regarding levy of purchase tax, resulting in short realisation of tax of ₹ 10.65 crore.

After we pointed this out (between April and June 2016), the AAs of Brough Road and Erode (Rural) Assessment Circles replied that the deemed sale turnover includes the purchase turnover of goods effected from unregistered sources. The reply was not acceptable since levy of purchase tax is governed by Section 12 and levy of tax on deemed sale value of material is governed by Section 5 of TNVAT Act. Reply in respect of the remaining cases was awaited (February 2017).

Recommendation 9: We recommend that instructions may be issued to the AAs to ensure strict adherence to the provisions of the TNVAT Act regarding levy of purchase tax, so that any lapse on the part of the AAs does not result in loss of revenue to Government Exchequer.

Short payment of tax

Under the TNVAT Act, tax in respect of works contract can be paid either on the transfer of goods involved in the execution of works contract at the rates applicable to such goods or at compounded rates of two or five *per cent* on the total value of works contract executed by a dealer in a year. The option to pay tax at compounded rate is subject to the condition that the dealer does not purchase goods from interstate.

During check of records in 19²⁹ Assessment Circles we noticed that 21 contractors had effected purchase of goods from interstate and utilised the

²⁸ Brough Road, Erode (Rural) and Tallakulam

²⁹ Adyar, Amaindakarai, Avarampalayam, Ganapathy, Gandhipuram, Mandaveli, Mylapore, Nandanam, Podanur, Pandy Bazaar, RS Puram (East), Saidapet, Saligramam, Surappattu, T. Nagar, Thiruvallikeni, Thudiyalur, Velandipalayam and Velachery

same in works contract during the years 2012-13 to 2014-15. Since the dealers had utilised goods from interstate in the execution of works, they were not eligible for payment of tax at compounded rate. Though the details regarding interstate purchase were available in intranet of CTD, the AAs failed to utilise the information and ensure due adherence to the provisions of the Act. The amount of tax which was payable by the dealers on the contract receipts of ₹ 76.60 crore, after allowing deduction of 30 *per cent* towards labour charges from the contract receipts and adopting the minimum rate of tax of five *per cent* worked out to ₹ 2.68 crore. The dealers, however, had paid tax of ₹ 1.20 crore. Thus, there was short payment of tax of ₹ 1.48 crore.

We pointed this out to the department between May and July 2016. Reply was awaited (February 2017).

Recommendation 10: We recommend that the AAs may be instructed to make use of available information to ensure due adherence to the provisions of the Act regarding payment of tax at concessional rate by the works contractors.

Short levy of penalty

As per Section 27(3)(c) of the TNVAT Act, the AA may, if it is satisfied that the escape from assessment is due to wilful non-disclosure of assessable turnover by the dealer, direct the dealer, to pay, in addition to the tax assessed on the turnover which had escaped assessment, by way of penalty, a sum which shall be one hundred and fifty *per cent* of the tax due on the assessable turnover that was wilfully not disclosed, if the tax due on such turnover is more than fifty *per cent* of the tax paid as per the return.

We noticed that the assessment of a dealer for the year 2012-13 was revised by the AA of T.Nagar (East) Assessment Circle in April 2014 based on the proposals received from the Enforcement Wing of the CTD. The proposals involved levy of tax of ₹ 2.16 crore, calculated at the rate of 14.5 *per cent* on the deemed sale value of goods of ₹ 14.87 crore pertaining to non-disclosure of interstate purchase of goods by the dealer. The dealer was assessed to tax of ₹ 1.77 crore as per the original deemed assessment. The tax due on the suppressed turnover was more than fifty *per cent* of the tax paid as per return and therefore, penalty was leviable at the rate of 150 *per cent* of such tax. However, penalty was levied at the rate of 50 *per cent* of such tax. This had resulted in short levy of penalty of ₹ 2.16 crore.

We pointed this out to the department in June 2016. Reply was awaited (February 2017).

Non-reversal of Input Tax Credit

As per Section 19(2)(i) of the TNVAT Act, input tax credit (ITC) shall be allowed for the purchase of goods made within the State from a registered dealer, for the purpose of use as inputs in manufacturing or processing of goods in the State. As per Section 19(5), no ITC shall be allowed in respect of exempted sales under Section 15. As per Section 19(8) of the TNVAT Act, no ITC shall be allowed to any registered dealer in respect of any goods purchased by him for sale, but given away by him by way of free samples or

goods consumed for personal use. The CCT had clarified in March 2011 that any dealer, who pays tax under Section 5 of TNVAT Act shall be eligible for exemption under Section 15 on the deemed sale of goods to Special Economic Zones (SEZ). Hence, the corresponding ITC shall be reversed.

- In Velachery Assessment Circle, though a dealer had effected sale of goods to developers of SEZ for ₹ 8.83 crore during the years 2012-13 to 2014-15, the corresponding ITC of ₹ 62.24 lakh was not reversed.
- Two works contractors of Erode (Rural) Assessment Circle, who claimed ITC of ₹ 23.25 crore, had utilised the goods for construction of temporary sheds at works sites for self-use. The proportionate ITC of ₹ 11.07 lakh attributable to such use of goods was not reversed. A works contractor, who claimed ITC of ₹ 9.80 lakh during the years 2012-13 to 2014-15 on purchase of goods had utilised the same for contract work executed in other country. Thus, ITC of ₹ 9.80 lakh was required to be reversed.

We pointed this out to the department in June 2016. Reply was awaited (February 2017).

Incorrect computation of taxable turnover

As per Section 5 of the TNVAT Act, every dealer shall pay, for each year, a tax on his taxable turnover, relating to his business of transfer of property in goods involved in the execution of works contract, either in the same form or some other form, which may be arrived at in such manner as may be prescribed, at such rates as specified in the First Schedule.

Scrutiny of the statement of audited accounts in Form-WW filed by a dealer of Erode (Rural) Assessment Circle for the years 2012-13 to 2014-15 revealed that the dealer had paid tax on the deemed sale value of materials involved in the execution of works contract by adoption of the uniform profit margin of 15 *per cent*. Verification of the Annual Accounts, however, revealed that the profit margin was higher than 15 *per cent* during those years. Thus, the failure to adopt the correct profit margin while arriving at the deemed sale value of goods for the purpose of payment of tax resulted in incorrect computation of taxable turnover and resultant short payment of tax of ₹ 7.91 lakh.

We pointed this out to the department in June 2016. Reply was awaited (February 2017).

Thus, there were inadequacies in the system of scrutiny of returns due to which many incorrect / incomplete returns escaped assessment.

Recommendation 11: The Department may take necessary action to enforce proper scrutiny of returns by the AAs so as to avoid loss of revenue due to filing of incorrect / incomplete returns by the works contractors.

2.4.8 Conclusion

Audit of 'Assessment, levy and collection of Value Added Tax on transfer of goods involved in the execution of works contract' indicated that (i) the failure of CTD to institute a well established system of inter-departmental collection of data and (ii) the failure of the AAs to make use of the available information, resulted in not only contractors being out of the tax base but also the receipts

of contractors having escaped assessment. Absence of mechanism to verify the genuineness of Form-S certificate filed by the dealers was also observed. The correctness of the amount of VAT-TDS claimed by the dealers in the monthly returns was not susceptible of verification due to failure to forward the statement of deduction in Form-R and certificate in Form-T to the AAs of the concerned Assessment Circles. The failure of the AAs to conduct scrutiny of returns had resulted in underassessment of tax. Our audit exercise revealed that transactions involving tax including penalty amounting to ₹ 118.72 crore had escaped assessment.

2.5 Audit of 'Tax Exemption to Industries'

2.5.1 Introduction

Government of Tamil Nadu (GoTN) has been evolving industrial policies with a view to promote industries, thereby to increase investment and employment generation. The liberalised scheme of grant of deferral or waiver of sales tax introduced in the year 1990 in respect of new industries set up in most backward taluks of the State was later extended (1992) to other areas of the State with emphasis being on the amount of investment. The offer of new incentive based on sales tax for industries was discontinued with effect from 23 January 2000, except for industries in pipe line. With the introduction of New Industrial Policy (NIP) in the year 2003 and 2007, the concept of structured package of assistance (SPA) encompassing tax incentives, capital subsidies, etc. was offered to investors based on the scale of investment. State Industries Promotion Corporation of Tamil Nadu Limited (SIPCOT) acts as a nodal agency of the State Government for implementing and monitoring the SPA scheme.

The investors apply to GoTN along with a proposal for setting up industries in Tamil Nadu. After scrutiny of the proposal, if required, Memorandum of understanding (MoU) is entered into, between the Company and the Government, and the Government issues Order (GO) incorporating the conditions of the MoU including the tax exemption / deferral by way of SPA, viz., industrial promotion subsidy (IPS) or soft loan (SL). On making necessary investments in eligible fixed assets³⁰ (EFA) as prescribed in the GO, and as soon as the project is ready to commence commercial production, the Company submits the application for SPA to SIPCOT. SIPCOT issues the eligibility certificate (EC) to the Company for disbursement of IPS or SL, after being satisfied about the investments made by the Company by undertaking necessary checks including inspection of the premises to physically verify the assets. The EC specifies the conditions governing the grant of IPS / SL, the time period for grant of incentives and the maximum eligible amount of IPS / SL. The Company pays tax on sales every month along with the monthly returns submitted to the jurisdictional Assessment Circle of the Commercial Taxes Department (CTD). The MoU Cell of the CTD headed by a Joint Commissioner (CT), which is established in SIPCOT, upon receipt of details of tax paid by the Company from the assessing authority (AA) of the concerned Assessment Circle of CTD, issues tax payment certificate / tax certificate (TC) to SIPCOT for disbursement of IPS / SL.

Audit was conducted to ascertain (i) the correctness and timeliness of repayment of deferred tax; (ii) the correctness of the issue of EC by SIPCOT in respect of companies, which had applied for SPA; (iii) the correctness of the issue of TC by MoU Cell of CTD; and, (iv) the adequacy of the internal control and monitoring mechanism.

³⁰ Eligible fixed assets include building, machinery related to production, research and development, training, testing and quality control.

We covered the activities of Industries Department, SIPCOT and CTD (MoU Cell and concerned Assessment Circles), relating to tax exemption extended to industries (covering the present and previous scenario) during the years 2012-13 to 2014-15. Further, wherever necessary, the transactions relating to previous years were also covered in order to provide context and extent of non-compliance.

Audit Findings

Deferral cases under erstwhile Tamil Nadu General Sales Tax Act

2.5.2 Failure to comply with the provisions of GO (Ms) No.80

The Industries Department, GoTN issued an Order in March 2008 that in order to make the existing schemes of incentives to industries compatible with Value added tax (VAT) regime, wherever the Unit was availing deferral, the Unit would be required to pay the tax amount to CTD and upon such payment, the Unit would be paid investment promotion soft loan equivalent to the amount of VAT paid. The payment of soft loan was required to be made from the budget of the Industries Department on receipt of necessary certificates of payment of tax from the MoU Cell of CTD. The soft loan carried a nominal interest rate of 0.1 *per cent* per annum.

During scrutiny of deferral registers in seven Assessment Circles³¹, we observed that six dealers continued to avail the facility of deferred tax, though the GO issued by the Industries Department provided that subsequent to introduction of VAT in the State, tax was required to be paid by the units to CTD and after the collection of the amount, such tax was to be given as soft loan from the Industries Department. The failure of the CTD to implement the GO issued by the Industries Department resulted in non-realisation of deferred tax of ₹ 1,637.61 crore relating to the period from January 2007 to September 2013 as mentioned in **Annexure 2** from the units and to give soft loan to them.

After the matter was referred to the Government (October 2016), Government stated (December 2016) as follows:

- (i) As per Section 32 of the TNVAT Act, the Government could defer the payment of tax by an industrial unit in pipeline. Thus, the industries which were availing deferral under the erstwhile Tamil Nadu General Sales Tax Act (TNGST Act) were automatically eligible for deferral.
- (ii) The facility of deferred tax was extended to the dealer as per the provisions of the Section 17-A of TNGST Act and as per the MoU signed between the Government and the dealer and hence, cannot be curtailed.
- (iii) The Government had committed to extend interest free loan, based on which, the dealer had established the manufacturing unit in the State. Therefore, the same cannot be converted as loan with interest.

³¹ Karur (East), Mettupalayam Road, LTU-I, LTU-II, LTU-IV, Sriperumbudur and Thudiyalur. One dealer was assessed in Sriperumbudur upto 2010-11 and at LTU-IV since then.

(iv) No GO was issued by the CTD in this regard. Further, no instructions / notification were issued regarding the industries, who were availing deferral in the erstwhile Interest free sales tax scheme under TNGST Act and were still continuing the facility under VAT regime.

The reply was not acceptable for the following reasons.

(i) The decision to convert deferral into soft loan with nominal interest of 0.1 *per cent* per annum was taken to make the then existing scheme of incentives to the industries compatible with VAT regime.

(ii) The GO was issued by the Industries Department after due consultation with CTD, which had also concurred to the conversion of the amount of deferred taxes into soft loan. The GO issued by the Industries Department in January 2009 prescribing the guidelines for implementation of Structured Package of Assistance also contained a provision that the unit availing deferral would be paid industry promotion soft loan equivalent to the amount of value added tax paid by it. But VAT amounting to ₹ 1,637.61 crore was not collected by the CTD and consequently soft loan was not given to the said units.

(iii) The grant of incentives is always governed by GOs issued by the Industries Department. Hence, separate issue of GO by CTD was not warranted. Moreover, in the case of a dealer, who was availing waiver under the TNGST Act, instructions were issued to the Commissioner of Commercial Taxes (CCT) to scrupulously follow the GO issued by the Industries Department while refunding the sales tax collected and paid by the dealer for the unexpired period of waiver from 1 January 2007 to 31 August 2007.

Further, the reply furnished by the Government was only an afterthought for having failed to implement the GO issued by the Industries Department as the reasons specified therein were existing even as of March 2008 when the GO was issued by the Industries Department. The Secretary to the CTD had then concurred to the arrangement for payment of deferred tax and obtaining the same as soft loan from the Industries Department.

SPA in present scenario

2.5.3 Incorrect fixation of base sale volume

The guidelines issued by the Industries Department in January 2009 for implementation of SPA under NIP 2007 provide that an expansion project would be eligible for incentive only after achieving Base Production Volume (BPV) and for sales taking place from the expansion unit in excess of the Base Sales Volume (BSV). BPV represents the average of production from the existing units in the State during the last three financial years immediately before the commencement of commercial production or the capacity of existing units, whichever is higher. BSV is the average sales made during the last three financial years, preceding the date of commercial production of the expansion unit.

During scrutiny of files relating to the issue of EC by SIPCOT, we observed (February / March 2016) that in six cases, the fixation of BSV was made in terms of value instead of in volume, though in the case of expansion undertaken by Saint Gobain Glass India Limited and Hyundai Motor India Limited, BSV was fixed on the basis of on quantity / volume of sales.

Scrutiny of data relating to wholesale price index of commodities published by Office of the Economic Adviser, Department of Industrial Policy & Promotion, Government of India, Ministry of Commerce & Industry indicated that as of March 2016, the price of commodities dealt with by the dealers had registered an increase ranging from 17 to 61 *per cent* since the issue of GO granting incentives to the dealers. As increase in prices of commodities results in achievement of BSV upon lesser quantum of sale of goods, we suggested that quantity based BSV would be the correct adoption than the value based adoption, in order to protect the past revenue of the Government.

During Exit Conference, the Principal Secretary to Government, Industries Department stated that after examining the implication of fixation of BSV in terms of value in respect of two cases, suitable amendment to GO to provide for fixation of BSV in terms of quantity in respect of future cases would be considered. Further report was awaited (February 2017).

Recommendation 1: We recommend that decision regarding fixation of BSV in terms of quantity may be taken at the earliest to protect the past revenue of the Government, taking into consideration the increase in prices of commodities.

2.5.4 Disbursement of soft loan without fulfillment of conditions of Government Order

The guidelines issued by the Industries Department under NIP 2003 and NIP 2007 prescribed that SIPCOT shall be the implementing and monitoring agency for sanction of structured package of assistance to the industries. The guidelines further prescribed that SIPCOT has to ensure fulfillment of investment obligation prescribed in the GO governing grant of incentives before issue of eligibility certificate. At the end of the investment period, SIPCOT was required to make assessment of the fulfillment of all the obligations of the investing company and in case, all the obligations have not been fulfilled, the structured package would be made inoperative and a report sent to the Government immediately.

As per para 72(b)(ii) under Chapter VI of the Secretariat Office Manual, amendment / modification to a GO is to be issued as a GO. We, however, observed that in the following two cases, the quantum of investment specified in the GO was subsequently reduced through issue of clarification / letter. This was not in order as the Tamil Nadu Secretariat Manual provides that any amendment or modification to a GO is to be issued in the form of GO and it has to be issued by an officer not below the designation of the officer by whom the original order was issued.

- By an Order issued by the Industries Department in March 2006, SPA was sanctioned to TVS Motors Company Limited under NIP 2003 upon investment of ₹ 309 crore being made over a period of three years. Though SIPCOT determined the investment in EFA as ₹ 196.36 crore, based on letter of the Principal Secretary to Government, Industries Department clarifying (February 2011) that the total investment of ₹ 309 crore may be taken into account but the amount of soft loan may be restricted to 80 *per cent* of the investment in EFA, SIPCOT issued (March 2011) amended EC for issue of soft loan of ₹ 157.08 crore.

We noticed that entire soft loan of ₹ 157.08 crore was disbursed to the Company upto February 2015 though the investment in EFA was less than the prescribed amount of ₹ 309 crore.

- By an Order issued in October 2008, the Industries Department sanctioned SPA to Madras Cement Limited upon investment of ₹ 997 crore being made in EFA. Subsequently, based on a representation made by the Company that the expanded scope of project resulted in increase of project cost, Government, by an Order issued in February 2011, modified the investment to ₹ 1,090 crore. Though SIPCOT determined the investment made in EFA as ₹ 1,040.54 crore, which was below the prescribed investment obligation of ₹ 1,090 crore, based on clarification issued by the Principal Secretary, Industries Department that the investment obligation shall be taken as ₹ 997 crore, EC was issued by SIPCOT on 22 November 2012 for grant of soft loan of ₹ 832.43 crore to the Company.

We noticed that soft loan of ₹ 129.37 crore relating to the period 2009-10 to 2014-15 was disbursed to the company during January 2013 to August 2015 though the investment in EFA was less than the obligation prescribed in the GO issued in February 2011.

After we pointed this out in March 2016, SIPCOT replied (June 2016) that the action of SIPCOT was as per the direction of the Government. The Additional Chief Secretary to Government, Industries Department replied (June 2016) that the letter was only a clarification to the earlier GO. The reply was not acceptable as the Tamil Nadu Secretariat Manual prescribes that any amendment or modification to a GO is to be issued in the form of GO and by an officer not below the designation of the officer by whom the original order was issued. In the above two cases, the said procedure was not followed and quantum of investment contained in the GO was reduced on the basis of clarification issued by the Secretary, Industries Department.

Recommendation 2: We recommend that the instructions contained in the GO governing grant of SPA may be followed and any relaxation of conditions contained therein, if required, be made by following the procedure prescribed in the Tamil Nadu Secretariat Manual.

2.5.5 Issue of Tax certificate by MoU Cell

2.5.5.1 Incorrect determination of achievement of Base Volumes resulted in issue of TC for excess amount

The guidelines issued by the Industries Department in January 2009 for implementation of SPA under NIP 2007 provide that an expansion project would be eligible for incentive only after achieving Base Production Volume (BPV) and for sales taking place from the expansion unit in excess of the Base Sales Volume (BSV). BPV represents the average of production from the existing units in the State during the last three financial years immediately before the commencement of commercial production or the capacity of existing units, whichever is higher. BSV is the average sales made during the last three financial years, preceding the date of commercial production of the expansion unit.

On a scrutiny of the TCs issued by MoU Cell based on the tax payment details furnished by the AAs, we observed that in order to determine the month of achievement of BPV and BSV, the Department had first considered the entire production / sales of the existing unit, to which the production / sales of the expansion unit were added, instead of simultaneously considering the production / sales of the existing and expansion unit every month. Due to the incorrect method adopted by the Department, BPV / BSV was determined as having been achieved earlier and incentives were granted to the units, though the actual achievement was registered later. An illustrative case of Bannariamman Spinning Mills Limited is mentioned below:

Table 2.4: Determination of achievement of BPV

Base production volume – 57,37,433 kgs

Month	Production in existing unit	Production in expansion unit	Total production	Total cumulative production
	(in kgs)			
April 2008	4,37,949	10,02,121	14,40,070	14,40,070
May 2008	4,77,827	11,09,599	15,87,426	30,27,496
June 2008	4,79,586	10,30,790	15,10,376	45,37,872
July 2008	4,89,061	10,76,424	15,65,485	61,03,357
August 2008	5,31,573	11,41,181	16,72,754	77,76,111
September 2008	4,96,608	10,80,546	15,77,154	93,53,265
October 2008	4,02,320	9,94,392	13,96,712	1,07,49,977
November 2008	4,87,969	11,67,888	16,55,857	1,24,05,834
December 2008	4,61,588	10,53,382	15,14,970	1,39,20,804
January 2009	3,53,454	8,07,901	11,61,355	1,50,82,159
February 2009	3,90,298	8,51,202	12,41,500	1,63,23,659

Month	Production in existing unit	Production in expansion unit	Total production	Total cumulative production
	(in kgs)			
March 2009	4,78,831	10,06,762	14,85,593	1,78,09,252
Total	54,87,064	1,23,22,188	1,78,09,252	
BPV was determined as having been achieved by the unit in April 2008 by the Department by considering the entire production of existing unit and then adding to it the month-wise production of expansion unit. However, the simultaneous consideration of the month wise production of both the units indicates that BPV was achieved only in July 2008				

Table 2.5: Determination of achievement of BSV

Base sales volume - ₹ 65.43 crore

(₹ in crore)

Month	Sales of existing unit	Sales of expansion unit	Total Sales	Total cumulative Sales
April 2008	3.90	9.28	13.18	13.18
May 2008	3.52	11.54	15.06	28.24
June 2008	3.71	7.54	11.25	39.49
July 2008	5.27	5.56	10.83	50.32
August 2008	3.89	7.09	10.98	61.30
September 2008	6.97	11.97	18.94	80.24
October 2008	4.07	9.16	13.23	93.47
November 2008	4.71	10.85	15.56	109.03
December 2008	2.47	6.43	8.90	117.93
January 2009	1.57	5.34	6.91	124.84
February 2009	3.47	5.67	9.14	133.98
March 2009	6.22	6.28	12.50	146.48
Total	49.77	96.71	146.48	
BSV was determined as having been achieved by the unit in May 2008 by the Department by considering the entire sales of existing unit and then adding to it the month-wise sales of expansion unit. However, the simultaneous consideration of the month wise sales of both the units indicates that BSV was achieved only in September 2008.				

The incorrect procedure adopted by the Department for determination of achievement of BPV / BSV resulted in excess refund of ₹ 170.93 crore in respect of six companies as mentioned in **Annexure 3**.

When the matter was referred to the Government in July 2016, the Additional Chief Secretary to Government, Commercial Taxes Department replied (December 2016) that the method adopted by the Department was in order as the protection of production / sales was in respect of the existing unit. It was, however, mentioned in the Government's reply that Industries Department would be addressed for clarification.

The reply was not acceptable as the method adopted by the CTD had resulted in granting of incentives to the units earlier though the actual achievement of BPV / BSV was registered later. Further report from the Industries Department was awaited.

2.5.5.2 Undue financial benefit due to early disbursement of soft loan prior to fulfillment of production in existing plant

Government, by issue of Order on 5 January 2006, had approved the proposal of Dalmia Cement (Bharat) India Ltd. for expansion of cement manufacturing facility. EC was issued by SIPCOT on 17 October 2008 for soft loan of ₹ 312 crore, calculated at 80 *per cent* of the investment made in EFA. Since it was an expansion project, the BPV of the existing unit was fixed at 12.75 lakh MT per annum; on the achievement of which alone, the incentive for the expansion unit was made applicable.

The GO prescribing the guidelines for implementation of SPA provides that the Project should pay tax as applicable to the CTD and obtain a certificate for having made such payment every month. This certificate should not simply state the tax remitted but should indicate the amount eligible as incentive after deducting the ineligible amounts.

We observed that based on 16 TCs issued by MoU Cell for the entire eligible amount of ₹ 312 crore between December 2008 and January 2013, soft loan was disbursed by SIPCOT. This included four instances in which payment of ₹ 54.74 crore was made even before achievement of BPV, though the quantum of production and the BPV was mentioned in the TCs furnished to SIPCOT by the MoU Cell. The period of non-achievement ranged from 38 to 143 days as mentioned in table below.

Table: 2.6

Undue financial accommodation due to early disbursement of soft loan

TC relating to the period		Amount disbursed against TC (₹ in crore)	Year to which TC related	Date of disbursement	Month of achievement of BPV	No of days payment made in advance
01/04/2009	31/07/2009	13.30	2009-10	09/11/2009	March 2010	143
01/04/2010	31/05/2010	11.08	2010-11	18/01/2011	March 2011	73
01/06/2010	31/08/2010	15.49	2010-11	18/01/2011	March 2011	73
01/09/2010	31/10/2010	14.87	2010-11	22/02/2011	March 2011	38
Total		54.74				

Thus, the disbursement of soft loan prior to achievement of BPV resulted in pre-mature financial benefit to the Company, which was not due to the Company on the date of disbursement.

Government stated (December 2016) that TCs were given on the basis of tax paid by the dealers in returns without considering the achievement of BPV. The Government, however, stated that in respect of all the years for which tax TCs were issued by MoU Cell, the Company had achieved the BPV.

The reply was not acceptable as the guidelines prescribe that an expansion project would be eligible for incentive only after achieving the BPV. Thus, the failure of the MoU Cell to mention the eligible amount of incentive while issuing the TC and the failure of SIPCOT to ensure achievement of BPV before disbursement of soft loan resulted in undue financial benefit to the Company.

Recommendation 3: We recommend that instructions may be issued to the MoU Cell to clearly specify the eligible amount of incentive while issuing the TC and also to SIPCOT to ensure achievement of BPV before disbursement of financial incentive.

2.5.5.3 Incorrect issue of TC leading to excess refund

GoTN signed a MoU with R&N Consortium (comprising of the parent companies, Renault s.a.s and Nissan Motor Company Limited and their subsidiaries, affiliates and joint venture) on 22 February 2008 for establishment of an integrated vehicle manufacturing and assembly facility with installed capacity of not less than 4,00,000 vehicles per annum and with eligible investment of ₹ 4,500 crore within the investment period of seven years from the date of MoU. Accordingly, the Government issued orders in June 2008 for provision of SPA to the integrated automobile project, which *inter alia*, provided for refund of value added tax (VAT) on input purchases irrespective of whether the vehicles were sold within or outside Tamil Nadu.

Nissan Motors India Private Limited, a member of the Consortium, stopped its manufacturing activities and transferred its assets to Renault Nissan Automotive India Private Limited, the manufacturing entity created (with effect from 1 April 2012) under the new business model by the R&N Consortium on 10 April 2012 on an outright sales basis. Government ordered in March 2015 that Renault Nissan Automotive India Private Limited shall receive the fiscal incentive sanctioned in June 2008, with Nissan Motors India Private Limited and Renault India Private Limited becoming the marketing entities of R&N consortium.

We observed that TC for ₹ 117.47 crore for claiming refund of input VAT paid by Nissan Motors India Private Limited on the purchase of parts, raw materials, consumables, etc effected by them during the year 2011-12 for use in the manufacture of vehicles and parts was issued (June 2015) by MoU Cell of CTD. We noticed from the Audited Accounts and Balance Sheet as on 31 March 2012 of Nissan Motors India Private Limited that the closing balance of inventories comprised of raw materials and components valued at ₹ 505.10 crore and work in progress of ₹ 9.17 crore. Thus, the sale by Nissan Motors India Private Limited to Renault Nissan Automotive India Private Limited on 10 April 2012 comprised of raw materials and component parts. The sale of raw materials and component parts (inputs) without use in manufacture of motor vehicles disentitles Nissan Motors India Private Limited to avail input

tax refund on purchase of inputs. However, tax payment certificate for refund for the entire input purchase of Nissan Motors India Private Limited during 2011-12 was issued by the MoU Cell of CTD.

After we pointed this out (April 2016), the Department, accepting (June 2016) the audit observation, determined the ineligible input VAT refund amount as ₹ 25.04 crore and issued notice to Nissan Motors India Private Limited in June 2016. While accepting the audit observation (December 2016), Government stated that amendment to the TC would be made. Further report was awaited (February 2017).

2.5.5.4 Absence of mechanism to verify purchases from vendors availing incentives

Orders were issued by the Industries Department in January 2009 prescribing the guidelines for implementation of SPA as per NIP 2007. The guidelines relating to issue of soft loan/investment promotion subsidy provide that the incentive of input VAT refund would be available to a Company, only if the commodity purchased is not a subject matter of output VAT based incentive for its suppliers or manufacturers, in the previous VAT chain and the payment of input VAT by the Company has to be verified by CTD.

There, however, exists no mechanism to ensure that input VAT refund is not claimed on purchase of materials, which is the subject of output tax incentive at the hands of the suppliers. We noticed that no verification was being undertaken before issue of TC as illustrated in the following cases.

Incorrect issue of TC

We scrutinised the TCs issued by MoU Cell to Hyundai Motor India Limited and noticed that it included the claim for refund of input VAT of ₹ 1.98 crore in respect of purchases made between February 2009 and March 2010 from Saint Gobain Glass India Limited, a dealer, who avails output VAT based incentives under SPA. Based on the TCs issued by MoU Cell, SIPCOT refunded the amount to Hyundai Motor India Limited. This resulted in refund of ineligible input VAT of ₹ 1.98 crore.

After we pointed this out in March 2016, the Department stated (June 2016) that notice was issued (June 2016) to the dealer requiring payment of the ineligible input refund amount of ₹ 1.98 crore and on receipt of reply from the dealer, further action would be pursued. Further report was awaited (February 2017).

We further noticed from the refund case files of two dealers that the Department failed to identify ineligible items before issue of TC for input VAT refund. These are mentioned below.

- TC for input VAT refund of ₹ 209.54 crore relating to the year 2012-13 was issued to Renault Nissan Automotive India Private Limited on 24 April 2015 based on the applications received from the company between April 2014 and March 2015. Subsequently, the company, *suo motu*, applied (June 2015) to MoU Cell for exclusion of certain claims, which *inter alia*, included the claim of ₹ 4.10 crore pertaining to purchases from Caparo Engineering India Private Limited and Delphi TVS Diesel System Limited,

the vendors, whose application for SPA was under consideration of SIPCOT. Accordingly, a revised TC for ₹ 203.62 crore was issued by MoU Cell on 26 June 2015.

- TC for input VAT refund of ₹ 55.62 crore relating to the year 2010-11 was issued to Nissan Motors India Private Limited on 5 June 2015. Subsequently, the company, *suo motu*, applied for exclusion of claim of ₹ 1.09 crore pertaining to purchases from Caparo Engineering India Private Limited and Delphi TVS Diesel System Limited, the vendors whose application for SPA was under consideration of SIPCOT. Accordingly, a revised TC for ₹ 54.53 crore was issued by the MoU Cell on 29 June 2015.

After we pointed this out (March 2016), the Joint Commissioner, Memorandum of Understanding Cell (JC, MoU Cell) replied (June 2016) that based on the declaration by the two dealers that they were not availing any output VAT related incentives, the applications were processed and TCs were issued. However, revised TCs were issued after it was learnt from SIPCOT that the cases of two dealers were under active consideration. The JC, MoU Cell further stated that in addition to declarations being filed by the MoU dealers obtained from their vendors, the list of incentive vendors was also obtained from SIPCOT and verified.

The reply was not acceptable as the revised TCs were issued by MoU Cell on the basis of details furnished by the dealers. The MoU Cell should have effectively co-ordinated with SIPCOT to periodically obtain the list of vendors availing incentives and verified the declarations submitted by the dealers before issue of TC. The failure to do so resulted in issue of TC for refund of input VAT which was inclusive of the ineligible claims preferred by the dealers.

The matter was referred to the Government in October 2016. Reply was not furnished (February 2017).

Recommendation 4: We recommend that necessary action may be taken to co-ordinate with SIPCOT to periodically obtain list of vendors availing incentives and utilise the same to verify the claim of input VAT refund of the dealers before issue of TC.

2.5.6 Deficiencies in assessment of returns

2.5.6.1 Short payment of tax due to incorrect adjustment of tax on sale of capital goods and inventories

The Industries Department, GoTN issued orders in June 2008 for provision of SPA to the integrated automobile project of R&N Consortium, which *inter alia*, provided for refund of VAT on input purchases irrespective of whether the vehicles are sold within or outside Tamil Nadu.

We observed that Nissan Motors India Private Limited, a member of the Consortium, which claimed refund of ₹ 184.08 crore (refund of VAT paid on inputs and capital goods purchase) relating to the years 2010-11 and 2011-12 did not adjust the same from the amount of ITC claimed in the monthly returns. As of 1 April 2012, Nissan Motors India Private Limited had carried

forward ITC of ₹ 219.40 crore. Thus, after deducting the claim of refund, the available balance of ITC of Nissan Motors India Private Limited was ₹ 35.32 crore. We, however, noticed that tax amount of ₹ 56.80 crore due on the sale of inventories and capital goods effected by Nissan Motors India Private Limited to Renault Nissan Automotive India Private Limited during the month of April 2012 was shown as having been adjusted against the ITC. As the amount of ITC available for adjustment was only ₹ 35.32 crore, it resulted in short payment of tax of ₹ 21.48 crore.

After we pointed this out in March 2016, the JC, MoU Cell replied (June 2016) that since the Company had become a trading Company with effect from April 2012, the audit observation does not relate to the MoU Cell, but to the Assessment Circle concerned. The JC, MoU Cell, further, stated that taking into consideration the notice issued (June 2016) to Nissan Motors India Private Limited regarding the inadmissibility of refund claim of ₹ 25.04 crore (in respect of tax paid on purchase of inputs not involved in manufacture of vehicles), the said amount of ITC may be available for adjustment and therefore, there would be no loss to Government.

The reply of JC, MoU Cell was not acceptable as the audit observation related to the years 2010-11 and 2011-12. MoU Cell had not forwarded a copy of TC issued by it to the Assessment Circle to enable the AA to ensure the correctness of the amount of ITC shown as available by Nissan Motors India Private Limited in the monthly returns filed by it with the Assessment Circle. Further report regarding reversal of ITC and revision of assessment was awaited (February 2017).

The matter was referred to the Government in October 2016. Reply was not furnished (February 2017).

- The Industries Department, GoTN ordered in March 2015 that consequent to stoppage of manufacturing activity by Nissan Motors India Private Limited (a member of the R&N Consortium) from 31 March 2012 and transfer of its fixed assets to Renault Nissan Automotive India Private Limited on outright sale basis, Nissan Motors India Private Limited and Renault India Private Limited were eligible for input tax credit for purchases made from their manufacturing entity Renault Nissan Automotive India Private Limited. Since the products are already the subject matter of output tax related incentives for Renault Nissan Automotive India Private Limited, the GO provided that Nissan Motors India Private Limited and Renault India Private Limited shall be allowed to avail input tax credit only to the extent of aggregate of output tax payable on the sale of such goods for set-off and the excess/balance input tax credit remaining unadjusted at their credit shall lapse/be forfeited.

We noticed from Form-WW of Nissan Motors India Private Limited for the years 2012-13 to 2014-15 that the dealer had effected import and interstate purchases of goods for ₹ 584.68 crore. Similarly, scrutiny of Form-WW of Renault India Private Limited revealed imports and interstate purchase of goods for ₹ 15.94 crore during the years 2012-13 to 2014-15. The tax due on the sale of these goods, if any, does not qualify for adjustment against ITC in

view of the provisions contained in Section 19(21) of the TNVAT Act. We, however, noticed that the two dealers had not paid any tax on their sales.

After we pointed this out in April 2016, notices were issued to the dealers. Further report was awaited (February 2017).

The matter was referred to the Government in October 2016. Reply was not furnished (February 2017).

2.5.6.2 Incorrect carry forward of ITC without forfeiture

Consequent to the creation of new business model by R&N Consortium with effect from 1 April 2012, by which Renault Nissan Automotive India Private Limited became the manufacturing entity and Nissan Motors India Private Limited and Renault India Private Limited became the marketing entities of the R&N Consortium, the Industries Department issued Orders in March 2015 that since the products purchased by Nissan Motors India Private Limited and Renault India Private Limited from Renault Nissan Automotive India Private Limited are already the subject matter of output related incentives, the marketing entities shall be allowed to avail ITC only to the extent of tax payable on the sale of such goods and the excess ITC remaining unadjusted their credit shall lapse / get forfeited.

- We noticed from the monthly return in Form I for the month of March 2015 that Nissan Motors India Private Limited had a carry forward ITC of ₹ 556.25 crore. Scrutiny of Annexure V to the return in Form I indicated the closing stock of ITC availed goods as ₹ 59.88 crore. ITC relating to the closing stock of goods available as on 31 March 2015 works out to ₹ 8.68 crore. Predominant part of purchases of Nissan Motors India Private Limited relate to purchases effected from Renault Nissan Automotive India Private Limited. This indicated that forfeiture of excess ITC of ₹ 547.57 crore (as on 31 March 2015) relating to purchases effected from an incentive dealer was not made. We further noticed from the monthly return of February 2016 that there was carry forward ITC of ₹ 530.63 crore, indicating that forfeiture of excess ITC was not made.

- We noticed from the monthly return in Form-I for the month of March 2015 that Renault India Private Limited had a carry forward ITC of ₹ 1,049.38 crore. Scrutiny of Annexure V to the return in Form-I indicated the closing stock of ITC availed goods as ₹ 36.59 crore. ITC relating to the closing stock of goods available as on 31 March 2015 works out to ₹ 5.31 crore. Thus, the dealer had excess ITC of ₹ 1,044.07 crore relating to purchases effected from Renault Nissan Automotive India Private Limited, and forfeiture of the same was not made. We further noticed from the monthly return of February 2016 that there was carry forward ITC of ₹ 1,067.01 crore, indicating that forfeiture of excess ITC was not made.

After we pointed this out in April 2016, the Department issued notices (April 2016) to the dealers at the instance of audit. The Government stated (December 2016) that writ petition has been filed (June 2016) by Nissan Motors India Private Limited against issue of notice before the Honourable High Court of Madras. Further report regarding outcome of writ petition was awaited (February 2017).

2.5.7 Internal control and monitoring mechanism

2.5.7.1 Inadequate monitoring of non-fulfillment of investment obligation

The guidelines issued by the Industries Department prescribe that SIPCOT shall be implementing and monitoring agency for sanction of SPA. SIPCOT was required to conduct mandatory inspection within one month of the completion of the investment period to verify the fulfillment of all investor obligations under the package. Further, SIPCOT was mandated to inform Government and seek further orders if there was non-compliance of the investment obligation. SIPCOT was also required to send a detailed return of various components of assistance released to each Project within 15 days after the end of each quarter to Government along with details of actual direct and indirect employment created by the industry.

On a scrutiny of the register maintained by SIPCOT regarding applications received from the investing companies for grant of SPA, we observed that 21 Companies had not applied for SPA even after the expiry of the investment obligation period. Out of these 21 Companies, SIPCOT had allotted land to 13 Companies with exemption from payment of stamp duty. We, however, observed that a report regarding the non-preference of claim for grant of SPA by the companies after the expiry of investment obligation period was not sent to Government.

We pointed this out to SIPCOT in March 2016. Reply from SIPCOT was awaited (February 2017). In response to an audit query (May 2016) as to whether periodical reports were received from SIPCOT regarding the Companies, which had not fulfilled the obligations under SPA, the Secretary to Industries Department replied (August 2016) that details were sought from SIPCOT.

This indicates that SIPCOT failed to monitor the fulfillment of obligations by the companies which applied for grant of SPA, though land had been allotted by SIPCOT to the companies with exemption from payment of stamp duty.

Recommendation 5: We recommend that an appropriate system may be instituted to monitor the fulfillment of investment obligation by the companies which had applied for grant of SPA.

2.5.7.2 Meeting of the High Level Official Committee

Government constituted a High Level Official Committee (HLOC) in August 2008 under the Chairmanship of Principal Secretary to Government, Industries Department and consisting of five other members. The Chairman and Managing Director of SIPCOT, being one of the members, was also given the responsibility of convening the meeting of HLOC once in two months.

Scrutiny of the Minutes of the meetings of HLOC held during the period from 2012-13 to 2015-16 revealed that as against 24 meetings, which were required to be held, only five meetings were held. We further observed that no meeting had taken place during the year 2013-14.

Scrutiny of the Agenda and Minutes of the meetings revealed that out of the 13 Companies, which were provided with land, two were not included in any of the Agenda. Further, the details of the amount of investment and generation of employment, which were obtained from the Companies were adopted as such in the meeting of HLOC without independent verification of the correctness of the same. Thus, monitoring of the investment and employment generation in MoU Projects was done on the basis of the details furnished by the Companies rather than by ensuring independent assessment of the same.

During Exit Conference, SIPCOT stated that henceforth meetings of HLOC would be convened at prescribed time intervals. SIPCOT further agreed that independent assessment of the quantum of investment made by the company and employment generation would be undertaken.

Recommendation 6: We recommend that monitoring the details of investment and the employment generated by the companies which apply for SPA may be undertaken by SIPCOT by convening meetings of HLOC at the prescribed time intervals.

2.5.7.3 Absence of mechanism to accurately determine eligible purchases and sales

The SPA in respect of expansion is available only in respect of sale of products manufactured out of such expansion. The format of the monthly returns relating to VAT and CST does not enable the AA and the MoU Cell to accurately determine the purchases / sales, which are eligible for SPA.

We noticed that tax paid details for refund of output tax of ₹ 68.71 crore and for issue of soft loan of ₹ 96.95 crore in respect of interstate sale relating to the year 2014-15 was issued to HMIL on 8 July 2015 by AA based on the request of the dealer along with details of payment of tax though the certificate of the statutory auditor (17 August 2015) was submitted by the dealer along with application requesting refund of input tax of ₹ 447.18 crore on 17 November 2016.

The input tax refund with regard to HMIL (Phase-II) was only for purchases that were utilised for the purpose of manufacture of goods by Phase-II and not for purpose of trading. Similarly, the output VAT refund is allowed only for sale of manufactured goods by Phase-II and not for sale of traded goods. However, in the absence of provisions in the Annexure-I and Annexure-II as described above, the Department would not be able to verify the claims of input and output VAT refund, but completely rely on the self-declaration of the dealer. Further, the Department would also not be able to quantify the purchases and sales that are exclusively related to Phase-II of the project.

Government stated (December 2016) that determination of purchases and sales eligible for SPA was possible since Annexure-I contains purchases with commodity code and Annexure-II contains sales with commodity code. The Government further stated that the dealers, who were granted refund / soft loan would be subjected to detailed VAT audit or surprise inspection. The AA, however, replied (June 2016) that the declaration furnished by the dealer regarding trading and manufactured goods cannot be verified at the assessment circle.

The reply was not acceptable as the format of the monthly return does not facilitate the AA to distinguish purchases and sales pertaining to each unit separately and therefore, the correctness of the claim of input and output VAT refund could not be ensured. Thus, refund was made based on the details furnished by the dealer and certified by statutory auditor without ensuring independent check of accounts.

Recommendation 7: We recommend that the dealer may be asked to furnish separately the list of purchases and sales for each phase separately along with the monthly return containing the prescribed documentary evidences so that the correctness of claim of input and output VAT refund could be ensured by the AA before issue of TC.

2.5.7.4 System of disbursement of Investment promotion subsidy and soft loan

The allocation of funds to SIPCOT for disbursement of the investment promotion subsidy is made by the Industries Department. Budget allocation for the same is based on the requirements of SIPCOT, which in turn relies on the value of TCs issued by the MoU Cell. The soft loan shall be charged with a nominal interest of 0.1 *per cent* per annum.

Information regarding the allotment of funds and the value of TC issued by MoU Cell during the years 2013-14 to 2015-16 revealed that funds of ₹ 3,385 crore alone was allocated as against TC of ₹ 4,296.50 crore issued by MoU Cell. We further noticed from the details furnished by SIPCOT that ₹ 2,226.47 crore relating to the years 2008-09 to 2015-16 was not disbursed in respect of nine companies. The above included a sum of ₹ 1,832.25 crore relating to three automobile companies. Though the GOs stated that disbursement of investment promotion subsidy and soft loan would be made within 45 and 30 days respectively, disbursement was yet to be made. In eight cases, there was delay ranging from 12 to 43 months for disbursement of investment promotion subsidy / soft loan.

After we pointed this out in May 2016, SIPCOT replied that amount would be disbursed based on the funds made available by Government.

The matter was referred to the Government in October 2016. Reply was not furnished (February 2017).

2.5.8 Conclusion

The audit of 'Tax Exemption to Industries' revealed deficiency in issue of Eligibility Certificate by SIPCOT in not fixing the BPV / BSV in terms of quantity. There was lack of coordination between CTD and SIPCOT which led to disbursement of soft loan prior to achievement of BPV. The failure of MoU Cell to forward to the Assessment Circles, the details of TCs issued to industries for refund of tax paid on purchases resulted in the AAs of the Assessment Circles not being able to ensure the correctness of the amount of ITC, which were carried forward by the industries in the monthly returns. The assessees, who were granted incentives should be considered as high risk and selected either for detailed scrutiny or for VAT audit / surprise inspection.

2.6 Other Audit Observations

Value Added Tax

2.6.1 Application of Incorrect rate of tax

As per Section 3(2) of the TNVAT Act, in the case of goods specified in Part B or Part C of the First Schedule, the tax shall be payable by a dealer on every sale made by him within the State at the rate specified therein. As per Section 2(9) of the TNVAT Act, ‘branded’ means any goods sold under a name or a trade mark registered or pending registration under the Trade Marks Act, 1999.

2.6.1.1 As per Section 7(1)(b) of the TNVAT Act, every dealer shall pay tax on the sale of ready to eat unbranded foods including sweets and savouries at the rate of two *per cent* of the taxable turnover. Sale of branded sweets and savouries are taxable at the rate of four *per cent* with effect from 1 April 2010 under entry 19 of Part C of First Schedule to the TNVAT Act, read with Notification issued in March 2010.

During test check (January 2013) of records in Royapettah-I Assessment Circle, we noticed that the Assessing Authority (AA), while finalising (March 2012) the assessment of a dealer for the year 2010-11, levied tax at the rate of two *per cent* on the taxable turnover of ₹ 8.50 crore for sweets and savouries. The sweets and savouries dealt in by the assessee were registered under the Trade Marks Act and therefore, attract levy of tax at the rate of four *per cent*. Since the rate of tax under the TNVAT Act is higher for branded food, the AA, while finalising the assessment should have ensured whether the sweets and savouries sold by the assessee were branded or otherwise. The AA, however, failed to do so and adopted the rate applicable to unbranded food. The failure of the AA to apply correct rate of tax resulted in short levy of tax of ₹ 17 lakh.

After we pointed this out in February 2013, the AA revised the assessment in April 2016 and raised additional demand of ₹ 17 lakh. Collection particulars of the additional demand were awaited (February 2017).

The matter was referred to the Government in June 2016; reply was awaited (February 2017).

2.6.1.2 As per entry 13A of Part C of First Schedule to the TNVAT Act, introduced with effect from 12 July 2011, Compact Discs (CDs) / DVDs are taxable at the rate of 14.5 *per cent*. The CCT issued instructions in January 2013 that the AAs should scrutinise all the returns, which were received during a month, to ensure the correctness of the rate of tax, claim of ITC, correctness of the claim of exemption, etc.

During test check (August 2015) of records in Valluvarkottam Assessment Circle, we noticed from the monthly returns and the statement of audited accounts in Form-WW that a dealer had paid tax at the rate of five *per cent* on the turnover of ₹ 2.87 crore pertaining to sale of CDs / DVDs instead of the correct rate of 14.5 *percent* during the assessment year 2013-14. The AA

failed to ensure collection of tax at correct rate, indicating non-adherence to the instructions of CCT regarding scrutiny of returns filed by the dealer. This resulted in short realisation of tax of ₹ 27.30 lakh.

After we pointed this out (August 2015), the AA revised the assessment in July 2016 and raised additional demand of ₹ 27.30 lakh, the collection particulars of which were awaited (February 2017).

Government accepted the audit observation and stated (December 2016) that the appeal filed by the dealer before Appellate Deputy Commissioner (CT) (Central) after paying 25 *per cent* of the disputed tax was pending.

2.6.2 Incorrect computation of taxable turnover

As per Section 5 of the TNVAT Act, every dealer shall pay a tax on taxable turnover relating to his business of transfer of property in goods involved in execution of works contract, either in the same form or some other form, which may be arrived at in such manner as may be prescribed, at such rate as specified in the First Schedule.

Rule 8(5)(d) of the TNVAT Rules provides for deduction from the total turnover of a dealer, of all amount towards labour charges and other charges not involving any transfer of property in goods, actually incurred in connection with the execution of works contract, or if they are not ascertainable from the books of accounts maintained and produced by a dealer before the AA, 50 *per cent* of the value of the works contract, in the case of dyeing contracts.

During test check (March 2015) of records in Bhavani Assessment Circle, we noticed that the assessment of six dealers engaged in dyeing business was deemed to have been assessed under the TNVAT Act on the basis of monthly returns filed by them during the year 2012-13. Scrutiny of the report in Form WW relating to the audited accounts of the dealers, however, revealed that the dealers had paid tax on the turnover of ₹ 14.58 crore after deducting 50 *per cent* from the total contract receipts of ₹ 29.15 crore, though the actual expenditure towards labour and other charges was available in the Profit and Loss Account. The AA also failed to determine the taxable turnover of the dealers in accordance with the instructions laid down in Rule 8(5) of the TNVAT Rules.

After we pointed this out (March 2015), the AA determined the taxable turnover of the dealers for the year 2012-13 as ₹ 20.58 crore in April 2016 and raised additional demand of ₹ 30 lakh by revision of assessment. Further report regarding collection of the additional demand was awaited (February 2017).

Government accepted (December 2016) the audit observation and stated that in respect of four cases, action had been initiated under the Revenue Recovery Act for enforcing recovery and that the appeal filed by two dealers against revision of assessment before the Appellate Deputy Commissioner (CT), Erode was pending.

2.6.3 Underassessment of turnover

As per Section 27 (1)(a) of the TNVAT Act, where, for any reason, the whole or any part of the turnover of business of a dealer has escaped assessment to tax, the AA may, at any time within a period of six years from the date of assessment, determine to the best of its judgment the turnover, which has escaped assessment and assess the tax payable on such turnover after making such enquiry as it may consider necessary.

As per Section 27 (3) of the TNVAT Act, the AA may, if it was satisfied that the escapement from the assessment was due to willful non-disclosure of assessable turnover by the dealer, direct the dealer, to pay, in addition to tax, penalty at 150 *per cent* of the tax due on the assessable turnover that was willfully not disclosed, if the tax due on such turnover was more than fifty *per cent* of the tax paid as per the return.

During test check (May 2015) of records in Palayamkottai Assessment Circle, we noticed that the assessment of a dealer in auto parts for the year 2013-14 was deemed to have been assessed under the TNVAT Act on the basis of returns furnished by the dealer. The taxable turnover reported by the dealer in the monthly returns was ₹ 1.76 crore.

Scrutiny of the Profit and Loss Account enclosed with the statement of audited accounts in Form-WW filed by the dealer, however, indicated the revenue from operations to be ₹ 2.66 crore. After we pointed this out (June 2015) the discrepancy in turnover between the Profit and Loss Account and that disclosed by the dealer in the monthly returns, the AA revised the assessment (January 2016) and raised additional demand of tax and penalty amounting to ₹ 13.09 lakh and ₹ 19.64 lakh respectively.

The matter was referred to the Government in June 2016. Government accepted the audit observation (March 2017) and stated that the writ petition filed by the assessee against revision of assessment was pending before the Madurai Bench of the Madras High Court.

2.6.4 Incorrect claim of input tax credit

As per Section 19 (1) of TNVAT Act, there shall be input tax credit (ITC) of the amount of tax paid or payable under this Act, by the registered dealer to the seller on his purchase of taxable goods specified in the First Schedule, provided that the registered dealer, who claims ITC shall establish that the tax due on such purchases has been paid by him in the prescribed manner.

As per Section 27(2) of the TNVAT Act, where for any reason, ITC has been availed wrongly, the AA shall reverse the ITC availed and determine the tax due. Section 27(4) of the Act, *ibid*, provides for levy of penalty, in the case of first detection, at the rate of 50 *per cent* of the ITC wrongly claimed.

The CCT issued instructions in January 2013 that the AAs should scrutinise all the returns, which were received during a month to ensure the correctness of the rate of tax, claim of ITC, correctness of the claim of exemption, etc.

Our test check of records revealed the following irregularities in claim of ITC by the dealers.

2.6.4.1 During test check of monthly returns filed by the assessee of Large Taxpayers Unit-IV (LTU-IV) and Evening Bazaar Assessment Circles (December 2014 and August 2015), we noticed that two assessee reported purchase of goods for ₹ 17.77 crore and claimed ITC of ₹ 1.61 crore during 2012-13. We cross verified the details contained in the monthly returns of the purchasing dealers with the details contained in the monthly returns filed by the selling dealers. We observed that no sale had been effected by the selling dealers to the assessee. Thus, the assessee incorrectly claimed ITC of ₹ 1.61 crore, which was required to be reversed along with levy of penalty of ₹ 81.04 lakh at 50 per cent of such incorrect claim of ITC. The incorrect claim of ITC preferred by the dealers in the monthly returns was, however, allowed by the AA, indicating non-adherence to the instructions of the CCT regarding scrutiny of returns issued in January 2013.

After we pointed this out (January and August 2015), the AA, LTU-IV Assessment Circle revised (December 2015) the assessment of the dealer, raising fresh demand of ₹ 6.21 lakh (including penalty of ₹ 2.07 lakh) and collected ₹ 4.14 lakh. The appeal filed by the dealer against levy of penalty was stated to be pending before the Joint Commissioner (Appeal). The AA, Evening Bazaar Assessment Circle issued notice (August 2015) to the dealer proposing reversal of ITC and levy of penalty. Further report regarding revision of assessment and outcome of appeal was awaited (February 2017).

Government, to whom the matter was referred (January / June 2016), accepted the audit observation in the case pertaining to LTU-IV Assessment Circle. Reply of the Government in respect of the remaining case was awaited (February 2017).

2.6.4.2 Under Section 2(24) of the TNVAT Act, 'input tax' means the tax paid or payable under the Act by a registered dealer to another registered dealer on the purchase of goods in the course of his business.

During test check of records (May 2015) in Tirunelveli Junction Assessment Circle, we cross verified the details contained in the monthly returns of the purchasing dealers with the details contained in the monthly returns filed by the selling dealers. We noticed that the claim of ITC of a dealer during the years 2012-13 and 2013-14, *inter alia*, included ITC of ₹ 13.07 lakh in respect of purchases effected from three dealers, whose registration certificates were cancelled prior to the transaction of sale / purchase. Thus, at the time of purchase made by the dealer, the selling dealers were not registered under the Act and the claim of ITC by the buying dealer was not in order. The incorrect claim of ITC preferred by the dealer in the monthly returns was, however, allowed by the AA indicating non-adherence to the instructions of the CCT regarding scrutiny of returns issued in January 2013.

After we pointed this out (July 2015), the AA revised the assessment (March 2016) and raised additional demand of ₹ 13.06 lakh, besides levying equal amount of penalty. The demand was adjusted against the refund amount due to the dealer.

Government to whom the matter was referred (June 2016), accepted the audit observation (February 2017).

2.6.4.3 During test check (March 2015) of records in Velachery Assessment Circle, we noticed during verification of monthly returns filed by the dealers that the claim of ITC of a dealer during the year 2012-13, *inter alia*, included claim of ITC of ₹ 18.99 lakh in respect of purchases effected from a dealer whose registration certificate (RC) was cancelled by the AA. The AA of the purchasing dealer, subsequent to such cancellation of RC of the selling dealer, should have initiated action to reverse the ITC of ₹ 18.99 lakh availed by the dealer and recover the same along with penalty of ₹ 9.49 lakh. The AA, however, failed to do so, resulting in allowance of incorrect claim of ITC and non-levy of penalty for such incorrect claim.

After we pointed this out (March 2015), the AA, Velachery Assessment Circle revised the assessment (October 2015) and raised additional demand of ₹ 28.48 lakh (inclusive of penalty). Further report regarding collection particulars was awaited (February 2017).

The matter was referred to the Government in July 2016; reply was awaited (February 2017).

2.6.4.4 As per Rule 7(7) of TNVAT Rules, every registered dealer, who is not liable to pay tax under the Act shall file return for each year in Form I-1 on or before the 20th day of May of the succeeding year showing the actual total turnover in respect of all goods dealt with by him.

During test check of records (between March and December 2015) in six³² Assessment Circles, we noticed that 13 dealers had, *inter alia*, reported in their monthly returns for the years 2009-10, 2010-11 and 2013-14, purchase of goods from 11 selling dealers for ₹ 20.90 crore and claimed ITC of ₹ 1.21 crore. Verification of 'Dealer Profile' (available in intranet of the CTD) indicated that the selling dealers were filing annual returns with no tax liability. The incorrect claim of ITC in respect of purchases made from annual return filing dealers was, however, not known to the AAs, indicating non-adherence to the instructions of the CCT issued in January 2013 regarding scrutiny of returns. The ITC of ₹ 1.21 crore claimed by the dealers was, therefore, reversible along with levy of penalty of ₹ 60 lakh.

After we pointed this out (between March and December 2015), the AAs of Thiruvallikeni and Nanganallur Assessment Circles revised (June 2016) the assessments of two dealers and raised additional demand of tax and penalty of ₹ 26.71 lakh and ₹ 13.36 lakh respectively. Report regarding recovery of additional demand and reply in respect of the remaining cases was awaited (February 2017).

The matter was referred to the Government in July 2016; reply was awaited (February 2017).

³² Alwarpet, Esplanade, Harbour, Nanganallur, Thiruvallikeni and Tondiarpet

2.6.5 Non / short reversal of input tax credit

2.6.5.1 As per Section 19(2)(v) of the TNVAT Act as amended in 2013, ITC shall be allowed on the tax paid or payable on the purchase of goods in excess of three *per cent* of tax relating to such purchases, if the goods purchased were sold in the course of interstate trade or commerce falling under sub-section (1) of Section 8 of the CST Act, provided, that if a dealer had already availed ITC, there shall be reversal of credit against such sale.

The CCT issued instructions in January 2013 that the AAs should conduct scrutiny of all returns received during a month under the TNVAT Act, and while doing so, corresponding verification of the returns filed under the CST Act should also be made.

During scrutiny (between May 2015 and February 2016) of records in eight³³ Assessment Circles, we noticed from the returns filed under the CST Act that 13 dealers had effected interstate sale of goods covered by 'C' Form declarations for ₹ 117.38 crore for the period from December 2013 to March 2014. The sale of goods against declaration forms during December 2013 to March 2014 warranted reversal of ITC of ₹ 1.65 crore. Our scrutiny of the returns filed by the dealers under the TNVAT Act, however, indicated that in one case, reversal of ITC of ₹ 6.09 lakh was made by the dealer as against the amount of ₹ 15.88 lakh, which was due to be reversed. In the remaining cases, reversal was not made by the dealers. The AAs also failed to enforce reversal of ITC, which indicated non-adherence to the instructions issued by the CCT. This resulted in non / short reversal of ITC of ₹ 1.59 crore.

After we pointed this out between May 2015 and February 2016, the AAs of four³⁴ Assessment Circles revised (between December 2015 and August 2016) the assessments of eight dealers and raised additional demand of ₹ 54.58 lakh of which ₹ 6.45 lakh in respect of a case pertaining to Harbour Assessment Circle was collected. In respect of the other case pertaining to Harbour Assessment Circle, the appeal filed by the dealer after paying ₹ 4.12 lakh was stated to pending before Appellate Deputy Commissioner (CT) North. The writ petition filed by a dealer of Hosur (North) Assessment Circle before the Honourable High Court of Madras against the revision of assessment was stated to be pending. Further report regarding recovery of the additional amount and reply in respect of the other cases was awaited (February 2017).

The matter was referred to the Government during May / June 2016. Government accepted the audit observation in the cases relating to LTU-IV, Harbour and Hosur (North) Assessment Circles. Reply of the Government in the remaining cases was awaited (February 2017).

2.6.5.2 As per Section 19(5)(c) of the TNVAT Act, no ITC shall be allowed on the purchase of goods sold as such or used in the manufacture of other goods and sold in the course of interstate trade or commerce without declaration forms.

³³ Avarampalayam, Harbour, Hosur (North), LTU-IV, Manali, Mylapore, Sholinganallur and Sriperumbudur

³⁴ LTU-IV, Hosur (North) and Sholinganallur

The CCT issued instructions in January 2013 that the AAs should conduct scrutiny of all returns received during a month under the TNVAT Act, and while doing so, corresponding verification of the returns filed under the CST Act should also be made.

During test check (November 2014 and June 2015) of records in Nandanam and Chidambaram I Assessment Circles, we noticed that two dealers had claimed ITC of ₹ 4.12 crore on purchase of goods during the year 2008-09 and during the years 2010-11 to 2013-14. We further observed from the orders passed (between August 2013 and October 2014) by the AAs under the CST Act that a turnover of ₹ 178.44 crore had been assessed to tax as interstate sales not covered by valid declaration forms. Though, such sale warranted reversal of ITC of ₹ 1.60 crore, reversal was neither made by the assessee nor enforced by the AAs. This indicated that the AAs failed to adhere to the instructions issued by the CCT.

After we pointed this out (January / July 2015), the AAs revised the assessments (January / March 2016) and raised additional demand of ₹ 1.60 crore; the collection particulars of which was awaited (February 2017).

The matter was referred to the Government during April / May 2016. Government accepted (January 2017) the audit observation pertaining to Nandanam Assessment Circle and stated that the writ petition filed by the dealer before the Honourable High Court of Madras after paying the amount of ₹ 19.37 lakh was pending. Further report regarding outcome of writ petition and reply in respect of the remaining case was awaited (February 2017).

2.6.5.3 As per Section 19(4) of the TNVAT Act, ITC shall be allowed on the tax paid or payable on the purchase of goods in excess of three *per cent* of tax up to 10 November 2013 and *five per cent* thereafter relating to such purchases, if the goods purchased are transferred or used in the manufacture of other goods and transferred to other States otherwise than by way of sale, provided, that if a dealer has already availed ITC, there shall be reversal of credit against such transfer.

During scrutiny (March 2014) of records in Sankari Assessment Circle, we noticed that a dealer, who claimed ITC of ₹ 39.18 crore on purchase of goods during the year 2007-08, had transferred goods valued at ₹ 12.68 crore to other States, otherwise than by way of sale. We observed that while the transfer of goods to other States, otherwise than by way of sale, warranted reversal of proportionate ITC of ₹ 9.83 lakh, reversal was not made by the dealer. The AA, while finalising (March 2012) the assessment of the dealer under the Central Sales Tax Act also failed to enforce reversal of ITC.

After we pointed this out (April 2014), the AA revised the assessment (March 2016) and raised additional demand of ₹ 9.83 lakh. Further report regarding collection particulars was awaited (February 2017).

The matter was referred to the Government in May 2016. Government accepted the audit observation and stated that the appeal preferred by the dealer against revision of assessment after paying ₹ 2.46 lakh was pending before the Appellate Deputy Commissioner (CT), Erode.

2.6.6 Non-levy of interest

As per Section 42(1) of the TNVAT Act, the tax assessed or that has become payable under this Act from a dealer shall be paid in such manner and in such instalments, if any, and within such time as may be specified in the notice of assessment, not being less than thirty days from the date of service of the notice. As per Section 42(3) of the TNVAT Act, on any amount remaining unpaid after the date specified for its payment as referred to in sub-section (1) or in the order permitting payment in instalments, the dealer or person shall pay, in addition to the amount due, interest at one and a quarter *per cent* per month upto 28 May 2013 and at two *per cent* per month thereafter of such amount for the entire period of default.

As per proviso to Rule 7(1)(b) of the TNVAT Rules, every registered dealer, whose taxable turnover in the preceding year is two hundred crore rupees or above, shall file the monthly returns on or before 12th of the succeeding month to the AA and that such return shall be accompanied by proof of payment of tax.

During test check of records (between December 2014 and August 2015) in three³⁵ Assessment Circles, we noticed that three dealers had paid tax of ₹ 25.26 crore belatedly; the delay ranging from 3 days to 23 months and 10 days. The belated payment of tax attracts levy of interest of ₹ 22.42 lakh. The AAs, however, failed to levy interest for such belated payment of tax.

After we pointed this out (between December 2014 and August 2015), the AA, Madurantakam Assessment Circle levied (December 2015) interest of ₹ 5.68 lakh. The AA, Large Taxpayers Unit-IV Assessment Circle, Chennai issued notice (July 2015) to the dealer proposing levy of interest amounting to ₹ 4.78 lakh. Further report regarding collection particulars, levy of interest and reply in respect of the remaining case was awaited (February 2017).

The matter was referred to the Government in July 2016; reply was awaited (February 2017).

Sales Tax

2.6.7 Application of incorrect rate of tax

Section 8(2)(b) of the CST Act, as it existed prior to 1 April 2007, provided that interstate sale of goods, other than declared goods, shall be assessed to tax at the rate of ten *per cent* or at the rate applicable to the sale or purchase of such goods inside the appropriate State, whichever was higher.

Section 2(1)(aa) of the Tamil Nadu Additional Sales Tax Act, 1970 provided for levy of Additional Sales Tax (AST) at the rate of 1.5 *per cent* on the taxable turnover, where the taxable turnover of a dealer was in excess of ₹ 25 crore but less than ₹ 50 crore with effect from 1 April 1998.

³⁵

Lalgudi, LTU-IV, Chennai and Madurantakam

The Madras High Court has held³⁶ that the taxable turnover under the Tamil Nadu General Sales Tax Act, 1959 (TNGST Act) has to be considered for reckoning the AST liability under the CST Act.

During test check of records (July 2015) in LTU-I Assessment Circle, Chennai, we noticed that the AA, while finalising the assessment of a dealer for the year 2000-01 under the CST Act (May 2014) did not consider the element of AST for computing the rate of tax applicable on interstate sales of electric storage batteries not covered by valid declaration forms though the taxable turnover of the dealer under the TNGST for the year was ₹ 49.91 crore. The applicable rate of tax on the turnover of ₹ 22.10 crore not covered by valid declaration forms was 21.5 *per cent* taking into consideration the element of AST. The AA, however, levied tax at the rate of 20 *per cent*. This resulted in short levy of tax of ₹ 33.15 lakh.

Government accepted (December 2016) the audit observation and stated that the AA, taking into consideration the subsequent filing of C Form declarations, had revised the assessment (October 2015) and collected the additional demand of ₹ 22.27 lakh.

2.6.8 Escapement of taxable turnover

As per Section 27 (1)(a) of the TNVAT Act, where, for any reason, the whole or any part of the turnover of business of a dealer has escaped assessment to tax, the AA may, at any time within a period of six years from the date of assessment, determine to the best of its judgment the turnover, which has escaped assessment and assess the tax payable on such turnover after making such enquiry as it may consider necessary. As per Section 27 (3) of the TNVAT Act, the AA may, if it is satisfied that the escape from the assessment is due to willful non-disclosure of assessable turnover by the dealer, direct the dealer, to pay, in addition to tax, penalty at 150 *per cent* of the tax due on the assessable turnover that was willfully not disclosed, if the tax due on such turnover is more than fifty *per cent* of the tax paid as per the return.

As per Section 6-A of the CST Act, where any dealer claims that he is not liable to pay tax under this Act, in respect of any goods, on the ground that the movement of such goods from one State to another was occasioned by transfer of such goods to other place otherwise than by way of sale, the burden of proving so shall be on the dealer and for this purpose, he shall furnish to the AA, the declaration in Form-F. As per Rule 5(1) of the Central Sales Tax (Tamil Nadu) Rules, 1957, the provisions of the TNVAT Act shall apply, *mutatis mutandis*, for the purpose of making provisional assessment, best of judgment assessment, final assessment, re-assessment and payment of tax under the CST Act.

During test check (January 2013) of records in Royapettah Assessment Circle, we noticed that the AA, while finalising (February 2012) the assessment of a dealer for the year 2008-09 under the CST Act, allowed exemption as stock transfer of furniture for ₹ 7.37 crore on the basis of declarations in Form-F filed by the dealer. Scrutiny of the ‘check post module’ in intranet of the

³⁶ Sri Kaliswari Fireworks Vs. Commercial Tax Officer-I, Sivakasi – (2009) 25 VST 384(Mad)

Department, however, revealed that the dealer had moved goods to other States by way of stock transfer for ₹ 9.32 crore. Thus, the movement of furniture to other States for ₹ 1.95 crore had escaped assessment though the same was not covered by valid declaration in Form-F. This resulted in non-levy of tax of ₹ 24.32 lakh and penalty of ₹ 36.48 lakh.

After we pointed this out (February 2013), the AA revised (June 2016) the assessment of the dealer under the CST Act and raised additional demand of tax and penalty of ₹ 24.32 lakh and ₹ 36.48 lakh respectively. Further report regarding collection was awaited (February 2017).

The matter was referred to the Government in July 2016; reply was awaited (February 2017).

2.6.9 Non-levy of tax

As per Section 3-B of the erstwhile Tamil Nadu General Sales Tax Act, 1959 (TNGST Act), the turnover representing value of goods involved in the execution of works contract and which had not suffered tax earlier inside the State was assessable to tax, at the rates specified for such goods in the Schedules to the Act. As per Section 3-I of the TNGST Act, surcharge at the rate of five *per cent* was leviable on the tax levied under Section 3-B. Dyes were taxable at the rate of 10 *per cent* under entry 12 of Part C of the First Schedule to the TNGST Act. Chemicals were taxable at the rate of 12 *per cent* under entry 7 of Part D of the First Schedule to the TNGST Act.

During test check (March 2015) of records in Bhavani Assessment Circle, we noticed that four dealers had purchased dyes and chemicals amounting to ₹ 4.85 crore from interstate during the year 2006-07 (upto 31 December 2006) and utilised the same in dyeing contracts. The AA, while finalising the assessment (November / December 2011) of the dealers for the year 2006-07 under the TNGST Act, however, omitted to levy tax on the deemed sale value of dyes and chemicals, which were utilised in the execution of the process of dyeing under Section 3-B of the TNGST Act.

After we pointed this out (April 2015), the AA revised the assessment of the dealers in March 2016 and raised additional demand of ₹ 81.29 lakh by levying tax and surcharge at the rate of 10.5 *per cent* and 12.6 *per cent* on the deemed sale value of dyes (₹ 1.84 crore) and chemicals (₹ 4.91 crore) respectively. Recovery of the additional demand of ₹ 81.29 lakh was awaited (February 2017).

Government accepted (December 2016) the audit observation and stated that action had been initiated for recovery of the additional demand under the Revenue Recovery Act. Further report regarding recovery was awaited (February 2017).

CHAPTER III

STAMP DUTY AND REGISTRATION FEE

3.1 Tax administration

Receipts from stamp duty and registration fee are regulated under the Indian Stamp Act 1899, (IS Act), the Registration Act, 1908 and the rules framed thereunder as applicable in Tamil Nadu and are administered at the Government level by the Principal Secretary (Commercial Taxes and Registration Department). The Inspector General of Registration (IGR) is the head of the Registration Department, who is responsible for superintendence and administration of registration work. The IGR is assisted by three Additional Inspectors General. There are nine registration zones in the State, each headed by a Deputy Inspector General of Registration. The State is divided into 50 registration districts for administrative purpose. There are 578 Sub Registrar offices in the State for registration of documents and other purposes like registering marriages and for giving extract from the birth and death registers relating to village panchayats that are preserved by them.

3.2 Results of audit

Test check of the records of offices of the Registration Department in 2015-16 showed non / short levy of stamp duty and registration fee, etc. and other irregularities amounting to ₹ 98.57 crore in 695 cases, which fall under the categories given in Table 3.1.

Table 3.1

Sl. No.	Categories	₹ in crore)	
		Number of cases	Amount
1	Undervaluation of instruments	128	10.72
2	Misclassification of instruments	295	20.28
3	Incorrect grant of exemption	41	37.66
4	Excess / Incorrect allocation of Transfer Duty Surcharge	66	5.76
5	Others	165	24.15
	Total	695	98.57

The Department accepted under-assessments and other deficiencies amounting to ₹ 5.76 crore in 97 cases, out of which, ₹ 2.82 crore involved in 13 cases was pointed out during 2015-16 and the rest during earlier years. Out of the above, an amount of ₹ 4.76 crore had been collected.

Few illustrative cases involving ₹ 43.16 crore are discussed in the following paragraphs.

3.3 Audit Observations

3.3.1 Non-levy of stamp duty and short levy of registration fee in respect of amalgamation

As per Article 23 of Schedule I to the Indian Stamp Act, 1899 (IS Act), in the case of conveyance of immovable property, stamp duty is to be levied at the rate of seven *per cent* including surcharge on the market value of the property. In addition, under the Registration Act, 1908, registration fee is leviable at the rate of one *per cent* on the value on which stamp duty is payable.

During test check (October 2014) of documents in Sub-Registry (SR), Periamet, we noticed that an order of Honourable High Court of Madras sanctioning a Scheme of Arrangement was registered in April 2013. The Scheme of Arrangement involved demerger of Transferee Company into four resulting companies and amalgamation of another Company (Transferor Company) with the Transferee Company. The Scheme, *inter alia*, involved transfer of 6,860 square metres (73,840.42 sqft) of land and building of Transferor Company to one of the resulting companies. The market value of land, at the guideline rate of ₹ 10,000 per sqft worked out to ₹ 73.84 crore. Stamp duty and registration fee leviable on the value of land transferred worked out to ₹ 5.91 crore (excluding the value of building, which was to be determined by the Department). The Registering Officer (RO), however, collected registration fee of ₹ 44.19 lakh on the value of shares allotted. Thus, the failure of the RO to treat the transfer of land involved in the scheme of amalgamation as conveyance resulted in non-levy of stamp duty and short levy of registration fee aggregating ₹ 5.47 crore.

The matter was referred to the Government in March 2015. Government accepted (May 2016) the audit observation and stated that the scheme of amalgamation can be treated as conveyance. The Government, further, stated that action had been initiated to recover the differential stamp duty and registration fee. Further report regarding recovery was awaited (February 2017).

3.3.2 Short collection of stamp duty and registration fee in respect of mortgage deed

As per Article 40 (b) of Schedule I to the IS Act, in the case of mortgage deed, when possession is not given, stamp duty is to be levied at the rate of one *per cent* of the mortgage value subject to a maximum of ₹ 40,000. As per Table of Fees prepared under Section 78 of Registration Act, 1908, registration fee is to be levied at the rate of one *per cent* subject to a maximum of ₹ 10,000. As per

Section 5 of the IS Act, instruments comprising or relating to several distinct matters shall be chargeable with aggregate amount of duties with which separate instruments, each comprising or relating to one of such matters would be chargeable.

During test check (November 2015) of documents in SR, Tiruporur, we noticed that 22 banks had lent ₹ 3,207.48 crore to a Company. The Company had mortgaged several properties in favour of a trustee company, which was formed for securing the interests of the 22 banks. The instrument of mortgage was executed in December 2014 and was registered in March 2015.

We noticed that the RO collected stamp duty and registration fee of ₹ 0.50 lakh in respect of the instrument. The RO, should have collected ₹ 11 lakh by treating the instrument of mortgage as comprising of 22 transactions in accordance with Section 5 of the IS Act. The failure of the RO to consider this mortgage deed as relating to distinct matters under Section 5 of the Act resulted in short collection of stamp duty and registration fee of ₹ 10.50 lakh.

The matter was referred to the Government in March 2016. Government accepted the audit observation (February 2017) and stated that action had been initiated for recovery of deficit stamp duty and registration fee. Further report regarding recovery was awaited (February 2017).

3.3.3 Short collection of stamp duty and registration fee in respect of modified lease deeds

As per Article 63 of Schedule-I to the IS Act, in the case of an instrument of transfer of lease where the lease was transferred by way of assignment, stamp duty was leviable at the rate of five *per cent* of the market value equal to the amount of consideration for the transfer. As per the Table of Fees prepared under Section 78 of the Registration Act, 1908, Registration Fee at the rate of one *per cent* was leviable on the consideration for the transfer of lease. As per Article 35 of Schedule I to the IS Act, lease of properties for period of 30 years and above but not exceeding 99 years attract stamp duty of four *per cent* on the rent, advance, payable. In addition, registration fee at the rate of one per cent, subject to a maximum of ₹ 20,000 was leviable. As per Notification issued in September 2003, reduction of 50 *per cent* of stamp duty was granted in respect of lease of land for first time. Thus, stamp duty of two *per cent* was leviable in respect of lease of land for first time by SIPCOT.

During test check (between March 2014 and March 2016) of documents in three³⁷ Registering Offices, we noticed that SIPCOT had leased out lands for 99 years to seven lessees between February 1985 and December 1993. These lands were transferred to other lessees by SIPCOT through seven instruments

³⁷ SR, Gummidipoondy, Joint-II SR, Cuddalore and SR, Tuticorin Melur

of modified lease deeds executed and registered between February 2013 and February 2015. The modified lease deeds indicated that the leases were transferred to the new lessees at the request of the original lessees and for the remaining period which was determined by deducting from the period of original allotment, the period for which the lands were held by the original allottees. As the instruments of modified lease executed and registered by SIPCOT resulted in transfer of leases from the original allottees to the new lessees, the instruments were required to be classified under Article 63 of the IS Act. Accordingly, stamp duty at the rate of five *per cent* and registration fee at the rate of one *per cent* was required to be collected on the value of ₹ 23.56 crore. This amounted to ₹ 141.36 lakh. However, instead of treating the instruments as transfer of leases, the ROs collected stamp duty at the rates of four and two *per cent* and registration fee at the maximum amount of ₹ 20,000 per instrument by treating the same as lease of lands by SIPCOT. Thus, as against ₹ 141.36 lakh, the ROs collected stamp duty and registration fee of ₹ 90.61 lakh. This resulted in short collection of stamp duty and registration fee of ₹ 50.75 lakh.

After we pointed this out (between March 2014 and March 2016), the RO, Gummidipoondi replied (June 2015 and March 2016) that the original lessee surrendered the properties to SIPCOT and in the absence of the original lessee joining the execution of lease, it could not be treated as transfer of lease. The other two ROs stated (June and August 2015) that since the original lessees were not involved in the execution of the instruments, the same could not be treated as transfer of leases.

The Government in the case pertaining to SR, Tuticorin Melur stated (December 2016) that for a lease to be classified under Article 63, the lessee should assign his lease hold rights to the other party by executing an assignment deed and since the original lessee had not joined in execution, the lease deed could not be considered as transfer of lease.

The replies were not acceptable due to the following reasons:

- (i) The transfer of lease by way of assignment requires the consent of the owner of the land. SIPCOT had executed the modified lease deeds, since it was the owner of the land.
- (ii) The leases were not surrendered by the original allottees. The leases have been granted to entities, which have been identified by the original allottees and therefore, the same cannot be considered as original leases being granted by SIPCOT;
- (iii) The instruments of modified lease deeds executed by SIPCOT had resulted in transfer of leases from the original allottees to the entities identified by the original allottees. Further, the leasehold rights were granted for the remaining period after deducting from the term of original allotment, the

period for which the leases were held by the original allottees. The original allottees also declared that they had no right or claim over the scheduled properties and confirmed that the said properties were taken over by the new lessees and thereby relinquished their legal rights over the properties under the registered lease deeds.

Thus, the assignment of leases for the remaining period of lease in favour of the new lessee amounted to transfer of lease, though the modified lease deeds were executed by SIPCOT.

Reply of the Government in the remaining two cases was awaited (February 2017).

3.3.4 Short collection of stamp duty and registration fee in respect of release deeds

As per the provisions of Clause C of Article 55 of Schedule I to the IS Act, in respect of an instrument of release, whereby a co-owner of a property renounces his right / claim in favour of another co-owner, who is not a family member on any specified property over which they have common right, stamp duty is leviable at the rate of eight *per cent* of the market value of the immovable property which is the subject matter of release. In addition, registration fee is leviable at one *per cent* on the market value of the immovable property which is the subject matter of release. As per the explanation under Article 55 of Schedule I to the IS Act read with explanation under Article 58 of Schedule I to the IS Act, “family” for the purpose of levy of concessional rate of stamp duty and registration fee means father, mother, husband, wife, son, daughter, grandchild, brother, sister and also included adoptive father and mother, adopted son and daughter in the case of any one whose personal law permits adoption. As per Article 55A of Schedule I to the IS Act, instruments of release involving transfer of properties in favour of family members attract stamp duty of one per cent on the value of properties transferred, subject to a maximum of ₹ 10,000 (upto 30 September 2013) and ₹ 25,000 thereafter. Besides, registration fee at the rate of one per cent on the value of properties transferred was also leviable, subject to a maximum of ₹ 2,000 (upto 30 September 2013) and ₹ 4,000 thereafter.

During test check (between April 2015 and January 2016) of documents in ten³⁸ Registering Offices, we noticed that out of properties valued at ₹ 47.23 crore, share of properties valued at ₹ 23.85 crore was transferred through 31 instruments of release deed executed and registered between June 2013 and March 2015. These included transfer of share in properties valued at ₹ 12.42 crore to family members and ₹ 11.43 crore to persons other than ‘family members’, viz., daughter-in-law, aunt, nephew, niece. However, instead of

³⁸ DR, Erode, SR, Alandur, SR, Annur, SR, Avadi, SR, Guduvancherry, SR, Ponneri, SR, Radhapuram, SR, Udumalaipet, SR, Vadavalli and SR, Velachery

collecting stamp duty and registration fee at the rate of nine *per cent* on the value of the properties transferred to persons other than family members, the ROs collected stamp duty at concessional rate prescribed under Article 55A of Schedule I to the IS Act. Thus, as against stamp duty and registration fee of ₹ 106.89 lakh, stamp duty and registration fee of ₹ 8.87 lakh was collected by the department. This resulted in short collection of stamp duty and registration fee of ₹ 98.02 lakh as mentioned in **Annexure 4**.

After we pointed out this, the ROs replied (between April 2015 and January 2016) that there existed co-parcenary right among the parties and the concession for stamp duty and registration fee was also available for the co-parceners. The ROs further stated that the IGR had clarified in January 2014 that Article 55A of the IS Act contemplates release in respect of co-parcenary properties, properties jointly inherited, properties devolved by succession, and since in these cases there existed co-parcenary right over the property among the releasers and the releasees, the documents were classified as family release.

The reply was not tenable because the transfer of share in property in these cases had not taken place among the family members as per the provisions of the IS act, though there existed co-parcenary rights. Moreover, any executive instruction, for example, clarification issued by IGR cannot be a substitute for the statutory provisions contained in the relevant Act. Thus, clarification issued by IGR, being contrary to the provisions of the Act, does not hold good.

The matter was referred to the Government (between January and June 2016). Government accepted (October 2016) the audit observation in the case pertaining to SR, Radhapuram and stated that the District Registrar was directed to initiate action for recovery of deficit stamp duty and registration fee of ₹ 22.18 lakh. Government, in the cases pertaining to SR Avadi and SR Udumalpet, however, did not accept the audit observation and stated that when the release deed is executed between the persons in respect of inherited property devolved by succession by operation of law, the same has to be classified as release falling under Article 55 (A) of Schedule I to the IS Act. .

Reply of the Government was not acceptable as the transfer of share in property through the release deeds was made to persons other than family members and the concessional rate of stamp duty as per the IS Act was applicable only in respect of release of share to family members. Moreover, the Explanation under Article 55 provides that the word 'family' shall have the same meaning as defined in Explanation to Article 58.

Further reply from the Government was awaited (February 2017).

3.3.5 Short collection of stamp duty and registration fee in respect of partition deeds.

As per Article 45 (b) of Schedule I to the IS Act, instrument of partition among persons other than family members is chargeable to stamp duty at the rate of four *per cent* on the amount of the value of the separated share or shares of the property. In addition, registration fee is leviable at one *per cent* on the value of property subject to partition. As per Article 45 (a) of Schedule I to the IS Act, instruments of partition involving transfer of properties in favour of family members attract stamp duty of one per cent on the value of properties transferred, subject to a maximum of ₹ 10,000 (upto 30 September 2013) and ₹ 25,000 thereafter. Besides, registration fee at the rate of one per cent on the value of properties transferred was also leviable, subject to a maximum of ₹ 2,000 (upto 30 September 2013) and ₹ 4,000 thereafter. ‘Family’ as defined under the IS Act includes father, mother, husband, wife, son, daughter, grandchild, brother, sister and also included adoptive father and mother, adopted son and daughter in the case of any one whose personal law permits adoption.

During test check (between May 2015 and February 2016) of documents in seven³⁹ Registering Offices, Audit noticed that through 16 instruments of partition executed between March 2011 and January 2015 and registered between March 2011 and February 2015, immovable properties valued ₹ 83.83 crore were partitioned. Scrutiny of the instruments revealed that share of properties valued at ₹ 53.50 crore was transferred to family members and share of properties valued at ₹ 30.33 crore was transferred to persons, who were not included in the definition of “family” as per the IS Act. The shares allotted to persons not defined within the term “family” were to be classified as non-family partition and stamp duty and registration fee at the rate of five per cent was required to be collected. While registering the instruments, the ROs treated the same as transfer of share in properties to family members and collected stamp duty at the concessional rate prescribed under Article 45 (a) of the IS Act. The instruments of partition involved levy of stamp duty and registration fee of ₹ 1.57 crore. The ROs, however, collected ₹ 11.44 lakh. Thus, failure of the ROs to classify the partition as between non-family members resulted in short collection of stamp duty and registration fee of ₹ 1.46 crore mentioned in **Annexure 5**.

After we pointed this out (between May 2015 and March 2016), the ROs replied (between May and March 2016) that the properties, which were acquired through inheritance / succession were partitioned through partition deeds and the IGR had clarified in January 2014 that in the case of inheritance of property, the instrument could be directly classified under family partition, and there was no need for verification of relationship between the parties.

³⁹ DR, Nagercoil, Joint II SR, Gobichettipalayam, SR, Annur, SR, Acharapakkam, SR, Mylapore, SR, Rajakkamangalam and SR, Tiruporur

The reply was not acceptable for the following reasons. The words ‘sister-in-law, nephew, niece, aunt, uncle, daughter-in-law, cousins’, etc. are not specifically mentioned in the definition of the term “family” under the IS Act. Moreover, any executive instruction, for example, clarification issued by IGR cannot be a substitute for the statutory provisions contained in the relevant Act. Thus, clarification issued by IGR, being contrary to the provisions of the Act does not hold good.

Government accepted (September / October 2016) the audit observation in three cases and stated that District Registrars had been instructed to initiate action for recovery of deficit stamp duty and registration fee of ₹ 24.84 lakh. The Government in other cases did not accept the audit observation stating that as clarified by IGR in March 2005, partition among legal heirs of the deceased daughter or son has to be construed as partition between family members, chargeable under Article 45(a) of Schedule I of the IS Act.

Reply of the Government was not acceptable as the transfer of share in property through the partition deeds was made to persons other than family members and the concessional rate of stamp duty as per the IS Act was applicable only in respect of transfer to family members. Moreover, the Explanation under Article 45 provides that the word ‘family’ shall have the same meaning as defined in Explanation to Article 58.

Further reply from the Government was awaited (February 2017).

3.3.6 Incorrect allowance of exemption in respect of lease deeds

As per Article 35 of Schedule 1 to the IS Act, in respect of lease deeds, where the period of lease is above 99 years, stamp duty is leviable at the rate of eight *per cent* on the amount of rent, fine, premium or advance if any payable. As per third proviso to Section 3 of the IS Act, no duty shall be chargeable in respect of any instrument executed by or on behalf of or in favour of the Developer or unit or in connection with the carrying out of purposes of the Special Economic Zone (SEZ). The guidelines issued by the Government of India, (GoI), Ministry of Commerce and Industries in July 2009 prescribed that under the rules governing SEZ, conveyance of land, buildings, premises, etc by lease or otherwise in an SEZ can be made only to the units in the SEZ or entities permitted to carry out operations within the SEZ area and in such cases alone, the concession of stamp duty exemption will be allowed. The guidelines issued by the GoI, Department of Commerce (SEZ Division) in October 2010, while prescribing that developers should provide low cost housing to the employees depending upon the need of the SEZ, stated that the developers should rent out these houses to the employees of units.

During test check (between September 2013 and October 2015) of records in SR, Cheyyur and Joint-II SR, Chengalpet, we noticed from 719 lease deeds executed and registered between April 2012 and March 2015 that the developers of two SEZ leased out undivided share of land with buildings in the SEZ area to various individual / Corporate lessees for residential purpose on perpetual lease basis by collecting one time lease rental amount of ₹ 336.85 crore as consideration and the same was exempted from levy of stamp duty.

We observed the following:

- i) The lessees were not units or entities / persons employed in the units or permitted to carry out operations within the SEZ area as per SEZ Rules to be eligible for stamp duty exemption. In some cases, the lease was in the name of individuals residing in Tamil Nadu / other States / countries.
- ii) In all the cases, the lease was for a period of 99 years and provided for automatic renewal of period of lease upon expiry of 99 years on identical terms and conditions without payment of any rent. Thus, the land and residential units in SEZ area were leased out ‘perpetually’ on collection of one time lease amount without specifying the terms and conditions for termination of lease period. The automatic renewal of lease on expiry of 99 years was provided in the deeds even though the life span of an employee in an organisation could not be 99 years.
- iii) The lessees were entitled to mortgage their rights in favour of any financial institutions for availing of loan. In the event of default by the lessee, the potential severance of the property from the developer could not be ruled out.

As the lease of land and residential units in the SEZ area were granted to individuals and companies and not to the units in the SEZ or entities permitted to carry out operations within the SEZ areas, the lease deeds did not fulfill the conditions prescribed in the guidelines issued by GoI. The lease deeds were, therefore, not eligible for exemption from levy of stamp duty. The ROs, however, failed to levy and enforce collection of stamp duty of ₹ 26.95 crore.

The matter was referred to the Government during January 2014 and July 2016. Government replied (May 2016) as follows:

“The leased out properties were notified as SEZ area by GoI. Upon such notification, the third proviso to Section 3 of the IS Act exempting stamp duty was applicable to any instruments in connection with SEZ. The lessee could only transfer the lease hold rights and it could not be said that the residential units were sold to lessees in the guise of lease deeds. As per SEZ Rules, exemption of stamp duty was allowed on lease documents irrespective of the period of lease. Therefore, the documents executed by the developer /-co-developer were eligible for exemption of stamp duty and as such there was no loss to Government”.

The reply was not acceptable as the exemption from levy of stamp duty as per the third proviso to Section 3 of the IS Act was subject to fulfillment of the conditions prescribed in the guidelines / instructions etc. issued by the GoI relating to SEZ from time to time. Though the lessor had obtained permission for development of the SEZ land comprising of residential units subject to the SEZ Rules, Regulations and norms applicable from time to time, the lease of land and building in the SEZ area was granted to individuals and companies

and not to the units in the SEZ or entities permitted to carry out operations within the SEZ area. Hence, the deeds were not eligible for stamp duty exemption applicable to SEZ. The Principal Secretary to Government, Commercial Taxes and Registration Department, in the Departmental Audit Committee meeting held in March, 2016, however, instructed the Registration Department to verify such instances and issue notices, if exemption allowed was not in consonance within the provisions. Further report was awaited (February 2017).

3.3.7 Short realisation of stamp duty and registration fee in respect of Cancellation Deeds

According to Section 2(10) of the IS Act, transfer of property includes a transfer on sale and every instrument by which property whether movable or immovable, is transferred *inter vivos* and which is not otherwise specifically provided for by Schedule I to the IS Act. As per Article 23 of Schedule I to the IS Act, in the case of transfer of immovable property, stamp duty is leviable at the rate of seven *per cent* including transfer duty surcharge on the market value of the property. In addition, under the Registration Act, 1908, registration fee is leviable at the rate of one *per cent* on the market value of the property. As per Article 17 of the Schedule I to the IS Act, for instrument of cancellation, if attested and not otherwise provided for, stamp duty of ₹ 50 is to be levied on the same.

We noticed during scrutiny of records in three⁴⁰ Registering Offices (between May and September 2015) that transfer of properties effected through five Sale Deeds was cancelled through 'Deeds of Cancellation' on the ground that consideration was not received and possession was not handed over, etc. and stamp duty and registration fee of ₹ 0.01 lakh was collected by the Department. As the original sale deeds indicated receipt of consideration and handing over possession of properties, subsequent instruments retransferring the properties to the original vendors were to be classified as conveyance deeds and stamp duty and registration of ₹ 50.78 lakh was required to be levied on the market value of the property of ₹ 6.35 crore. Thus, misclassification of re-conveyance deeds as cancellation deeds resulted in short levy of stamp duty and registration fee of ₹ 50.77 lakh.

After we pointed this out (between May and September 2015), the Department replied that the ownership in property can pass only by virtue of a proper sale deed and there was no concept of re-conveyance. There was no recital to the effect of re-handing over possession and transfer of properties. In the absence of such recitals the documents in question can be construed only as a mere cancellation, which is not a valid document in the eye of law. The IGR instructed the ROs to register such cancellation deed with endorsement that this deed of cancellation will not revest title.

⁴⁰

DR, Udhagamandalam, SR, Purasaiwakkam and SR, T Nagar

The reply was not acceptable as original sale deeds indicated receipt of consideration and handing over possession of properties. The subsequent instruments retransferring the properties to the original owners are to be classified as Conveyance deeds falling under Article 23 of the Indian Stamp Act.

The matter was referred to the Government in July 2016. Reply of the Government was awaited (February 2017).

3.3.8 Short realisation of stamp duty and registration fee noticed during cross verification of records

As per Article 23 of Schedule I to the IS Act, in the case of conveyance of immovable property, stamp duty is to be levied at the rate of eight *per cent* including surcharge on the market value of the property. As per Table of Fees prepared under Section 78 of the Registration Act 1908, the registration fee shall be levied at the rate of one *per cent* on the value on which stamp duty is payable. As per Section 27 of the IS Act, the consideration, the market value and all other facts and circumstances affecting chargeability of any instruments with duty or the amount of the duty with which it is chargeable shall be fully and truly set forth in the document.

Our scrutiny (November 2015 / January 2016) of income tax assessment records and cross-verification with the records of SR, Pollachi and SR, Karur (West) revealed suppression of actual consideration of ₹ 16.55 crore and corresponding short levy of stamp duty and registration fee of ₹ 1.49 crore as mentioned below:

(₹ in lakh)

Particulars	SR, Pollachi		SR, Karur (West)	Total
	Sale deed registered in April 2009	Two sale deeds registered in December 2010	Sale deed registered in November 2010	
Value of the property mentioned in the sale deed	66.20	81.20	8.72	156.12
Value of property adopted by SR	81.15	81.20	8.72	171.07
Amount of stamp duty and registration fee collected	7.30	7.31	0.79	15.40
Actual consideration received as per Income Tax records	415.20	798.70	612.00	1,825.90
Under valuation of the property due to suppression of actual consideration.	334.05	717.50	602.38	1,653.93
Stamp duty and registration fee due at 9 <i>per cent</i>	37.37	71.88	55.08	164.33
Short collection of stamp duty and registration fee	30.07	64.57	54.29	148.93

We pointed this out to the Department in March 2016 and to the Government in May 2016. Reply was awaited (February 2017).

3.3.9 Short collection of Registration Fee

As per clause “1” of the Table of Fees prepared under Section 78 of the Registration Act, 1908, registration fee is leviable on an agreement to sell or resell at the rate of one *per cent* on the advance or earnest money.

During test check (September / October 2015) of the documents in SR, Peelamedu, we noticed that through an agreement of sale executed and registered on 11 April 2014, the vendor company agreed to sell 32,856 sqft of land with 63,540 sqft building for a sale consideration of ₹ 25.40 crore. The agreement indicated payment of ₹ 5 lakh by the transferee and registration fee of ₹ 0.05 lakh was collected by the RO.

We noticed from the recitals of the sale agreement that the transferee undertook to pay ₹ 19 crore through his bankers within 7 days from the date of the agreement and the remaining consideration of ₹ 6.35 crore on the date of execution of Sale Deed. Thus, the amount of ₹ 19 crore, which was agreed to be paid by the purchaser before execution of sale deed was required to be treated as advance; on which registration fee of ₹ 19 lakh was required to be collected. The RO collected registration fee on the advance amount of ₹ 5 lakh paid by the transferee, but failed to consider the further payment of ₹19 crore, which was agreed to be paid before execution of sale deed as advance and therefore, failed to collect registration fee thereon. The omission to consider the subsequent payments (prior to the execution of sale deed) indicated in the sale agreement as advance resulted in short collection of registration fee of ₹ 19 lakh.

Government accepted (October 2016) the audit observation and stated that the District Registrar has been directed to instruct the Sub Registrar to initiate action under Section 80A of the Registration Act for collecting the deficit registration fee. Further report regarding recovery was awaited (February 2017).

3.3.10 Excess allocation of transfer duty surcharge

As per Section 175 of the Tamil Nadu Panchayat Act, 1994 and Section 94 of the Tamil Nadu Urban Local Bodies Act, 1998, a duty, in the form of surcharge, shall be levied and collected on the instruments of sale, exchange, gift, mortgage with possession and lease in perpetuity and subsequently allocated to the concerned Director of Municipal Administration / Town Panchayats.

We observed (between March 2015 and February 2016) from the periodical quarterly returns of transfer duty surcharge and registers in eight⁴¹ Registering Offices that ₹ 6.12 crore was allocated to local bodies towards TDS as against ₹ 1.19 crore due for allocation. This resulted in excess allocation of ₹ 4.93 crore out of the revenue due to the Government. The excess allocation was due to arithmetical error, incorrect computation of value of properties and allocation of surcharge in respect of ineligible documents.

After we pointed this out (between March 2015 and March 2016), three⁴² ROs replied (between June 2015 and February 2016) that excess allocation of ₹ 1.47 crore was adjusted in allocation made for the subsequent quarters. Reply from the remaining ROs was awaited (February 2017).

The matter was referred to the Government between January and July 2016. Reply of the Government was awaited (February 2017).

3.3.11 Non-realisation of revenue to Government Account

As per Rule 7 (1) of the Tamil Nadu Treasury Rules, all moneys received by or tendered to Government servants in their official capacity, should without undue delay, be paid in full into the treasury or into the bank. As per subsidiary rule 1(b) under Rule 10, a cheque received under this rule shall be treated as a final payment, only after it has been met and the amount has been actually credited to the Government. As per subsidiary rule 9-A under Rule 10, demand drafts shall not be distinguished from cheques for the purposes of these rules. As per Article 9 of Tamil Nadu Financial Code Volume I, departmental Controlling Officer should obtain regular accounts and returns from his subordinates for the amounts realised by them and paid into the treasury. The Controlling Officer should reconcile any differences as early as possible.

During test check of documents in SR, Avadi, we noticed (June 2015) from the remittance register that demand drafts for ₹ 57.91 lakh collected towards stamp duty and registration fee and deposited with bank between October 2014 and March 2015 were not realized and credited into Government account. The RO and the Department failed to watch realisation of these demand drafts and its credit into Government account through monthly reconciliation.

Government stated (October 2016) that the demand drafts for ₹ 57.91 lakh were realised and credited to Government account.

We, however, noticed from the report (August 2015) of surprise inspection of SR, Avadi by the District Registrar (Administration), Chennai (South) that demand drafts for ₹ 18.20 lakh deposited in October 2014 were returned by

⁴¹ DR, Chennai (South), DR, Chennai (North), DR, Trichy, DR, Vellore, Joint II SR, Saidapet, SR, Pallavaram, SR, Tiruparankundram and SR, Vadalur

⁴² DR, Vellore, Joint II SR, Saidapet and SR Pallavaram

the Bank after nine months for revalidation without assigning any reason for the same. These demand drafts were presented again and realised in November 2015. However, the delay in realisation of demand drafts was not noticed either by the SR or by the controlling officer indicating that proper reconciliation of the department figures with that of the Treasury was not done, until the non-realisation of demand drafts was pointed out in audit.

It is, therefore, recommended that the Department may ensure proper reconciliation of the department figures with that of the Treasury is undertaken to ensure early realisation of amount to Government account.

CHAPTER IV

TAXES ON VEHICLES

4.1 Tax administration

The Transport Department of the Government of Tamil Nadu administers the provisions of the Motor Vehicles Act, 1988, the Central Motor Vehicles Rules, 1989, the Tamil Nadu Motor Vehicles Rules, 1989, the Tamil Nadu Motor Vehicles Taxation Act, 1974 and the Tamil Nadu Motor Vehicles Taxation Rules, 1974.

4.2 Results of audit

Test check of records of departmental offices conducted during the period from April 2015 to March 2016 revealed under assessment of tax, fees and other observations amounting to ₹ 209.97 crore in 231 cases, which broadly fall under the following categories:

Table 4.1

(₹ in crore)			
Sl.No.	Categories	Number of cases	Amount
1	Performance Audit on “Collection of taxes and fees and delivery of citizen services by Home Transport Department”	1	205.82
2	Non / short collection of tax	27	0.50
3	Non / short collection of fees	40	0.29
4	Non / short collection of penalty	128	2.95
5	Others	35	0.41
	Total	231	209.97

During the course of the year 2015-16, the department accepted under assessments and other deficiencies in 116 cases and recovered ₹ 79.24 lakh, out of which, ₹ 1.25 lakh involved in 11 cases was pointed out during the year, and the rest in earlier years.

A Performance Audit on “Collection of taxes and fees and delivery of citizen services by Home Transport Department” involving ₹ 205.82 crore is discussed below:

4.3 Performance Audit on “Collection of taxes and fees and delivery of citizen services by Home-Transport Department”

Highlights

- Misclassification of Private Service Vehicles as Educational Institution Vehicles resulted in short realisation of tax of ₹ 2.46 crore.
(Paragraph 4.3.8.5)
- Incorrect grant of Private Service Vehicle permits to vehicles not owned by the permit holder and plied based on contract agreements resulted in loss of revenue of ₹ 6.59 crore.
(Paragraph 4.3.8.5)
- Incorrect classification of Non-metropolitan services as Metropolitan services and collection of tax at the concessional rate applicable to Metropolitan services resulted in short realisation of tax of ₹ 4.18 crore.
(Paragraph 4.3.8.6)
- Penalty leviable for violation of permit conditions by the stage carriages of Metropolitan Transport Corporation amounted to ₹ 187.97 crore.
(Paragraph 4.3.9.3)
- There was tardy progress in the implementation of various measures undertaken by the Department for improving delivery of citizen services. This resulted in the benefits of such measures not being achieved.
(Paragraph 4.3.10)

4.3.1 Introduction

The assessment, levy and collection of motor vehicles tax and fee is governed by the Motor Vehicles Act, 1988 (MVT Act), passed by the Indian Parliament, as applicable to the State of Tamil Nadu, Central Motor Vehicles Rules, 1989 (CMV Rules), the Tamil Nadu Motor Vehicle Rules, 1989 (TNMV Rules), Tamil Nadu Motor Vehicles Taxation Act, 1974 (TNMVT Act) and the Tamil Nadu Motor Vehicles Taxation Rules, 1974 (TNMVT Rules). The Act and Rules made thereunder prescribe various regulations and conditions for licensing and registration of transport and non-transport vehicles, control of transport vehicles by the State Government and prescribing fees for the transactions. The major functions of the Home-Transport Department are listed below:

- Registration of transport and non-transport vehicles
- Issue of driving and conducting licenses
- Issue of permits and temporary permits to transport vehicles
- Inspection of vehicles for fitness certificate and during accidents
- Enforcement of regulations prescribed in the Act and Rules
- Implementation of road safety measures and control of vehicular pollution
- Granting of licenses to run driving schools and setting up of emission testing centre
- Collection of taxes and fees.

Our present audit exercise deals with the levy and collection of motor vehicles tax and fees and delivery of citizen services by the Department.

4.3.2 Organisational setup

The Transport Commissioner is the Head of the Department and is assisted by six Joint Transport Commissioners and two Joint Transport Commissioners (Enforcement) in his functions. The Transport Commissioner is also designated as the State Transport Authority and Road Safety Commissioner of the State. The Department has 12 zones headed by Deputy Transport Commissioners and 81 Regional Transport Offices. The monitoring and control at Government level is exercised by the Principal Secretary, Home (Transport) Department.

4.3.3 Audit objectives

The objectives of the Performance Audit were to ascertain whether

- various statutory provisions in connection with the collection of taxes and fees have been complied with and the extent of their compliance
- an adequate and effective system exists for ensuring timely collection of taxes; and,
- measures taken to improve delivery of citizen services yielded timely and effective results.

4.3.4 Audit scope and methodology

The Performance Audit was conducted between February 2016 and September 2016, covering the transactions relating to the period from 2010-11 to 2014-15.

Out of 81 RTO offices, 30⁴³ offices were selected based on stratified random sampling. Further, issue of private service vehicles running on lease and classification of vehicles owned by trusts as educational institution vehicles were also examined. The files and records maintained at the Office of the Transport Commissioner, Chennai and records relating to infrastructure and citizen service projects of Home (Transport) Department, maintained at the Secretariat were scrutinised. Further, the Offices of the Commissioner of Police (Traffic Accounts), Offices of the State Transport Corporations, the Director of Rural Development and the Service Tax Department were also visited for inter-related issues. The database dump of *VAHAN* and *SARATHI* applications were also analysed for identifying non-collection of periodical taxes and fees.

An entry conference was held with the Department in July 2016 during which the objectives, scope and methodology of audit were explained. The draft Performance Audit Report was forwarded to the Government in October 2016 and was discussed in the Exit Conference held in November 2016. The views expressed by the Government and the Department during the Exit Conference and reply furnished by the Government have been taken into account and incorporated in the report.

4.3.5 Audit criteria

The audit criteria are derived from the following sources:

- The Motor Vehicles Act, 1988
- The Central Motor Vehicles Rules, 1989
- The Tamil Nadu Motor Vehicle Rules, 1989
- Tamil Nadu Motor Vehicles Taxation Act, 1974
- The Tamil Nadu Motor Vehicles Taxation Rules, 1974

4.3.6 Acknowledgement

We acknowledge the co-operation of the Home (Transport) Department in the conduct of this performance audit.

4.3.7 Trend of Revenue

The trend of revenue realised by the department for the five years from 2010-11 to 2014-15 is presented in Table below. The data shows that collection of revenue is directly proportional to the number of vehicles registered in that year.

⁴³ Chennai (Central), Chennai (North East), Chennai (North West), Chennai (South), Chennai (South East), Chennai (South West), Chennai (West), Coimbatore (Central), Coimbatore (North), Coimbatore (South), Cuddalore, Dharmapuri, Dindigul, Gobichettipalayam, Hosur, Kancheepuram, Madurai (North), Marthandam, Meenambakkam, Redhills, Salem (West), Srirangam, Tambaram, Tenkasi, Theni, Vaniyambadi, Vellore, Villupuram, Virudunagar and Tuticorin

Table 4.2: Trend of revenue

Year	No. of newly registered vehicles			Revenue (₹ in crore)
	Non-transport	Transport	Total	
2010-11	14,09,165	1,67,547	15,76,712	2,666.94
2011-12	16,35,422	1,38,581	17,74,003	3,108.86
2012-13	16,81,526	1,39,287	18,20,813	3,876.99
2013-14	15,32,844	98,757	16,31,601	3,677.75
2014-15	15,63,429	91,578	16,55,007	3,847.15

(Source: Details furnished by Department)

Audit findings

The audit findings have been classified into four broad categories viz., observations relating to non-collection of taxes and fees, deficiencies in the system of collection of taxes and fees, issues relating to citizen service delivery and miscellaneous issue regarding misclassification of penalty collected by traffic police. A section on vehicular pollution is exclusively discussed, within the issues relating to citizen service delivery.

4.3.8 Non-collection of tax and fees

4.3.8.1 Non-realisation of taxes from the owners of maxi cabs and goods vehicles

As per Section 3 of the TNMVT Act, 1974, tax shall be levied on every motor vehicle used or kept for use in the State of Tamil Nadu at the rate specified for such vehicle in the Schedules to the Act. As per Section 8 of the TNMVT Act, the tax due under this Act shall be paid by the owner of the vehicle within such period, not being less than seven days or more than 45 days from the commencement of the quarter, half-year as may be prescribed. Section 15 of the TNMVT Act provides for payment of penalty, if the tax due in respect of any motor vehicle is not paid within the prescribed period. Rule 3 of the TNMVT Rules provides that so long as a transport vehicle is covered by permit issued by any transport authority, the vehicle shall be deemed to be kept for use in the State. Rule 8 of the TNMVT Rules provides for collection of penalty equal to the amount of quarterly tax where the delay in payment of tax is beyond 45 days after the expiry of the prescribed period. As per Section 15-A of the TNMVT Act, the licensing officer may, at any time, within a period of five years, from the expiry of the period to which the tax relates, issue notice to the owner of the motor vehicle and after making such inquiry as he may consider necessary, direct such owner or other person to pay the whole or any portion of such tax, which has not been paid.

Generation of reports from VAHAN database regarding non-payment of taxes followed with further verification of 10 *per cent* of such vehicles in “e-Services”⁴⁴ of the Department revealed that in 17⁴⁵ out of 30 test checked offices, the owners of 112 Maxi Cabs and 185 Goods vehicles did not pay the quarterly tax amounting to ₹ 34.05 lakh relating to the period from 1 October 2010 to 31 March 2015. However, no action was initiated by the RTOs for recovery of the tax from the defaulting vehicle owners. This resulted in non-realisation of tax of ₹ 34.05 lakh. Besides, penalty of ₹ 34.05 lakh for delay in payment of tax was also leviable.

On being asked, the Government replied that tax was due for only one quarter as the permit was cancelled in the same quarter due to non-payment of tax. The Government further stated that ₹ 15.61 lakh was required to be collected and efforts were made for collection of tax, besides blocking the vehicles in the computer to avoid further transaction of the vehicles.

The reply of the Government was not acceptable as verification of the e-Services website of the Transport Department did not indicate cancellation of permits for these vehicles. In respect of 26 vehicles, ₹ 2.51 lakh was collected based on the audit observation. Further, in respect of 11 vehicles, our verification revealed issue of fitness certificate after the date of said cancellation of permit.

4.3.8.2 Non / short collection of tax and penalty in respect of Contract carriage buses

By an amendment made to the TNMVT Act in October 2009, Government of Tamil Nadu (GoTN) introduced the levy of quarterly tax based on the floor space at ₹ 4,900 for every square meter of floor area in respect of motor vehicles plying solely as contract carriages and carrying not more than 35 persons and levy of tax at the rate of ₹ 3,000 for every person where the seating capacity is more than 35 persons.

The levy of tax on the basis of floor area was challenged by the owners of omni buses. The Honourable High Court of Madras, by an interim order (October 2009), directed the operators to pay tax for 36 seats at the rate of ₹ 3,000 per seat, irrespective of the seating capacity of the vehicles. The Honourable High Court of Madras upheld (August 2013) the validity of the amendment levying tax on the basis of floor area for contract carriages. The Court directed that if the petitioners failed to pay the arrears of tax within three months from the date of order, the Government shall proceed against them in accordance with the law.

⁴⁴ “e-Services” is the web portal of the Transport Department containing details of information on vehicles and particulars of payment of tax.

⁴⁵ Chennai (Central), Chennai (North East), Chennai (North West), Chennai (South East), Chennai (West), Coimbatore (Central), Coimbatore (North), Cuddalore, Kancheepuram, Madurai (North), Meenambakkam, Sholinganallur, Srirangam, Tambaram, Theni, Tuticorin and Virudunagar

Analysis of VAHAN database and verification of tax payment records and “e-Services” of the Department revealed the following deficiencies regarding the collection of tax in respect of contract carriage omni buses.

- In RTO, Tuticorin, the quarterly tax which was due to be paid by the owners of four contract carriage omni buses on the basis of the floor area of the buses was ₹ 48.49 lakh upto the quarter ending 31 March 2015. However, tax of ₹ 43.20 lakh calculated at the rate of ₹ 1.08 lakh per quarter was collected in respect of these vehicles. The failure of the RTO to ensure collection of tax on the basis of floor area of the buses with seating capacity less than 36 resulted in short collection of tax of ₹ 5.29 lakh. The same needs to be recovered along with collection of equal amount of penalty. In respect of three vehicles with seating capacity of less than 36, tax was collected at the rate of ₹ 1.08 lakh per quarter instead of on the basis of floor area of the vehicles. In the absence of information regarding floor area of these vehicles, the amount of tax could not be quantified.
- We noticed that though arrears of quarterly tax of ₹ 41.83 lakh was collected on the basis of floor area in respect of 40 vehicles, based on the decision of the Honourable High Court of Madras. The period of delay in collection of tax ranged from two to six quarters. This belated collection of tax required collection of equal amount of penalty of ₹ 41.83 lakh. However, penalty was not collected by the Department.

Government stated (December 2016) that necessary action would be taken for collection of penalty, though provision does not exist in the TNMVT Act for such levy.

The reply was not acceptable as Rule 8 of the TNMVT Rules read with Section 15 of the TNMVT Act provides for collection of penalty for belated payment of tax. Tax also includes the differential amount of tax collected from the owners of contract carriage omni buses. Further report regarding collection of penalty and reply in respect of the remaining cases was awaited (February 2017).

Recommendation 1: We recommend that the Department may take necessary steps for effecting recovery of tax and penalty from the owners of contract carriage omni buses registered throughout the State.

4.3.8.3 Non collection of life time tax from owners of old tourist motor cab

As per Section 3 of The TNMVT Act read with Class 5-A of the First Schedule, tax of ₹ 6,500 for five years was payable in respect of tourist motor cab. By an amendment made in April 2012, Seventh Schedule was introduced in the TNMVT Act to provide for levy of life time tax in respect of tourist motor cab. The rate of tax in respect of old tourist motor cab was fixed at 8.5 *per cent* of the cost of vehicle, if the cost of vehicle did not exceed ₹ 10 lakh and at 14.5 *per cent* of the cost of vehicle, if the cost of the vehicle exceeded ₹ 10 lakh. The registered owners of such vehicles were required to pay life time tax at specified rates at the time of renewal of permit or during the currency of the existing permit.

Our scrutiny of departmental records revealed that in eight⁴⁶ out of 30 test checked offices, out of 1,636 permits of old tourist motor cabs which were due for renewal during the period from April 2012 to March 2015, the owners of 279 vehicles had not renewed the same. Since these vehicles were covered by valid permits as of April 2012, the owners of these vehicles were liable to pay life time tax in respect of these vehicles, notwithstanding the non-renewal of permits thereafter. The Department, however, failed to issue demand notices for recovery of life time tax from the owners of the vehicles. The amount of life time tax due in respect of 175 vehicles calculated on the basis of details of cost of vehicles available in the records worked out to ₹ 53.01 lakh as mentioned in **Annexure 6**. Further, after the introduction of levy of life time tax for old tourist motor cabs with effect from April 2012, the Department should have obtained the details of cost of vehicles and calculated the amount of life time tax in respect of all vehicles which were covered by valid permits as on April 2012. The Department, however, failed to do so, with the result that the amount of life time tax in respect of 104 vehicles could not be calculated in the absence of details of cost of these vehicles.

Government stated (December 2016) that demand notices for 175 vehicles were issued and action was being taken for collection of tax under the Revenue Recovery Act. The Government further stated that the vehicles were also blacklisted and details thereof were communicated to all RTOs and Enforcement Wings. Further report regarding recovery and reply in respect of the remaining 104 vehicles were awaited (February 2017).

Recommendation 2: We recommend that the Department may take necessary steps to ensure collection of life time tax in respect of all old tourist motor cabs in the State which were covered by valid permits as on 1 April 2012.

4.3.8.4 Non / short collection of tax in respect of construction equipment vehicles

As per clause 6B of First Schedule to the TNMVT Act, construction equipment vehicles⁴⁷ were taxed at the rate of ₹ 3,500 per annum upto 31 March 2012. As per new clause 6C inserted in the First Schedule to the Act with effect from April 2012, tax in respect of construction equipment vehicles was raised to ₹ 10,000 per annum.

Our scrutiny of records in 30 test checked offices revealed that out of 13,191 construction equipment vehicles, tax was not collected in respect of 665 construction equipment vehicles during the years 2011-12 to 2014-15, while in respect of 56 construction equipment vehicles, tax was collected at pre-revised rates. This resulted in non / short collection of tax of ₹ 1.25 crore.

⁴⁶ Chennai (Central), Chennai (South), Chennai (West), Coimbatore (Central), Hosur, Meenambakkam, Salem (West) and Theni

⁴⁷ Construction equipment vehicles means excavator, loader, mobile crane, self-loading concrete mixer and such other type of vehicles used in mining, industrial undertaking, irrigation and general construction operations.

Government to whom the matter was referred (October 2016) stated that since construction equipment vehicles are classified as non-transport vehicles, the owners of the vehicles were permitted to pay tax anywhere in the State. Further the owners were permitted to remit the tax in Treasuries / Banks all over the State, where the taxes are collected manually, for which the database is not available in the RTO offices.

Government, however, stated (December 2016) that demand notices were issued to the owners of the vehicles and action was being taken under the Revenue Recovery Act. Further report regarding recovery was awaited (February 2017).

Thus, the classification of construction equipment vehicles as non-transport vehicles involving payment of tax annually anywhere in the State results in lack of departmental control to ensure due payment of tax by the owners of construction equipment vehicles.

Recommendation 3: We recommend that since construction equipment vehicles are classified as non-transport vehicles, life time tax can be prescribed for these vehicles, so that the same can be collected at the time of registration of the construction equipment vehicles.

4.3.8.5 Non-fulfilment of permit conditions

Short realisation of tax due to misclassification of Private Service Vehicles as Educational Institution Vehicles

As per Section 2 (11) of the MV Act, “educational institution bus” means an omnibus, which is owned by a college, school or other educational institution and used solely for the purpose of transporting students or staff of the educational institution in connection with any of its activities. As per class 8(a) of First Schedule to TNMVT Act, the rate of tax in respect of vehicles owned by schools is ₹ 50 per person per quarter and in respect of vehicles owned by colleges and other educational institutions, the rate of tax is ₹ 100 per person per quarter.

The Honourable Madras High Court held in January 2008 that the educational institution must own the vehicle and vehicles held in the name of Trust cannot be treated as ‘educational institution vehicles’.

On a scrutiny of the permit registers, we observed in 20⁴⁸ out of 30 test checked offices that 136 vehicles owned by Trusts / Societies were classified as educational institution vehicles and permits were accordingly issued. These vehicles were classifiable as “private service vehicles” and attract tax of ₹ 500 per seat per quarter. The incorrect issue of permits and collection of tax at the rates applicable to EIVs led to short realisation of revenue of ₹ 2.46 crore during the period from 2010-11 to 2014-15.

⁴⁸ Chennai (Central), Chennai (North West), Chennai (South), Chennai (South West), Chennai (West), Coimbatore (North), Coimbatore (South), Dindigul, Gobichettipalayam, Kancheepuram, Marthandam, Redhills, Salem (South), Salem (West), Sholinganallur, Srirangam, Tenkasi, Tuticorin, Vaniyambadi and Vellore

Government did not accept the audit observation and stated (December 2016) that since the vehicles were used solely for the purpose of transporting students or staff of the educational institution, the issue of EIV permits to the vehicles was in order. The Government further stated that the Honourable High Court of Madras in their order (November 2016) had stayed the demand raised by the RTO reclassifying the petitioner's vehicle from educational institution bus to private service vehicles.

The reply was not acceptable as Section 2(11) of the MV Act stipulates that in addition to the usage, the ownership of the vehicle should also vest with the educational institution. The Honourable High Court of Madras had already held that vehicles registered in the name of Trust cannot be treated as EIVs and the decision was still in force.

Incorrect grant of Private Service Vehicle (PSV) permits to vehicles not owned by the permit holder and plied based on contract agreements

As per Section 2(33) of the MV Act, 'private service vehicle' (PSV) means a motor vehicle constructed or adapted to carry more than six persons excluding the driver and ordinarily used by or on behalf of the owner of such vehicle for the purpose of carrying persons for, or in connection with, his trade or business otherwise than for hire or reward, but does not include a motor vehicle used for public purposes.

As per Section 2(30) of the Act *ibid*, "owner" means a person in whose name a motor vehicle is registered, and in relation to a motor vehicle, which is the subject of a hire-purchase agreement, or an agreement of lease or an agreement of hypothecation, the person in possession of the vehicle under that agreement.

GoTN, while clarifying (September 2002) on the issue of the PSV permits to leased vehicles owned by the companies, stipulated that the company should enter into an agreement with the registered owner and take over their vehicle on lease for company's use. The GoTN issued instructions in 2004 that there should be a lease deed evidencing transfer of vehicle and the lessee (in the capacity of "owner" of the vehicle in pursuance of the agreement) shall also have the liability to pay all taxes, fees, penalties, fines, damages, insurance claims and other necessities and requirements arising out of MV Act and its related rules.

During test check of records in nine⁴⁹ offices, we noticed that permits were issued to 59 motor vehicles classifying the same as PSV vehicles based on the agreement entered into between the companies and the original owners of the vehicles. Accordingly, tax of ₹ 150 per seat per quarter (up to 31 March 2012) and ₹ 500 per seat per quarter (from 1 April 2012) applicable to PSV as per class 8 (b) of the First Schedule to the TNMVT Act was collected in respect of these vehicles on the basis of permits issued.

⁴⁹ Chennai (Central), Chennai (South), Chennai (West), Coimbatore (North), Hosur, Kancheepuram, Vaniyambadi, Vellore and Virudhunagar

Scrutiny of the agreements, however, revealed that the identity of specific vehicle, which was proposed to be given on lease was not mentioned. The liability of payment of tax vested with the original owner of the vehicle, which was in contravention of the instructions of the Government. The vehicles were not intended to be possessed by the lessee as there was contract agreement on per passenger charges, timings relating to entry and exit into and from the owner's premises, maintenance and insurance, etc. The lessor was asked to provide a replacement vehicle, in case, if it could not operate the leased vehicle. The agreements, therefore, were basically in the nature of a contract and instead of the lease ownership of vehicle, only the services of the lessor were agreed upon. Thus, issue of PSV permits to these vehicles was not in order. These vehicles should have been treated as contract carriages and tax of ₹ 3,000 per seat per quarter should have been collected as per Part II of the Schedule VII of the TNMVT Act. However, tax applicable to PSV was collected in respect of the vehicles. This resulted in a loss of revenue of ₹ 6.59 crore during the period from 2010-11 to 2014-15 as mentioned in **Annexure 7**.

Government stated (December 2016) that the vehicles could not be treated as contract carriages as the agreement was between the companies and the original owners and not like contract carriages, where the agreement was between the end user and the permit holder. The Government further stated that since the vehicles were used only for the purpose for which the permit was issued, these could not be classified as contract carriages. The Government replied that necessary orders would be issued to the RTOs to ensure the mentioning of registration number of the vehicles in the lease agreement.

The reply was not acceptable as the agreements entered into between the owners and the companies did not involve transfer of ownership of the vehicles to the companies. The conditions mentioned in the agreements were clearly contractual. The end use of the vehicle shall not justify the incorrect classification of the vehicles by the department.

4.3.8.6 Incorrect classification of other services as Metropolitan services

As per Rule 3(n) of the TNMV Rules, "Metropolitan Service" means a service exclusively in the Madras Metropolitan area defined and notified under clause (4) of Section 2 of the TNMVT Act. "Madras Metropolitan Area" means the City of Madras and such contiguous area of the city as the Government may, from time to time, specify by notification. The Government issued orders in November 2006 revising the contiguous area notified as Chennai Metropolitan area in order to extend the Chennai Metropolitan service from the existing distance of 40 kms to 50 kms. The revised contiguous areas of City of Chennai as comprising the Chennai metropolitan area are specified in the Schedule appended to the Notification. The Metropolitan Transport Corporation (MTC) is permitted to ply within the contiguous areas of Chennai city.

As per Article 2 III of First Schedule to the TNMVT Act, tax on vehicles permitted to ply as stage carriages exclusively within the Madras Metropolitan Area shall be leviable at ₹ 80 per seat per quarter. The tax in respect of vehicles plying on other town service routes is ₹ 325 per seat and in respect of vehicles plying in routes other than those mentioned above, the tax is ₹ 400 per seat per quarter. In addition, surcharge of 10 *per cent* for town services and surcharge of 25 *per cent* is leviable for metropolitan and other than town services.

We observed during check of records in the office of RTO, Chennai Central and from the details obtained from Metropolitan Transport Corporation (MTC) that 105 stage carriage buses were operated during the years 2009-10 to 2014-15 to areas, which were not covered in the areas notified as Chennai Metropolitan area. Though tax at the rate of ₹ 400 per seat per quarter in respect of vehicles operated to places beyond 50 kms and tax at the rate of ₹ 325 per seat per quarter in respect of vehicles operated to places within 50 kms was applicable, tax of ₹ 100 per seat per quarter was collected. This resulted in short collection of tax of ₹ 4.18 crore as mentioned in **Annexure 8**.

Government accepted the audit observation and stated (December 2016 that demand notice had been issued to MTC for remittance of the amount of ₹ 4.18 crore. Further report regarding remittance was awaited (February 2017).

4.3.9 Deficiencies in the system of collection of taxes and fees

4.3.9.1 Lack of system to monitor collection of compounding fees

Rule 206 of the TNMV Rules relating to compounding of offences provide that the sum of money determined to be recovered in lieu of cancellation or suspension of permit shall be recovered from the permit holder within 15 days from the date of determination.

The violations noticed during vehicular checks are recorded in a check report prepared in triplicate, the first copy of which is given to the vehicle owner and the third copy being retained by the checking authority. Where the permit for such vehicle falls within the area of jurisdiction of the checking authority, the compounding fee for the offence recorded is quantified, levied and collected and thereafter, the second copy of the check report along with the challan is forwarded to the administrative section. If, however, the permit of the vehicle is covered by an area beyond the jurisdiction of the checking authority, the offence is recorded in the check report and the second copy is forwarded to the jurisdictional RTO for further action.

During scrutiny of the check report register (also known as compounding fee register), we noticed cases of belated receipt of check reports by the jurisdictional RTOs and also cases of delay in initiation of action on receipt of check reports. Consequently, there was delay in collection of compounding fee, the delay ranging from 46 days to 73 months and 18 days in 805 cases across various classes of vehicles as against the prescribed time frame of 15 days as per the TNMV Rules. The age-wise analysis is given in Table below.

Table 4.3: Delay in communication of check reports

Sl. No.	Period of delay	No. of cases
1.	5 years and more	5
2.	Less than 5 years but more than 3 years	25
3.	Less than 3 years but more than 1 year	214
4.	Less than 1 year but more than 6 months	254
5.	Less than 6 months	307
	Total	805

Thus, the delay in forwarding of check reports by the enforcement officers to the concerned RTO coupled with the delay in initiation of action on receipt of check reports by the RTOs resulted in non-collection and accumulation of arrears.

Government accepted the audit observation regarding pendency of check reports and attributed the same to appeals and cancellation of permits. The Government stated that circular prescribing time frame of three months for dealing with check reports would be issued to all RTOs. The Government further stated that introduction of hand held devices would eliminate the delay in the process of sending physical check reports to the concerned office through post.

Recommendation 4: We recommend the early introduction of hand held devices to eliminate the delay involved in forwarding of hand written check reports by the enforcing officers to the concerned RTO, which in turn would help to improve the efficiency of enforcement work and ensure timely collection of revenue.

4.3.9.2 Non-registration of ticket canvassing agents / goods distributing and forwarding agents

Section 93 of the MV Act stipulates that no person shall engage (i) as an agent or a canvasser, in the sale of tickets for travel by public service vehicles or in otherwise soliciting customer for such vehicles, or (ii) as an agent in the business of collecting, forwarding or distributing goods carried by goods carriages, unless he has obtained a licence from such authority and subject to such conditions as may be prescribed by the State Government.

Further as per Rule 234 of the TNMV Rules, no person shall act as an agent or a canvasser and no owner of a public service vehicle shall employ or permit any person to act as an agent or canvasser unless he holds a valid license in Form ACL (Agent or Canvasser's Licence) granted by the Secretary, Regional Transport Authority, authorizing the carrying on of such business. Rule 235 of the TNMV Rules stipulates that no person shall act as an agent for goods booking, forwarding and distributing unless he holds a valid license in Form AL granted by the Secretary, Regional Transport Authority authorising the carrying on of such business.

Rule 279 of the TNMV Rules provide for collection of fee of ₹ 45 per annum and security deposit of ₹ 2,000 for canvassing agents. The Common Carrier Act prescribes collection of security deposit of ₹ 5,000 and fee of ₹ 1,250 for 10 years in respect of goods booking agents.

As per the data collected from the Service Tax Department, 1,081 canvassing agents involved in sale of tickets for travel by public service vehicles and 3,056 goods booking agents, involved in booking of goods were functioning in various parts of the State but none of them was registered with the Transport Department. Failure to identify and register these canvassers and agents by the Department resulted in loss of scope to collect fee of ₹ 39.84 lakh and security deposit of ₹ 1.74 crore, besides not bringing them into the system.

Government stated (December 2016) that all assesseees paying service tax are registered with the Service Tax Department and hence all the service tax payers registered with the Service Tax Department cannot be insisted to register themselves with the Transport Department unless they satisfy the conditions specified in TNMV Rules regarding agent licence and goods booking agent licence.

The reply was not acceptable as ticket canvassing and goods booking agencies had been identified from the data of Service Tax Department on the basis of code number allotted to a particular industry. Thus, the details mentioned in the audit observation pertain to ticket canvassing agents and goods booking agents.

Thus, the absence of provisions for conducting market survey in the TNMV Rules, coupled with the failure of the department to institute control measures for registration of the travel agents and canvassers resulted in them remaining outside the control of the Department, though the MV Act and TNMV Rules provide for their compulsory registration for carrying on their activities.

Recommendation 5: We recommend that the data may be obtained from the Service Tax Department and market surveys conducted to identify the travel agents / canvassers engaged in goods booking so as to bring the unregistered service providers into the tax net.

4.3.9.3 Violation of permit conditions by State Transport Undertaking

As per Rule 249 of the TNMV Rules, every stage carriage, where a schedule of timings has been prescribed under Rule 248, shall run on such a route in accordance with it unless prevented by accidents or unavoidable cause or authorized in writing by the authority granting the permit. Breach of Rule 249 is punishable as a violation of permit conditions (Rule 252) and penalty of ₹ 2,500 for the first instance and ₹ 5,000 for subsequent violations are leviable from 28 December 2011.

We obtained the details of routes from Metropolitan Transport Corporation (MTC) in which buses were operated and while comparing the same with the permit register relating to stage carriages of MTC, we observed that in the case of 109 out of 3,818 vehicles, this schedule was not followed. The routes plied by these vehicles were at complete variance with the schedule of route granted by the competent authority. Though these vehicles were continuously operating in contravention of TNMV Rules, no action was initiated by the Transport Department for violation of permit conditions. Penalty leviable for violation of permit conditions amounted to ₹ 187.97 crore in respect of 109 vehicles relating to the period from 2010-11 to 2014-15 (calculated on the basis of two trips per day (to and fro) for each vehicle, as mentioned in **Annexure 9**.

Government contended that there was no permit violation as the GO issued in December 1982 empowers Pallavan Transport Corporation (now MTC) to have flexibility in changing the buses, subject to the condition that timings were adhered to and no trips were left out causing inconvenience to the travelling public.

The reply was not acceptable as the GO issued under the erstwhile Motor Vehicles Act 1939 pertains to change of buses and does not relate to relaxation of permit conditions. The audit observation is regarding the continued plying of buses on routes other than the schedule of routes granted by the competent authority.

Recommendation 6: We recommend that strict adherence to the conditions governing issue of permits to MTC may be ensured by the Department, in the interest of transparency, accountability and to avoid inconvenience to the general public.

4.3.9.4 Absence of system to ensure plying of vehicles with fitness certificates

Section 56 of the MV Act provides that a transport vehicle shall not be deemed to be validly registered, unless it carries a certificate of fitness (FC) in such form containing such particulars and information as may be prescribed by the Central Government, issued by the prescribed authority, or by an authorized testing station, to the effect that the vehicle complies for the time being with all the requirements of this Act and the rules made thereunder.

Rule 62 of the CMV Rules prescribe that the FC granted in respect of new transport vehicle shall be valid for two years, which shall be renewed every year thereafter.

A comparison of the total number of transport vehicles plying in the State *vis-a-vis* the number of vehicles in respect of which FC was granted during the period 2009-10 to 2014-15 indicate a vast disparity in figures suggesting perhaps the plying of vehicles without proper FC. The details are given in Table below.

Table 4.4: Issue of fitness certificate

Year	Vehicle position as on 1 April	Newly registered vehicles	Number of vehicles due for FC Col (2) – Col (3) of previous year	Number of FC issued	Number of vehicles without FC Col (4) – (5)	Percentage of vehicles plying without FC Col (6) to (2)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
2009-10		1,01,426				
2010-11	9,28,539	1,67,547	8,27,113	6,79,733	1,47,380	17.82
2011-12	10,01,025	1,38,581	8,33,478	7,32,483	1,00,995	12.12
2012-13	10,42,642	1,39,287	9,04,061	8,00,401	1,03,660	11.47
2013-14	11,36,040	98,757	9,96,753	8,27,789	1,68,964	16.95
2014-15	11,82,530		10,83,773	8,83,751	2,00,022	18.46

Plying of vehicles without FC is dangerous to fellow drivers and pedestrians besides being violative of permit conditions.

Government did not accept the audit observation and stated that the reasons for non-obtaining of FC could be non-plying of vehicles, cancellation of permits, surrender of permits by the vehicle owners and movement of vehicles to other State. The Government further stated that 59,842 vehicles plying without FC were detained by enforcement officials during the period from 2009-10 to 2015-16 and there was a system to monitor the vehicles which are not having a valid FC.

The reply was not acceptable as the data on vehicles relates to vehicles plying with valid permits and those not surrendered or cancelled. Further, the Department stated during Exit Conference that other than booking of offence by the enforcement wing, there was no system to identify the non-compliance of plying of vehicles without FC.

Recommendation 7: We recommend that the Department may make effective usage of the available data for identification of vehicles plying without fitness certificate and for initiating corrective measures in the interest of safety of public and users of vehicles.

4.3.10 Issues relating to citizen services

4.3.10.1 Delay in Introduction of High Security Registration Plates

The Government of India (GoI) amended the CMV Rules in 2001 making it mandatory to fix High Security Registration Number Plates (HSRP) covering both the newly registered vehicles and existing vehicles. The purpose of introduction of HSRP was to curb the stolen vehicles being used for criminal activities.

The rationale behind introduction of the high security plate is security of the vehicle. The new plates are tamper proof and are secured by non-removable snap lock. These plates safeguard vehicle owners against theft or misuse of vehicles by the criminals. The HSRP would assist in identifying stolen vehicles, preventing misuse of vehicles by changing number plates and also in identifying hit-and-run cases.

While disposing a writ petition, the Supreme Court in 2010 expressed anguish that several States did not even take initial steps towards implementing the amended rule provisions mandating use of HSRP in vehicles. It directed the State among others to file an affidavit on publication and issue of tender within eight weeks from August 2011.

Consequent to the Supreme Court's directive, the State appointed a Technical Committee in September 2011 to prepare and scrutinise the tender documents and 15 November 2011 was fixed as the last date for tenders. Meanwhile, the State filed affidavit in the Supreme Court that due to the introduction of model code of conduct from 21 September 2011, the tenders would be finalised by the end of February 2012. As this deadline could not be met by the State, the GoI issued directives to the effect that the process in respect of old vehicles should be completed by 30 April 2012 and for new vehicles by 15 June 2012 as per the instructions of the Supreme Court.

The tender finalisation process became mired in litigation as one of the bidders, whose bid was rejected, filed a writ petition in the Madras High Court and interim injunction was granted by the Court. In December 2014, when the State expressed that a fresh tender process would be initiated, the Court ordered that the bidder disqualified earlier shall be given an opportunity to participate in the fresh tender. The State Government once again formed a Technical Committee (July 2015) to prepare and scrutinise the tender documents.

Although the installation of HSRP was mandated by the GoI in the year 2001, the State acted only upon the directives of Supreme Court in 2011. Even after 15 years, the process of installation of HSRP in motor vehicles has not become operational.

When the delay was brought to notice, the Government replied that a writ petition was filed in 2016 against conditions specified in the bid document. Further details were awaited.

Thus, the non-installation of HSRP in vehicles, despite Supreme Court's monitoring of the same, has resulted in non-achievement of the intended objective of securing vehicles from theft and misuse of vehicles with tainted number plates.

Recommendation 8: We recommend the implementation of HSRP in vehicles without further delay to achieve the intended objective of securing the owners against theft of vehicles.

4.3.10.2 Operation of Regional Transport Offices without Testing Tracks and delay in introduction of computerised testing tracks

As per the information furnished in the State Transport Authority's website, 69,059 accidents occurred during the year 2015 and 94 *per cent* of such accidents were due to the fault of drivers. In the State of Tamil Nadu, out of 141 offices, only 42 offices have been provided with the conventional testing track facilities. Thus, driving licence test were conducted in the heavily congested public roads.

In order to have an effective testing procedure to produce quality drivers, the Department had proposed during 2008 to set up a centralized driving licence issuing system at Institute of Road Transport (IRT), Taramani for use of nearby RTOs and Unit offices by improving the infrastructural facilities and accordingly ₹ 38.75 lakh and ₹ 45.01 lakh were allotted from the Road Safety Fund (RSF) during 2010-11 and 2012-13 respectively. In 2012-13, it was decided to establish electronic testing tracks in five places, and ₹ 4 crore was allotted (2013) from RSF to establish the same at IRT Taramani and RTO Redhills for use of nearby RTOs in Chennai city.

It was further decided to computerise 14 out of the 42 testing tracks, taking into consideration the need for introduction of scientific methods and latest technology to conduct driving tests. Government sanctioned (January 2014) ₹ 10 crore during 2013-14 for the formation of computerised driving testing tracks.

The centralised driving licence issuing system could not be established at IRT Taramani due to paucity of land. The proposal to use the funds already allotted from RSF for establishment of computerised testing track at RTO Sholinganallur and for establishment of computerised testing track instead of the electronic testing track at RTO Redhills was not accepted by the Inter Departmental Committee of RSF as the funds were meant for utilisation during the year 2013 and hence the same were surrendered.

In respect of ₹ 10 crore allotted for establishment of computerised testing tracks, the civil and electrical works entrusted to Public Works Department at a cost of ₹ 4.46 crore were yet to be completed, while in respect of computerisation work involving ₹ 5.54 crore, the Transport Commissioner, had only initiated action (September 2015) for publication of Notice inviting tenders in newspapers.

Government stated (December 2016) that the last date for receipt of tender document for computerisation of 14 testing tracks was extended till 28 February 2017 and alternate technologies were being evaluated.

Thus, due to improper planning which resulted in allotment of funds without ascertaining the land requirement, indecision of the Government regarding the nature of testing tracks, not even a single testing track had been established in addition to the existing testing tracks. The testing of drivers for issue of licences was, therefore, being done on the congested roads of the city. The delay in construction of computerised testing tracks had resulted in continued lack of transparency in issue of licenses.

Recommendation 9: We recommend that the Government may put in place adequate testing tracks to ensure conducting of quality driving licence test by the Department.

4.3.10.3 Delay in conversion of petrol driven autorickshaws into LPG driven vehicles

GoTN issued Orders in April 2007 and decided to convert the existing petrol run autorickshaws into LPG mode in a phased manner. The Order required the autorickshaws to install LPG kits to get new permits; the time frame being 31 July 2007 in respect of vehicles registered during the years 2005 and 2006 and extending upto 31 January 2008 for vehicles registered during 1997 and earlier periods. Subsidy was decided to be provided by Tamil Nadu Pollution Board (TNPCB) for each conversion. In November 2008, the High level Committee of TNPCB suggested amount collected by Transport Department towards green tax from old vehicles maybe utilised for grant of subsidy for conversion of petrol driven autorickshaws to LPG mode.

We observed that decision for utilisation of amount collected towards green tax for subsidising the cost of conversion of petrol driven autorickshaws to LPG and for payment of subsidy through Bank was not taken by Government, though proposal in this regard was made by Transport Commissioner in November 2013 and January 2014. The indecision of the Government resulted in non-release of subsidy, thereby affecting the conversion, though as of November 2011, ₹ 136.13 crore was collected as green tax.

The inordinate delay in implementing a green initiative measure was brought to the notice of the Government. Government stated (December 2016) that modalities followed by the Delhi Government for conversion of petrol driven autorickshaws into LPG mode was called for in December 2016. Further report was awaited (February 2017).

Since the emission of smoke from motor vehicles is a major source of air pollution, the delay in implementing the scheme has contributed to continued air pollution beyond the permissible limits. (Chennai is the 3rd largest city in India having high air pollution).

Recommendation 10: We recommend that steps may be taken without any further delay for early implementation of decision of Government to convert petrol driven autorickshaws into LPG driven vehicles.

4.3.10.4 Delay in implementation of checking through hand held devices

The GoTN decided (May 2012) to provide hand held device for the field staff of Transport Department to overcome the time consumed in forwarding hand written check reports by the enforcement officers to the concerned RTO. The hand held devices, besides improving the efficiency of enforcement work and revenue collection, was also envisaged to reduce the waiting time of the public in activities concerning issue of driving licences, fitness certificate and for registration of new vehicles.

We observed from the records that the Technical Expert Committee constituted in December 2012 for purchase of devices, without ascertaining the exact requirements of the Transport Department, decided to have the same hardware and software specification already introduced by the Chennai Traffic Police as basic requirements with additional features. The procurement of the devices was entrusted to ELCOT, a State Public Sector Undertaking and ₹ 4.30 crore was paid by the Department in March 2013 from the Road Safety Fund.

ELCOT informed to the Department in October 2013 that the scope of work pertaining to the Transport Department varied to a greater extent when compared to the “e-fine system”. The single bid which was opened in February 2014 consequent to the publishing of tender notice in September 2013 was also scrapped since the specification was not as per departmental specifications. The Technical Expert Committee opined in January 2016 that the configurations of the Chennai Traffic Police was of older version and recommended the purchase of hand held devices with improved configuration. As of February 2016, the proposals were still a subject of discussion and final decisions were yet to be arrived.

The failure to determine the required configurations of hand held devices before grant of funds to ELCOT indicated lack of proper planning. This resulted in non-procurement of hand held devices and the envisaged objective of timely collection of compounding fees without delay, considerably reducing the waiting time of the public and rendering of efficient services to the citizen remains unachieved.

4.3.10.5 Non-utilisation of Nirbhaya Fund

GoI set up a fund called “Nirbhaya Fund” in September 2013 to provide safety to women in public places. One of the objectives of the scheme was “security of women in road transport in the country”, covering 32 towns, each with a population of over one million to be implemented over a period of 2 years.

The Fund was set up with an initial corpus of ₹ 1,000 crore for the entire country. Ministries / departments of State Governments were advised by the Ministry of Finance, GoI, to formulate proposals to utilise the resources in the fund with a view to enhance the safety and security of women in the country.

The Ministry of Road Transport and Highways (MoRTH) of GoI proposed in July 2013 to set up control rooms in cities with population of more than one million for monitoring public transport through GPS devices with Nirbhaya funds to meet the expenditure on procurement of equipments and installation of other infrastructure to be given to the Transport Department of the State from Nirbhaya Fund. The Transport Secretaries of the States were requested to offer their views on the said proposal and also assess the financial requirements in their States for setting up control rooms in cities with population of more than one million for monitoring of public transport through GPS. Accordingly, in August 2013, the Principal Secretary / Transport Commissioner instructed all the zonal officers to send their views on the said proposal of MoRTH and since only a couple of zones had responded, the Transport Commissioner had once again reminded (November 2013) the Zonal officers to offer their views. GoTN also did not send its views to GoI. According to a census in 2011, four cities, viz., Chennai, Tiruchirappalli, Madurai and Coimbatore have population of more than one million and therefore, they qualify for utilisation of funds under Nirbhaya Scheme. Despite this, Tamil Nadu had not set up any control room nor funds were sought under the Nirbhaya Scheme.

The failure of the department to compile needs and requirements relating to safety of women passengers has led to delay in availing funds under Nirbhaya Scheme, which is ready to be disbursed based on needs.

Government stated (December 2016) that funds would be obtained from the Central Government after studying the necessities of the State. The reply of GoTN was not convincing as it had already not only delayed its response to the GoI but had also not been able to utilise the fund for the safety of women.

4.3.10.6 Non-installation of GPS Meters in Autorickshaws

GoTN, while issuing orders (August 2013) for revision of fare, decided to install electronic / digital fare meter with printer and GPS in autorickshaws plying in Chennai metropolitan area. The move was aimed at tracking the vehicle and for ensuring collection of fare at the rates approved by Government.

A technical committee was constituted by GoTN (September 2013) to work out the details of the project and the process of procurement was proposed to be completed on or before 28 February 2014. The work of procurement of the device was entrusted by GoTN to ELCOT in June 2014.

Our scrutiny of records revealed that after entrusting the work to ELCOT, the Principal Secretary of Home Department had addressed ELCOT in January 2016 to take expeditious action for procurement of the device. This indicated that necessary follow up action was not taken by the Department for a period of 18 months since the award of works to ELCOT. The GPS meters have not yet been installed in autorickshaws, even after a period of more than three years since the decision was taken by Government.

Government stated (December 2016) that the evaluation of tender by ELCOT was under process.

Thus, due to the failure of the Department to initiate necessary follow up action and the failure of ELCOT to finalise the tender for procurement of the devices, GPS meters were not installed in autorickshaws plying in Chennai metropolitan area.

4.3.10.7 Insufficiency of funds allocated by State Transport Corporations to meet claims of accident victims

Section 140 of the MV Act lays down that the owner of the motor vehicle is liable for payment of compensation for death or permanent disablement as a result of accident by involvement of motor vehicles.

Section 146 of the MV Act stipulates that no motor vehicle shall be used in a public place unless there exists a policy of insurance to cover third party risks. Sub-section 3 of the above Section, however, exempts State Transport Corporations (STCs) provided they maintain a minimum insurance fund of ₹ 20 lakh. Government of Tamil Nadu created (July 2010) a corpus fund of ₹ 20 crore to meet compensation to accident victims subject to maintenance of similar amount by the STCs. Thus, the total corpus with the STCs would be ₹ 40 crore each year.

It was found that the STCs had a liability of ₹ 435.07 crore as compensation to accident victims as on March 2015, out of which, ₹ 207.72 crore was accepted by them. But as at the end of March 2016, corpus of ₹ 59.10 crore alone was available. As a result of this insufficient corpus, there was delay in settling claims of accident victims.

Non-provision of corpus funds by the STCs to meet even the past accepted liability was akin to plying the vehicles without insurance. Plying without insurance was a violation of Section 140 of the MV Act.

Recommendation 11: The Government may initiate action to increase the corpus fund every year to meet the claim of accident compensation awarded to the victims. The Government and the STCs may provide for disbursement of the entire amount of undisputed claim of compensation.

4.3.10.8 Lack of Infrastructure and non-computerisation in checkposts

The Transport Department check posts are located at vantage points in the State along its borders. They play important role in controlling and monitoring of inter-state movement of vehicles. The check posts are manned by Motor Vehicle Inspectors (Non-Technical), who assist in collection of taxes and fees.

There are 19 checkposts in the State, of which only two are housed in concrete buildings. The check posts lack weigh bridges. To overcome the difficulties in the existing checkposts, the modernisation of checkposts was undertaken. The main features of the project involved construction of bye lanes, provision of weigh bridges, construction of office buildings and facility buildings, warehouses, check post plazas, road furniture, sign boards and installation of electrical / electronic equipments and computers.

Government of Tamil Nadu (GoTN) accorded (July 2008) “in principle” approval to modernize the Check post at Pethikuppam, situated in the border of Andhra Pradesh. GoTN accorded (August 2008) enter-upon permission for land measuring 21 acre for the project. The work of preparation of Detailed Project Report (DPR) and execution of work was entrusted to M/s. Pallavan Transport Consultancy Services Limited (PTCS) as a special case and ₹ 30 lakh was paid (April 2010) as advance to meet the preliminary expenses of pre-tender activities connected with the project. The Transport Commissioner (TC) requested permission of National Highways Authority of India (NHAI) for accessing the National Highways for the construction of retaining wall. GoTN also transferred (August 2010) 12 acres to Transport Department.

Based on the proposals from the TC and DPR of PTCS, Government modified the approval as formation of Modern Integrated Checkpost at Pethikuppam, to also house the Departments of Revenue, Police, Prohibition and Excise, Civil supplies and Consumer Protection and Commercial Tax and accorded administrative sanction (November 2011) for ₹ 79.77 crore to provide quality service to citizens and entrusted the work to the Public Works Department (PWD). After field investigation, PWD proposed (December 2011) for alternate design considering the requirement of acquisition of land from NHAI and suggested for alternate proposals. TC insisted (February 2012) PWD to undertake the work as per DPR as administrative sanction was accorded by Government after detailed examination of DPR. PWD submitted detailed estimates with revised cost for the project adopting modified technical specifications based on soil test and escalation of cost. GoTN accorded revised administrative sanction (April 2013), for ₹ 109.46 crore including recurring expenditure of ₹ 3.62 crore.

In the meantime, proposals were forwarded (March 2012) to the District Collector, Tiruvallur for allotment of land to the extent of 4.82 acres for establishing the check post.

Pre-qualification tender notice was published on 2 May 2013. The lowest quoted tenderer for ₹ 107.52 crore was accepted and the site for the above work was handed over in September 2013 for completion of the work in the agreed period of 20 months. PWD forwarded proposals to TC for requirement of additional funds to meet the tender excess, changes in schedule of rates, excess amount for pile foundation and rigid pavement of road. Accordingly, GoTN accorded (February 2016) revised administrative sanction for ₹ 128.13 crore. An expenditure of ₹ 116.65 crore was incurred till November 2016 and the work relating to laying of road for access with the National Highway was yet to be done. Thus, the proposed modernised integrated checkpost was yet to be completed.

Audit observed the following:

- (i) The modification of the technical specifications of the project by PWD from the specifications finalised in the DPR considering the soil conditions of the site indicated non-identification of appropriate agency for the work of preparation of DPR, which resulted in revision of cost of the project and was indicative of absence of proper planning.
- (ii) Though Department identified access to the National Highways for the completion of project, TC failed to consider alternate design suggested by PWD. This resulted in delay in obtaining of permission from NHAI for more than six years from the date of request and non-completion of the project despite incurring expenditure of ₹ 116.65 crore.
- (iii) The problems encountered during commencement of the work, which involved modifications in pile foundation and design for rigid pavement on the recommendations of the Highways Research Station revealed that proper planning including prior soil testing had not been undertaken. This resulted in delay in execution of the project.

Government stated (December 2016) that the probable date of completion of provision of necessary software and integration of the existing software and hardware infrastructure was 28 February 2017 and tenders were called for in this regard. The Government further stated that the integrated check post would be made fully operational only after completion of additional amenities of software development and hardware installation.

Thus, failure to identify proper agency for preparation of DPR, absence of pursuance to obtain necessary permission from NHAI, non-consideration of the proposals of PWD for revision of design resulted in non-achievement of the objective of establishment of modernised integrated check post to provide quality service to the citizens even after eight years from sanction despite incurring expenditure of ₹ 116.65 crore.

4.3.11 Issues relating to compliance of pollution norms

As per Rule 115(7) of the CMV Rules, after the expiry of one year from the date on which the motor vehicle is first registered, every such vehicle shall carry a valid “Pollution under control” certificate (PUC) issued by an agency authorised for this purpose by the State Government. The validity of the certificate shall be for six months and the certificate shall always be carried in the vehicle and produced on demand by the officers competent to verify the certificate.

4.3.11.1 Issue of Fitness certificates without PUC

According to Rule 62 of the CMV Rules, renewal of FC shall be made only if the vehicle is covered by PUC.

A comparison of the details of transport vehicles, which were issued FC and PUC during the period 2010-11 to 2014-15 indicated issue of FC without production of PUC. The comparison further revealed that almost 20 per cent of the vehicles were issued FC every year without PUC, as detailed in Table below:

Table 4.5: Issue of fitness certificate without PUC

Year	No. of transport vehicles issued with PUC	No. of vehicles issued with FC as per Government Policy note	No. of vehicles issued FC without PUC	Percentage of vehicles issued FC without PUC (column 4 to column 3)
(1)	(2)	(3)	(4)	(5)
2010-11	4,99,064	6,79,733	1,80,669	26.58
2011-12	5,62,430	7,32,483	1,70,053	23.22
2012-13	6,11,590	8,00,401	1,88,811	23.59
2013-14	6,98,312	8,27,789	1,29,477	15.64
2014-15	7,28,551	8,83,751	1,55,200	17.56

Source: Policy Note of Government and details furnished by Department

4.3.11.2 Plying of vehicles without emission certification

As of April 2014, there were about 188.08 lakh vehicles plying in the State, which involved issue of 359.83 lakh PUCs during 2014-15. However, 12.69 lakh PUCs alone were issued, which indicated that only 3.5 per cent of the vehicles had fulfilled the requirement of obtaining PUC every six months. The details of the total number of vehicles, the number of PUCs, which were required to be issued and those actually issued during the period 2010-11 to 2014-15 are given in Table below.

Table 4.6: Pollution Under Control Certificates

Year	Total vehicles on 1st April of next year	No. of newly registered vehicles)	No. of PUCs due for existing vehicles (twice an year) (Twice of column 2 - column 3)	No. of PUCs due for new vehicles (once in the year) (column 3)	Total no of PUCs needed in the subsequent year (column 4+column 5)	Actual PUCs issued	Percentage of issue of PUC (column 7/ to column 6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
09-10	12156961	1170536	21972850	1170536	23143386	878670	3.80
10-11	13660717	1576712	24168010	1576712	25744722	958670	3.72
11-12	15368625	1774003	27189244	1774003	28963247	1049105	3.62
12-13	17091768	1820813	30541910	1820813	32362723	1171995	3.62
13-14	18807505	1631601	34351808	1631601	35983409	1268603	3.53

Source: Policy Note of Government and details furnished by Department

The above Table indicates that 96.5 per cent of the vehicles plying in the State did not adhere to the mandatory provisions of obtaining emission certificate every six months. This indicates that the Department had failed to enforce pollution control measures. Hence, urgent steps need to be taken to ensure the plying of vehicles within permissible emission levels.

4.3.11.3 Insufficiency of Pollution Testing Centres

There are 288 pollution testing centres in Tamil Nadu (March 2015) attached to various Regional Transport Offices. The certificate is issued after conducting various tests as envisaged in Rule 118 of the CMV Rules. Tests on each class of vehicle vary from each other. If 3.60 crore PUCs were to be issued for the year ending 31 March 2015, each centre should have tested on an average 1,24,942 (at 342 per day assuming the centres work all 365 days in a year) vehicles during the year. This shows that the availability of pollution testing centres fell short of the requirements, taking into account the ever increasing plying of vehicles.

The non-availability of data relating to vehicles plying without pollution, absence of proper enforcement and lack of a clear policy with respect to emission testing centres to meet the emission certification of ever increasing number of vehicles have resulted in 96 *per cent* of vehicles plying without pollution check, thereby contributing massively to vehicular pollution.

Government stated (December 2016) that PUC was being insisted for all transactions like renewal of registration certificate, re-registration of vehicles, issue of FC, transfer of ownership, hypothecation entry, issue of No Objection certificate and issue of all kinds of permits. The Government further stated that 1,96,270 cases were booked by the Transport officials for non availability of PUC during the period from 2009-10 to 2014-15. As regards insufficiency of pollution testing centres, Government stated that since the business was not profitable, sufficient interest was not shown by persons to establish pollution centres.

The reply was not acceptable as the details furnished by Department indicate that FCs were issued to vehicles even in the absence of PUCs. Since emission checking of vehicles is mandatory, the lack of interest exhibited by private persons to establish pollution testing centres cannot be cited as an excuse for the insufficient number of pollution testing centres.

Recommendation 12: We recommend that the Government / Department may institute measures for stringent enforcement of pollution control measures and for opening of adequate pollution testing centres to meet the requirements of increasing vehicular population.

4.3.12 Other findings

Amount of penalty collected by Traffic Police not deposited in the relevant head of Account

Rule 118 of the CMV Rules empowers the traffic police to enforce the provisions of the MV Act and to collect the compounding fee prescribed. The Government also issued an order in December 2011 empowering the Sub-Inspector of Police (Traffic) to collect fines.

We noticed from the information obtained from the Police Department that the amounts collected as fines based on Tamil Nadu Motor Vehicle rules were not been credited into the Head relating to Taxes on motor vehicles (i.e. 004100800AE0003) but into Head 0055 relating to Police Receipts. Due to the improper crediting of fine into police receipts, the department's revenue was understated to the extent of ₹ 102.76 crore relating to the period from 2010-11 to 2014-15.

After we pointed this out (September 2016), Government replied (December 2016) that necessary instructions would be issued to the Police Department to remit the collection of spot fine into the head relating to Transport Department.

4.3.13 Conclusion

The Home-Transport Department had not utilized available data to monitor payment of tax by owners of transport and non-transport vehicles, and to issue demand notices in cases of non-payment of periodical taxes. The adherence to conditions of permit by stage carriage operators was not ensured by the Department and MTC was allowed to operate vehicles in violation of permit conditions. Though, erroneous driving was identified by the Department as one of the major cause of accidents, the absence of testing tracks in RTOs to ensure the quality of driving tests was a major concern. The pace of implementation of other infrastructure and citizen service schemes or measures had been tardy. With just three *per cent* of vehicle population subjected to pollution check, there was inadequate control of vehicular pollution in the State. Our audit exercise revealed non / short collection of motor vehicle tax and fees amounting to ₹ 18.40 crore, besides the non-levy of penalty of ₹ 187.96 crore for violation of permit conditions by MTC. Since these cases pertain to test checked offices, Government / Department may examine these issues in other offices of the State, which would result in realisation of adequate revenue to Government.

CHAPTER V

OTHER TAX AND NON-TAX RECEIPTS

5.1 Results of audit

In 2015-16, test check of departmental offices revealed under-assessment of licence fee / privilege fee, dead rent, seigniorage fee, royalty and other observations amounting to ₹ 13.71 crore in 92 cases, which fall under the categories given in Table 5.1.

Table 5.1

			(₹ in lakh)
Sl.No.	Categories	Number of cases	Amount
State Excise			
1	Non / short collection of licence fee / privilege fee	15	94.28
2	Non / short collection of penalty / interest	1	3.49
3	Others	30	48.24
Total		46	146.01
Mines and Minerals			
1	Non / short levy of dead rent, seigniorage fee, royalty	20	735.41
2	Non-collection of brink mineral annual fee	4	3.87
3	Non-collection of interest / penalty	5	29.21
4	Others	17	456.90
Total		46	1,225.39
Grand Total		92	1,371.40

During the course of the year, the Departments accepted under-assessment and other deficiencies in 75 cases and recovered ₹ 2.97 crore, out of which ₹ 29.52 lakh involved in three cases were pointed out during the year and the rest in earlier years.

Few illustrative cases involving ₹ 9.02 crore are discussed in the following paragraphs.

STATE EXCISE

5.2 Short collection of annual privilege fee

As per clause II in sub-rule (b) of Rule 17 of the Tamil Nadu Liquor (Licence and Permit) Rules, 1981, FL2 licence for possession of liquor by a non-proprietary club for supply to members, shall be issued by the Commissioner of Prohibition and Excise Department, on payment of an annual privilege fee, licence fee and application fee. The licence is valid for the financial year beginning from 1 April or the date of issue of the licence and ending with the 31 March, immediately following. Annual privilege fee for FL2 licence is ₹ 10 lakh for Chennai City and ₹ 6 lakh for other areas with effect from 1 April 2012. The Chennai city was expanded as per the orders of Government issued in July 2011⁵⁰.

During test check (March 2016) of records in the office of the Commissioner of Prohibition and Excise, Chennai, we noticed that during issue / renewal of five FL2 licences pertaining to the years 2014-15 and 2015-16, annual privilege fee of ₹ 30 lakh was collected, instead of ₹ 50 lakh, which was required to be collected. This resulted in short realisation of revenue of ₹ 20 lakh.

Government did not accept the audit observation and stated (November 2016) that the Government Order of the Municipal Administration and Water Supply Department was meant to delineate the wards for election of councilors and did not delineate the revenue district. The licensees, though situated within the City of Chennai, belong to the Revenue Districts of Tiruvallur and Kancheepuram, for whom the District Collectors of the revenue districts are the licensing authority.

The reply was not acceptable as the levy of privilege fee of ₹ 10 lakh is with reference to the Chennai City and not with reference to the revenue district. The licensees are situated within the Chennai City. Hence, privilege fee of ₹ 10 lakh was required to be collected.

MINES AND MINERALS

5.3 Short collection of royalty

As per Section 9 of the Mines and Minerals (Development and Regulation) Act, 1957, the holder of a mining lease shall pay royalty in respect of any mineral removed or consumed by him at the rate for the time being specified in the Second Schedule in respect of the mineral. As per the Second Schedule to the Act, the rate of royalty in respect of the mineral 'Garnet' is three *per cent* of sale price on *ad valorem* basis and for the minerals 'Ilmenite' and

⁵⁰ G.O (Ms) No. 97 Municipal Administration and Water Supply (Election) Department dated 19 July 2011

‘Rutile’, the rate of royalty is two *per cent* of the sale price on *ad valorem* basis. The rate of royalty for graphite is 12 *per cent* of the sale price on *ad valorem* basis upto 31 August 2014. Rule 64-D of the Mineral Concession Rules, 1960 (MC Rules) relating to payment of royalty on *ad valorem* basis provides that the State-wise sale prices for different minerals as published by Indian Bureau of Mines (IBM) shall be the sale price for computation of royalty⁵¹ in respect of any mineral produced any time during a month in any mine in the State. The Rule further provides that if for a particular mineral, the information for a State for a particular month is not published by IBM, the latest information available for that mineral in the State shall be referred, failing which the latest All India information for the mineral shall be referred.

5.3.1 During test check (February 2016) of records in the Office of the Assistant Director of Geology and Mining (ADGM), Tuticorin, we noticed that two lessees were permitted to transport raw sand to their factory for processing of the same into the minerals, Garnet, Ilmenite and Rutile after collection of advance royalty. During the years 2011-12 to 2013-14, the lessees paid advance royalty of ₹ 2.03 crore and removed 4.60 lakh tonnes of raw sand. After processing, the lessees cleared 56,000 tonnes of Garnet, 1,68,000 tonnes of Ilmenite and 6,000 tonnes of Rutile. However, the royalty payable on the basis of *ad valorem* rate on the quantity of minerals cleared as stipulated in Rule 64-D of the MC Rules was not worked out and collected from the lessees after adjusting the royalty paid in advance. This resulted in short collection of royalty of ₹ 3.97 crore.

After we pointed this out (February 2016), the Department stated (June 2016) that action had been initiated by ADGM, Tuticorin to collect royalty arrears of ₹ 3.97 crore. Further report regarding collection particulars was awaited (February 2017).

The matter was referred to Government in May 2016. Reply of the Government was awaited (February 2017).

5.3.2 During test check (August 2015) of records in the Office of the ADGM, Sivagangai, we noticed that a lessee company removed 1.18 lakh metric tonnes (MTs) of graphite during the years 2012-13 to 2014-15 (upto August 2014) by paying royalty of ₹ 57.85 lakh calculated at a uniform rate of ₹ 49.20 per MT. The amount of royalty payable on the basis of *ad valorem* rate on the quantity of mineral cleared from the leased rate was ₹ 83.47 lakh. Thus, the failure of the Department to enforce payment of royalty at the rate based on the prices published by IBM resulted in short realisation of royalty of ₹ 25.61 lakh.

After we pointed this out (August 2015), the ADGM, Sivagangai stated (September 2016) that the balance amount of royalty was recovered from the lessee after adjusting the excess amount paid by him during the years 2014-15 and 2015-16. The incorrect procedure adopted by the ADGM in adjusting the demand against the excess amount paid by the lessee, instead of enforcing collection of demand was brought to the notice of the Department in December 2016. Reply was awaited (February 2017).

⁵¹ Royalty = Sale price of mineral published by IBM X Rate of royalty (in percentage)
x Total quantity of mineral produced/dispatched.

The matter was referred to the Government in June 2016. Reply of the Government was awaited (February 2017).

5.4 Non-levy of interest

Rule 7 of the Tamil Nadu Minor Mineral Concession Rules, 1959 (TNMMC Rules) provides that quarrying of minor minerals other than granite may be permitted by the District Collector to applicant for *bonafide* public purpose, provided that the applicant shall remit seigniorage fee and the cost of mineral at one lump sum for the total quantity of minor mineral permitted at the prescribed rates. As per Rule 36B, simple interest at the rate of twenty four *per cent* per annum is chargeable on any rent, royalty, fee or the other sum due to Government under the terms and conditions of any quarrying permit or lease, from the sixtieth day of the expiry of the date fixed for its payment by any authority concerned, until payment of such amount is made.

During test check (September 2015) of records in the Office of the ADGM, Theni, we observed that a private limited company, which was granted leases (February 2011) to quarry stones in Government lands, was allowed (April 2011) to pay seigniorage fee of ₹ 4.45 crore in four instalments. We noticed that the second instalment of ₹ 1.11 crore was remitted by the company only in February 2013, though the same was due to be paid in November 2011. However, the Department failed to invoke the provisions of Rule 36B of the TNMMC Rules and recover interest for such belated payment of seigniorage fee from the lessee. This resulted in non-levy of interest of ₹ 28.91 lakh.

After we pointed this out (October 2015), the ADGM, Theni issued notices to the lessee in March 2016 demanding interest of ₹ 28.91 lakh for belated payment of seigniorage fee. Further report regarding collection particulars was awaited (February 2017).

The matter was referred to the Government in June 2016. Reply of the Government was awaited (February 2017).

5.5 Transfer of excess amount to local bodies towards seigniorage fee

As per Rule 38-A of TNMMC Rules inserted⁵² in the year 2003, the right to use sand in the State shall vest with the State Government. Accordingly, with effect from 2 October 2003, Public Works Department has been entrusted with the operation of sand quarries and the revenue realised from sand quarry operations is credited to Government Account. Based on Government's orders, instructions were issued by the Director of Geology and Mining (May 1990) that seigniorage fee collected in respect of minor minerals are required to be transferred to local bodies and the same continues to be in force. As per Appendix II of the TNMMC Rules, the rate of seigniorage fee in respect of cart load (10 cubic feet) of sand is ₹ 8.50. The rate of seigniorage fee in respect of lorry load (200 cubic feet) of sand is ₹ 170.

During test check (September 2015 and February 2016) of records in the Offices of the ADGM, Theni and Tuticorin, we noticed that seigniorage fee

⁵² G.O.Ms. No.95 Industries dated 1st October 2003.

amounting to ₹ 4.30 crore was transferred in excess to local bodies as detailed below.


- In Theni District, 71,325 lorry loads and 10,049 cart loads of sand were lifted during the years 2011-12 and 2012-13. The amount of seigniorage fee required to be transferred to local bodies calculated at the rates of ₹ 170 per lorry load and ₹ 8.50 per cart load works out to ₹ 1.22 crore. However, the entire cost of sand amounting to ₹ 4.32 crore was transferred to local bodies. This resulted in excess transfer of seigniorage fee of ₹ 3.10 crore to local bodies.

- In Tuticorin District, in respect of 74,426 cart loads of sand lifted during 2012-13, seigniorage fee was erroneously calculated as ₹ 1.26 crore applying the rate of ₹ 170 applicable to a lorry load and the same was allocated to local bodies. The correct amount of seigniorage fee at the correct rate of ₹ 8.50 applicable to cart load worked out to ₹ 6.33 lakh. Thus, seigniorage fee of ₹ 1.20 crore was transferred in excess to local bodies.

After we pointed this out (October 2015 and March 2016), the ADGM, Theni and Tuticorin stated (April / May 2016) that out of ₹ 4.30 crore, which was transferred in excess, the local bodies had remitted ₹ 1.92 crore and action would be taken to collect the remaining amount of ₹ 2.38 crore from the local bodies. Further report was awaited (February 2017),

The matter was referred to the Government in May 2016. Reply of the Government was awaited (February 2017).

Chennai
Dated 15 May 2017


(R. THIRUPATHI VENKATASAMY)
Accountant General
(Economic and Revenue Sector Audit)
Tamil Nadu

Countersigned

New Delhi
Dated 17 May 2017


(SHASHI KANT SHARMA)
Comptroller and Auditor General of India

Annexure 1
(Referred to in Paragraph 1.8)

Statement showing the details of audits planned and conducted during the year

Sl. No.	Name of the Department	Nature of receipts	Auditable units	Units planned	Units audited
1	Commercial Taxes and Registration	Sales Tax and other receipts	453	169	171
		Stamp duty and Registration fee	698	119	122
2	Revenue	Urban Land Tax	58	0	0
		Land Revenue	228	63	63
3	Home (Transport)	Taxes on vehicles	91	40	40
4	Home	Motor Vehicle Maintenance Organisation	21	5	5
5	Home (Prohibition and Excise)	State Excise	75	16	16
6	Industries	Mines and minerals	32	10	10
7	Energy	Electricity duty	24	6	6
8	Treasury and Accounts	Asst. Supdt. of Stamps	1	0	0
Total			1,681	428	433

Annexure 2
(Referred to in Paragraph 2.5.2)

Statement showing the non-realisation of deferred tax due to failure to comply with the provisions of GO (Ms) No.80

(₹ in crore)

Name of the dealer	Period of deferral as per EC	Eligible amount of deferral as per EC	Deferral availed upto 3/2006 Under TNGST Act	Deferral availed in 2006-07	Deferral availed in 2007-08	Deferral availed in 2008-09	Deferral availed in 2009-10	Deferral availed in 2010-11	Deferral availed in 2011-12	Deferral availed in 2012-13	Deferral availed in 2013-14	Deferral under TNVAT Act	Month of attainment of maximum ceiling amount
Ramco Cement Ltd., (Madras Cements Ltd)	3/1998 to 4/2013	500.51	324.25	20.90	100.62	54.74						176.26	September 2008
Ford India Ltd.,	11/1999 to 10/2013	950.59	415.25	18.28	53.77	43.91	53.41	102.56	101.35	111.45	50.62	535.34	September 2013
Hyundai Motors India Ltd.	10/1998 to 09/2012	1,307.98	600.03	35.26	147.74	126.05	135.30	155.00	108.61			707.95	September 2011
JSW Steel Ltd.,	2/2001 to 01/2013	115.29	53.14	9.18	33.62	18.59	0.76					62.15	August 2009
Bannariamman Flour Mills Ltd., (Annamalai Industries Ltd.)	04/2001 to 03/2010	4.89	3.94	0.05	0.45	0.45						0.95	March 2009
Chettinad Cement Corporation Ltd.	10/2001 to 09/2013	214.78	59.82	12.59	50.52	63.52	28.32					154.96	October 2009
Total		3,094.04	1,456.43	96.26	386.71	307.26	217.79	257.55	209.97	111.45	50.62	1,637.61	

Annexure 3
(Referred to in Paragraph 2.5.5.1)

Statement showing the issue of TC in excess of the eligible amount due to incorrect determination of achievement of base volumes

(₹ in lakh)

Name of the dealer	BPV Fixed	BSV Fixed	Year	Month of achievement of BPV		Month of achievement of BSV		TC issued by MoU Cell		Actual eligibility for SL/IPS		Excess amount for which TC was issued
				By MoU Cell	Actuals	By MoU Cell	Actuals	From	Value of TC issued	From	Tax amount	
Bannariamman Spinning Mills Limited	57,37,433 Kg	₹ 6542.97 lakh	2008-09	04/2008	07/2008	05/2008	09/2008	07/2008	225.40	09/2008	186.24	39.16
			2009-10	04/2009	07/2009	04/2009	09/2009	04/2009	305.05	09/2009	213.84	91.21
			2010-11	04/2010	07/2010	04/2010	07/2010	04/2010	572.13	07/2010	463.85	108.28
			2011-12	05/2011	08/2011	07/2011	09/2011	08/2011	167.77	09/2011	149.51	18.26
			2012-13	04/2012	07/2012	07/2012	09/2012	07/2012	350.78	09/2012	274.65	76.14
			2013-14	04/2013	07/2013	06/2013	07/2013	06/2013	416.81	07/2013	370.30	46.51
K P R Mills Limited	2037.99 MT	₹ 2550.52 lakh	2011-12	04/2011	10/2011	04/2011	09/2011	07/2011	167.19	10/2011	165.80	1.39
			2012-13	04/2012	05/2012	04/2012	05/2012	04/2012	919.41	05/2012	871.51	47.90
			2013-14	04/2013	05/2013	04/3013	05/2013	04/2013	1,276.32	05/2013	1,207.79	68.53
Chemplast Sanmar Limited	61,297 MT	₹ 20353.91 lakh	2010-11	05/2010	07/2010	04/2010	08/2010	05/2010	968.86	08/2010	749.81	219.05
			2011-12	04/2011	06/2011	04/2011	06/2011	04/2011	1,133.41	07/2011	950.08	183.33
			2012-13	04/2012	06/2012	04/2012	06/2012	04/2012	1,403.01	06/2012	1,279.04	123.97
			2013-14	04/2013	06/2013	04/2013	06/2013	04/2013	2,117.41	06/2013	1,793.00	324.41
			2014-15	04/2014	06/2014	04/2014	06/2014	04/2014	1,846.81	06/2014	1,573.34	273.47

Dalmia Cement (Bharat) Limited	34,00,000 MT	₹ 72601.33 lakh	2010-11	09/2010	03/2011	04/2010	01/2011	09/2010	853.44	03/2011	206.92	646.52
			2011-12	07/2011	02/2012	04/2011	10/2011	07/2011	1,776.66	02/2012	582.10	1,194.56
			2012-13	06/2012	01/2013	04/2012	09/2012	06/2012	2,469.12	01/2013	669.20	1,799.92
			2013-14	10/2013	02/2014	04/2013	09/2013	10/2013	1,023.01	02/2014	411.27	611.74
			2014-15	02/2015	03/2015	06/2014	10/2014	02/2015	543.11	03/2015	152.18	390.93
Saint Gobain Glass India Limited	1,80,000 M.T	169376 M.T	2007-08	04/2007	09/2007	06/2007	10/2007	07/2007	620.84	10/2007	429.83	191.01
			2008-09	05/2008	09/2008	06/2008	10/2008	06/2008	565.56	10/2008	414.60	150.96
			2009-10	05/2009	09/2009	05/2009	10/2009	06/2009	673.17	10/2009	385.72	287.45
			2010-11	04/2010	09/2010	05/2010	10/2010	06/2010	842.24	10/2010	515.55	326.69
			2011-12	04/2011	09/2011	04/2011	10/2011	05/2011	1,040.60	10/2011	450.32	590.28
			2012-13	05/2012	09/2012	05/2012	10/2012	06/2012	917.23	10/2012	504.57	412.65
			2013-14	04/2013	09/2013	04/2013	10/2013	05/2013	1,167.42	10/2013	621.45	545.97
			2014-15	04/2014	09/2014	04/2014	10/2014	05/2014	1,516.39	10/2014	840.14	676.25
Chettinad Cement Corporation Limited	26,50,000 M.T	₹ 44,906 lakh	2009-10	04/2009	12/2009	04/2009	09/2009	04/2009	1,757.00	12/2009	725.58	1,031.42
			2010-11	04/2010	10/2010	04/2010	08/2010	04/2010	2,739.35	10/2010	1,661.18	1,078.17
			2011-12	04/2011	10/2011	04/2011	07/2011	04/2011	3,597.77	10/2011	1,967.74	1,630.03
			2012-13	04/2012	09/2012	04/2012	09/2012	04/2012	3,512.56	10/2012	1,946.04	1,566.51
			2013-14	04/2013	10/2013	04/2013	07/2013	04/2013	2,914.54	10/2013	1,399.00	1,515.54
			2014-15	04/2014	10/2014	04/2014	07/2014	04/2014	1,793.28	10/2014	968.88	824.40
			Total						42,193.65		25,101.03	17,092.62

Annexure 4
(Referred to in Paragraph 3.3.4)
Statement showing amount of stamp duty and registration fee due in respect of release deeds

(₹ in lakh)

Name of the SR / Number of instruments	Date of registration	Total value of the property involved	Value of the property released	Value of property released		Amount of stamp duty and registration fee to be collected	Amount of stamp duty and registration fee collected	Short collection of stamp duty and registration fee
				Family members	Others			
Avadi (5)	Between May 2014 and December 2014	943.08	705.01	471.41	233.60	21.56	1.45	20.11
Annur (5)	Between September 2014 and September 2015	333.26	187.65	92.42	95.23	9.32	1.33	7.98
Velachery (1)	August 2014	108.00	72.00	0.00	72.00	6.48	0.29	6.19
Ponneri (4)	Between January 2015 and March 2015	413.50	322.63	215.08	107.55	10.84	1.16	9.68
Radhapuram (1)	June 2013	985.85	492.92	246.46	246.46	22.30	0.12	22.18
Guduvanchery (4)	November 2014	910.00	130.00	0.00	130.00	11.70	1.16	10.54
Erode (3)	Between February 2014 and December 2014	303.60	161.65	91.27	70.38	6.91	1.14	5.77
Udumalpet (3)	Between April 2013 and October 2014	268.73	155.23	75.21	80.02	7.63	0.70	6.93
Vadavalli (3)	Between July 2014 and February 2015	141.35	60.19	14.07	46.12	4.35	0.94	3.42
Alandur (2)	October 2014 and December 2014	315.43	97.34	36.17	61.17	5.80	0.58	5.22
Total		4,722.80	2,384.62	1,242.09	1,142.53	106.89	8.87	98.02

Annexure 5
(Referred to in Paragraph 3.3.5)

Statement showing amount of stamp duty and registration fee due in respect of partition deeds

(₹ in lakh)

Name of the SR / Number of instruments	Date of Registration	Total value of the property involved	Value of the property allotted to		Amount of stamp duty and registration fee to be collected	Amount of stamp duty and registration fee collected	Short collection of stamp duty and registration fee
			Family members	Others			
Thiruppur (2)	August 2014 and January 2015	1126.15	490.29	635.86	32.79	1.89	30.90
Acharapakkam (1)	February 2014	263.93	79.93	184.00	9.20	0.89	8.31
Mylapore (2)	April and December 2014	988.27	344.14	644.13	32.21	2.61	29.60
R.Mangalam (4)	Between March 2011 and September 2012	2469.61	2218.98	250.63	14.42	2.08	12.34
Nagercoil (3)	Between September 2012 and April 2014	1519.32	965.19	554.13	28.67	1.56	27.11
Annur (3)	Between June and October 2013	967.41	725.57	241.84	13.74	1.83	11.91
Gobichetti-palayam (1)	November 2013	1048.12	526.06	522.06	26.10	0.58	25.52
Total		8,382.81	5,350.16	3,032.65	157.13	11.44	145.69

Annexure 6

(Referred to in Paragraph 4.3.8.3)

Statement showing the details of non-collection of Life time tax from owners of old tourist motor cab

Sl. No.	Registration No. of vehicle	Permit validity upto	Cost of vehicle (in ₹)	Amount of Life time tax due (in ₹)
RTO Chennai Central				
1	TN20AZ1762	30/01/2015	2,50,000	21,250
2	TN01Y1940	28/10/2014	8,78,780	74,696
3	TN01X6248	29/06/2014	2,30,000	19,550
4	TN01W4807	21/09/2013	2,32,320	19,747
5	TN01W2973	07/12/2013	2,30,000	19,550
6	TN01AH5312	04/01/2014	3,54,980	30,173
7	TN01AE4087	11/11/2012	4,44,000	37,740
8	TN01AE3577	30/10/2012	4,44,000	37,740
9	TN01AE3539	30/10/2012	4,44,000	37,740
10	TN01AE3508	30/10/2012	4,44,000	37,740
11	TN01AE3498	30/10/2012	4,44,000	37,740
12	TN01AE1731	02/10/2012	4,44,000	37,740
13	TN01AE1656	02/10/2012	4,54,560	38,638
14	TN01AE1651	02/10/2012	3,66,564	31,158
15	TN01AD8259	06/08/2012	2,12,210	18,038
16	TN01AD7788	09/08/2012	4,45,570	37,873
RTO Chennai South				
17	TN07AQ5268	23/01/2013	3,22,812	27,439
18	TN07AQ5536	24/01/2013	3,22,812	27,439
19	TN07AQ7203	12/02/2013	3,22,812	27,439
20	TN07AQ8247	24/02/2013	3,22,812	27,439
21	TN07BA1183	01/04/2013	3,22,812	27,439
22	TN07BA6763	04/06/2013	3,27,506	27,838
23	TN07BA9130	03/07/2013	3,27,506	27,838
24	TN07BB1131	29/07/2013	3,27,506	27,838
25	TN07BB2318	17/08/2013	3,27,506	27,838
26	TN07BB2579	19/08/2013	3,27,506	27,838
27	TN07BB2686	20/08/2013	3,27,506	27,838
28	TN07BB3528	01/09/2013	3,27,506	27,838
29	TN07BB3818	04/09/2013	3,27,506	27,838
30	TN07BB4154	09/09/2013	3,27,506	27,838
31	TN07BB4485	15/09/2013	3,27,506	27,838
32	TN07BB4840	18/09/2013	3,27,506	27,838

Sl. No.	Registration No. of vehicle	Permit validity upto	Cost of vehicle (in ₹)	Amount of Life time tax due (in ₹)
33	TN07BB4945	21/09/2013	3,27,506	27,838
34	TN07BB5311	15/09/2013	3,27,506	27,838
35	TN07BB5425	28/09/2013	3,27,506	27,838
36	TN07BB5754	05/10/2013	3,27,506	27,838
37	TN07BB6313	14/10/2013	3,27,506	27,838
38	TN07BB6529	16/10/2013	3,27,506	27,838
39	TN07BB7164	29/10/2013	3,27,506	27,838
40	TN07BB7485	03/11/2013	3,27,506	27,838
41	TN07BB8015	06/11/2013	3,27,506	27,838
42	TN07BB8016	07/12/2013	3,27,506	27,838
43	TN07BB8627	23/11/2013	3,27,506	27,838
44	TN07BC2374	18/01/2014	3,17,943	27,025
45	TN07BC4262	22/02/2014	3,43,941	29,235
46	TN07BC4564	25/02/2014	3,43,941	29,235
47	TN07BC8839	03/05/2014	3,15,453	26,814
48	TN07BC9240	07/05/2014	3,15,454	26,814
49	TN07BC9451	13/05/2014	3,37,082	28,652
50	TN07BD0210	25/05/2014	3,15,453	26,814
51	TN07BD0483	28/05/2014	3,15,454	26,814
52	TN07BD1921	16/06/2014	3,72,050	31,624
53	TN07BD3945	09/07/2014	3,28,593	27,930
54	TN07BD4114	13/07/2014	3,28,593	27,930
55	TN07BD5709	30/07/2014	3,28,593	27,930
56	TN07BD6744	13/08/2014	3,28,593	27,930
57	TN07BD6837	16/08/2014	3,28,593	27,930
58	TN07BD7547	24/08/2014	4,84,184	41,156
59	TN07BD8043	30/08/2014	3,28,593	27,930
60	TN07BD8264	31/08/2014	3,50,220	29,769
61	TN07BD8640	06/09/2014	3,28,593	27,930
62	TN07BD9399	13/09/2014	3,23,594	27,505
63	TN07BD9442	15/09/2014	3,23,594	27,505
64	TN07BD9817	21/09/2014	3,23,594	27,505
65	TN07BE0905	04/10/2014	3,14,594	26,740
66	TN07BE1130	06/10/2014	4,55,200	38,692
67	TN07BE1521	11/10/2014	3,48,360	29,611
68	TN07BE1899	15/10/2014	3,45,220	29,344
69	TN07BE2219	20/10/2014	3,23,593	27,505
70	TN07BE2767	27/10/2014	3,26,732	27,772
71	TN07BE2878	28/10/2014	3,48,360	29,611

Sl. No.	Registration No. of vehicle	Permit validity upto	Cost of vehicle (in ₹)	Amount of Life time tax due (in ₹)
72	TN07BE3037	29/10/2014	3,48,360	29,611
73	TN07BE3249	02/11/2014	5,06,585	43,060
74	TN07BE3384	03/11/2014	3,26,732	27,772
75	TN07BE3474	04/11/2014	3,26,732	27,772
76	TN07BE4401	19/11/2014	3,31,732	28,197
77	TN07BE4558	22/11/2014	3,31,732	28,197
78	TN07BE4964	26/11/2014	5,06,585	43,060
79	TN07BE5045	29/11/2014	5,06,585	43,060
80	TN07BE6250	15/12/2014	3,21,731	27,347
81	TN07BE6770	23/12/2014	3,48,360	29,611
82	TN07BE7376	04/01/2015	3,43,361	29,186
83	TN07BE7768	06/01/2015	3,48,360	29,611
84	TN07BE9041	21/01/2015	3,21,732	27,347
85	TN07BE9352	26/01/2015	3,29,888	28,040
86	TN07BE9401	27/01/2015	3,51,516	29,879
87	TN07BE9825	31/01/2015	3,51,516	29,879
88	TN07BF0313	04/02/2015	3,46,516	29,454
89	TN07BF0804	09/02/2015	3,51,516	29,879
90	TN07BF1287	15/02/2015	3,39,889	28,891
91	TN07BF1434	16/02/2015	3,39,888	28,890
92	TN07BF1539	17/02/2015	3,51,516	29,879
93	TN07BF2153	23/02/2015	3,39,888	28,890
94	TN07BF2336	24/02/2015	3,51,516	29,879
95	TN07BF2694	01/03/2015	3,29,888	28,040
96	TN07BF2949	03/03/2015	3,39,889	28,891
97	TN07BF3353	08/03/2015	3,61,517	30,729
98	TN07BF3539	10/03/2015	3,39,889	28,891
99	TN07BF3903	14/03/2015	3,39,888	28,890
100	TN07BF3985	16/03/2015	3,34,888	28,465
101	TN07BF4963	25/03/2015	3,56,517	30,304
102	TN07BF5144	28/03/2015	3,34,489	28,432
103	TN07BF6099	30/03/2015	3,63,242	30,876
RTO Chennai West				
104	TN09AU4674	25/07/2012	5,36,000	45,560
105	TN09AZ8832	19/04/2014	5,09,099	43,273
106	TN09BA4296	17/06/2014	3,47,081	29,502
107	TN09BA5882	12/07/2014	3,47,081	29,502
108	TN09BB9859	20/12/2014	6,10,860	51,923
109	TN09BC7915	10/03/2015	6,49,000	55,165

Sl. No.	Registration No. of vehicle	Permit validity upto	Cost of vehicle (in ₹)	Amount of Life time tax due (in ₹)
RTO Coimbatore Central				
110	TN66A 3819	31/01/2015	2,24,445	19,078
111	TN66A 4009	31/01/2015	3,60,580	30,649
RTO Hosur				
112	TN24U 4401	04/05/2013	2,29,309	19,491
113	TN24U 5677	19/06/2013	2,50,000	21,250
114	TN24U 6231	22/06/2013	2,50,000	21,250
115	TN24U 6799	06/07/2013	3,43,942	29,235
116	TN24U 9102	07/09/2013	2,50,000	21,250
117	TN24U 9205	09/09/2013	2,50,000	21,250
118	TN24T 1616	10/11/2013	6,05,940	51,505
119	TN24T 1111	13/11/2013	3,43,942	29,235
120	TN24T 1837	23/11/2013	2,50,000	21,250
121	TN70 0381	06/01/2014	3,43,942	29,235
122	TN70 0783	20/01/2014	2,50,000	21,250
123	TN70 3263	05/04/2014	2,50,000	21,250
RTO Meenambakkam				
124	TN01V 9294	28/02/2013	3,49,857	29,738
125	TN02R 7578	15/05/2013	3,12,500	26,563
126	TN07AY1225	31/03/2009	3,98,151	33,843
127	TN22AD0605	30/06/2009	2,60,000	22,100
128	TN22AW0176	06/10/2012	3,38,000	28,730
129	TN22AW2521	07/02/2012	4,75,900	40,452
130	TN22AW6324	08/08/2012	3,37,915	28,723
131	TN22AW9214	09/04/2012	3,80,000	32,300
132	TN22AW9315	09/05/2012	3,30,005	28,050
133	TN22AW9669	09/06/2012	3,80,000	32,300
134	TN22AX1941	10/03/2012	3,30,005	28,050
135	TN22AX2152	10/04/2012	3,30,005	28,050
136	TN22AX2164	10/04/2012	6,70,000	56,950
137	TN22AX2397	10/07/2012	3,88,000	32,980
138	TN22AX3143	15/10/2012	3,35,992	28,559
139	TN22AX3697	21/10/2012	3,30,005	28,050
140	TN22AX3805	22/10/2012	3,30,005	28,050
141	TN22AX5519	11/11/2012	4,75,900	40,452
142	TN22AX6214	15/11/2012	4,10,000	34,850
143	TN22AX6769	21/11/2012	3,78,667	32,187
144	TN22AX7197	26/11/2012	3,30,005	28,050
145	TN22AX7542	29/11/2012	3,42,915	29,148

Sl. No.	Registration No. of vehicle	Permit validity upto	Cost of vehicle (in ₹)	Amount of Life time tax due (in ₹)
146	TN22AX7753	12/03/2012	4,10,000	34,850
147	TN22AX7825	12/04/2012	3,30,005	28,050
148	TN22AX8809	17/12/2012	4,10,000	34,850
149	TN22AX8850	18/12/2012	3,30,005	28,050
150	TN22AX8962	19/12/2012	3,30,005	28,050
151	TN22AX9239	25/12/2012	4,10,000	34,850
152	TN22BA0626	01/08/2013	4,40,000	37,400
153	TN22BA1204	13/01/2013	3,56,019	30,262
154	TN22BA1675	20/01/2013	4,21,220	35,804
155	TN22BA3893	02/05/2013	4,16,605	35,411
156	TN22BA4639	02/12/2013	3,30,005	28,050
157	TN22BA4951	14/02/2013	4,16,605	35,411
158	TN22BB1298	16/04/2013	3,74,965	31,872
159	TN22BB1875	23/04/2013	3,30,005	28,050
160	TN22BB1940	24/04/2013	3,89,112	33,075
161	TN22BB4912	25/05/2013	3,74,965	31,872
RTO Periakulam				
162	TN60J 4653	13/01/2012	3,86,314	32,837
163	TN60T 0315	13/03/2017	3,79,564	32,263
RTO Salem West				
164	TN30AE5820	26/07/2014	5,91,705	50,295
165	TN30AE5447	16/07/2014	2,98,029	25,332
166	TN30AE8849	16/09/2014	2,25,899	19,201
167	TN30AE4932	12/07/2014	2,36,707	20,120
168	TN30AF7824	04/09/2014	3,17,631	26,999
169	TN30AE7092	18/08/2014	3,28,925	27,959
170	TN30AC5281	12/08/2013	5,07,332	43,123
171	TN30AD6424	01/02/2014	3,11,907	26,512
172	TN30AD7869	01/03/2014	2,25,976	19,208
173	TN30AF3904	17/12/2014	3,29,202	27,982
174	TN30AD2125	19/10/2013	3,21,600	27,336
175	TN30AC9956	30/09/2013	3,18,870	27,104
Total				53,01,361

Annexure 7

(Referred to in Paragraph 4.3.8.5)

Statement showing the short collection of tax due to misclassification of contract carriages as Private Service Vehicles

(in ₹)

S.No	Vehicle Number	No of Seats	Name of Contractor	Name of the Company	Period of validity of permit		No of quarters upto 31.03.15	Total Tax paid at ₹ 500 per seat per quarter upto 31.03.15	Total Tax payable at ₹ 3000 per seat per quarter upto 31.03.15	Short collection of Tax
					From	To				
RTO Virudhunagar										
1	TN27C 6511	61	G. Prabhu	Sundaram Fasteners Limited	12/09/2010	11/09/2015	18	5,40,000	32,40,000	27,00,000
2	TN29J 4747	61	G. Prabhu	Sundaram Fasteners Limited	12/09/2010	11/09/2015	18	5,40,000	32,40,000	27,00,000
3	TN09L 0995	61	G. Prabhu	Sundaram Fasteners Limited	01/04/2012	31/03/2017	12	3,60,000	21,60,000	18,00,000
RTO Vellore										
4	TN07D 1999	19	M. Abdul Bari, Vellore	Florence shoe company Private Limited, Vellore	27/08/2012	26/08/2017	11	97,000	5,76,000	4,79,000
5	TN21AB2793	33	G. Rathinam, Vellore	Delta Shoes (P) Ltd. Vellore	27/05/2014	26/05/2019	4	64,000	3,84,000	3,20,000
6	TN22H 3090	33	M. Abdul Shuckar, Vellore	Sanghavis Shoes Accessories Private Limited, Vellore	15/12/2011	14/12/2016	14	2,01,600	13,44,000	11,42,400
7	TN23D 1122	59	V. Dhanasekaran, Vellore	Nag yang Shoes Private Limited, Vellore	29/09/2011	28/09/2016	15	3,65,401	26,10,000	22,44,599
8	TN28A 4444	54	M. Abdul Shuckar, Vellore	Florence Shoe Company Private Limited, Vellore	23/05/2011	22/05/2016	16	3,49,800	25,44,000	21,94,200
RTO Vaniyambadi										
9	TN38M 9669	61	M. Vijayalakshmi	ITARES Shoes P. Limited	7/8/2014	31/03/2015	3	90,000	5,40,000	4,50,000
10	TN21AD 0247	42	Mahendran	Anfas Shoes P. Limited	9/16/2014	31/03/2015	2	41,000	2,46,000	2,05,000
11	TN34A 7935	33	C.M. Nizamuddin	Delta Shoes P. Limited	7/16/2014	31/03/2015	3	48,000	2,88,000	2,40,000
12	TN67K 4129	42	Murugan	ITARES Shoes P. Limited	8/8/2014	31/03/2015	2	61,500	3,28,000	2,66,500

S.No	Vehicle Number	No of Seats	Name of Contractor	Name of the Company	Period of validity of permit		No of quarters upto 31.03.15	Total Tax paid at ₹ 500 per seat per quarter upto 31.03.15	Total Tax payable at ₹ 3000 per seat per quarter upto 31.03.15	Short collection of Tax
					From	To				
RTO Kancheepuram										
13	TN21AF 6076	55	Bagyalakshmi Enterprises	Sung-woo Hitech India	31/12/2014	31/03/2015	1	5,500	1,65,000	1,59,500
14	TN21AH 5505	55	Bagyalakshmi Enterprises	Protech Circuits & Systems	05/12/2014	31/03/2015	1	55,000	1,65,000	1,10,000
15	TN21AT 0779	27	Bagyalakshmi Enterprises	Bridgestone India Automotive Products	06/02/2014	31/03/2015	5	67,500	4,05,000	3,37,500
16	TN21AU 0168	41	V M Mithran	Flextronics India (P) Limited	21/02/2014	31/03/2015	5	1,02,500	6,15,000	5,12,500
17	TN31B 4569	57	MARS Transport	Kyungshin Industrial Motherson Limited	17/11/2013	31/03/2015	5	1,71,000	8,55,000	6,84,000
18	TN21AE 0465	33	Mekala Transports	Motherson Sumi System Limited	17/12/2013	31/03/2015	5	99,000	4,95,000	3,96,000
19	TN20CB 5916	32	Pushpa nathan Travels	Global India Automotive (P) Limited	02/07/2013	31/03/2015	7	1,12,000	6,72,000	5,60,000
RTO Hosur										
20	TN28AB 3556	61	Vishal Manjunath	Minda Industries	26/12/2013	25/12/2018	5	1,50,000	9,00,000	7,50,000
21	TN58M 4273	61	Vishal Manjunath	Minda Industries	01/07/2013	30/06/2018	7	2,10,000	12,60,000	10,50,000
22	TN49P 4807	61	Vishal Manjunath	Minda Industries	20/11/2014	19/11/2019	1	30,000	1,80,000	1,50,000
23	TN03A 8987	33	G. Sridhar	Caterpillar India	26/11/2013	25/11/2018	5	80,000	4,80,000	4,00,000
24	TN70L 4127	61	S.C. Venkatesan	Titan Company Limited	30/12/2013	29/12/2018	5	1,50,000	9,00,000	7,50,000
25	TN70L 4143	61	S.C. Venkatesan	Titan Company Limited	30/12/2013	29/12/2018	5	1,50,000	9,00,000	7,50,000
26	TN70L 4174	61	S.C. Venkatesan	Titan Company Limited	30/12/2013	29/12/2018	5	1,50,000	9,00,000	7,50,000
27	TN70L 4201	61	S.C. Venkatesan	Titan Company Limited	30/12/2013	29/12/2018	5	1,50,000	9,00,000	7,50,000
28	TN19A 3397	61	TVS Communication Solution	TVS Motor Company	24/10/2014	23/10/2019	2	58,750	3,60,000	3,01,250
29	TN19A 6384	61	TVS Communication Solution	TVS Motor Company	24/10/2014	23/10/2019	2	58,750	3,60,000	3,01,250
30	TN70J 2133	41	K. Harish	Film Industries	24/01/2013	23/01/2018	9	1,80,000	10,80,000	9,00,000
31	TN70J 2229	41	K. Harish	Film Industries	24/01/2013	23/01/2018	9	1,80,000	10,80,000	9,00,000

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S.No	Vehicle Number	No of Seats	Name of Contractor	Name of the Company	Period of validity of permit		No of quarters upto 31.03.15	Total Tax paid at ₹ 500 per seat per quarter upto 31.03.15	Total Tax payable at ₹ 3000 per seat per quarter upto 31.03.15	Short collection of Tax
					From	To				
32	TN70J 2730	41	K. Harish	Film Industries	31/01/2013	30/01/2018	9	1,80,000	10,80,000	9,00,000
33	TN70J 2823	41	K. Harish	Film Industries	31/01/2013	30/01/2018	9	1,80,000	10,80,000	9,00,000
34	TN70C 6594	61	M. Mallesh	AVTEC Ltd	17/04/2013	16/04/2018	8	2,40,000	14,40,000	12,00,000
RTO Coimbatore North										
35	TN38BE4406	56	Thangamman Travels	Robert Bosch Engineering and Business Solutions Limited	13/01/2011	12/01/2016	17	4,67,500	28,05,000	23,37,500
36	TN38BE4365	58	Thangamman Travels	Robert Bosch Engineering and Business Solutions Limited	13/01/2011	12/01/2016	17	4,84,500	29,07,000	24,22,500
37	TN38BK7367	33	Pooja Travels	SE Electricals Limited	25/11/2011	24/11/2016	14	2,24,000	13,44,000	11,20,000
RTO Chennai West										
38	TN25D 8583	57	Musher ahamed	Gammon India Limited	01/04/2012	31/03/2015	12	3,36,000	20,16,000	16,80,000
39	TN20AE4173	45	K. Venkatesh	RM Fashion	22/02/2013	31/03/2015	9	1,98,000	11,88,000	9,90,000
40	TN20BD8500	51	K. Venkatesh	RM Fashion	22/02/2013	31/03/2015	9	2,25,000	13,50,000	11,25,000
41	TN07AD7999	51	K. Kumar	Shoe line Limited	30/09/2013	31/03/2015	6	1,50,000	9,00,000	7,50,000
42	TN09BR5261	37	S. Kathiresan	Shoe line Limited	25/05/2014	31/03/2015	3	54,000	3,24,000	2,70,000
43	TN67A 1413	60	M. Rathinam	L&T Limited	01/04/2013	31/03/2015	9	2,65,500	15,93,000	13,27,500
44	TN09BD 6842	51	S. Swamynathan	L&T Limited	01/11/2013	31/03/2015	6	1,50,000	9,00,000	7,50,000
RTO Chennai South										
45	TN22BK3837	33	Saravanavel	Fortis Malar Hospitals Limited	01/07/2010	31/03/2015	19	2,22,340	18,24,000	16,01,660
46	TN32M9199	52	R. Anitha	Nokia Siemens Network (P) Limited	01/10/2010	31/03/2015	18	3,53,963	27,54,000	24,00,037
47	TN32M9222	52	K.P Rathinam	Nokia Siemens Network (P) Limited	01/10/2010	31/03/2015	18	3,53,963	27,54,000	24,00,037
48	TN01N0865	55	V.Thillaiivannan	Kar Construction	01/10/2010	31/03/2015	18	3,54,600	29,16,000	25,61,400

S.No	Vehicle Number	No of Seats	Name of Contractor	Name of the Company	Period of validity of permit		No of quarters upto 31.03.15	Total Tax paid at ₹ 500 per seat per quarter upto 31.03.15	Total Tax payable at ₹ 3000 per seat per quarter upto 31.03.15	Short collection of Tax
					From	To				
49	TN09H9599	61	P. Karvannan	Kar Construction	01/10/2010	31/03/2015	18	3,49,500	32,40,000	28,90,500
50	TN18F2833	41	D. Thomas	GEA BGR Energy Systems India Limited	01/10/2011	31/03/2015	14	2,28,320	16,80,000	14,51,680
51	TN21AH9590	33	S. Sarath Kumar	Vishwendra Agencies	01/04/2011	31/03/2015	16	2,27,450	15,36,000	13,08,550
52	TN18J5087	33	B. Venkateswaran	Vishwendra Agencies	01/04/2012	31/03/2015	12	1,96,250	11,52,000	9,55,750
53	TN21AK6796	33	S. Sarath Kumar	Vishwendra Agencies	01/04/2012	31/03/2015	12	2,08,250	1,15,2000	9,43,750
54	TN20AL1665	55	D. Elangovan	TNQ Books and Journals (P) Limited	01/04/2012	31/03/2015	13	3,32,100	21,06,000	17,73,900
55	TN21AX1327	51	D. Elangovan	TNQ Books and Journals (P) Limited	01/04/2012	31/03/2015	13	3,07,500	19,50,000	16,42,500
56	TN21AX1350	51	D. Elangovan	TNQ Books and Journals (P) Limited	01/04/2012	31/03/2015	13	3,07,500	19,50,000	16,42,500
57	TN21AE4096	42	D. Elangovan	TNQ Books and Journals (P) Limited	01/04/2012	31/03/2015	12	2,46,000	14,76,000	12,30,000
58	TNAQ7941	33	D. Elangovan	Newgen Imaging System (P) Limited	01/10/2010	31/03/2015	18	2,20,800	17,28,000	15,07,200
RTO Chennai Central										
59	TN28AB 3556	57	Vishnu Priya Travels & Transport	Orchid Chemicals & Pharmaceuticals Limited	16/03/2014	15/03/2019	4	1,50,000	7,00,000	5,50,000
TOTAL										6,58,85,663

Annexure 8

(Referred to in Paragraph 4.3.8.6)

Statement showing the short collection of tax in respect of Metropolitan Transport Corporation

Sl.No.	Vehicle Number	Plying		Distance in Kms	Permit Number	Permit valid from	Permit granted to ply		Seating capacity including standees	No. of quarters	Tax due per quarter	Tax paid per quarter	Total short collection
		From	To				From	To					
Town Service @ ₹358 per seat per quarter (₹ 325 + ₹ 33)													
1	TN01AN0553	Tambaram	Mahendra City	23.5	316/SCP/TN001/2012	21/11/2012	Kilkattalai	Poonamalle	73	10	26,134	7,300	1,88,340
2	TN01N4575	Tambaram	Chengalpet	29.5	850/SCP/TN001/2007	01/08/2007	Iyappanthangal	Fore Shore Estate	87	20	31,146	8,700	4,48,920
3	TN01N4720	Tambaram	Chengalpet	29.5	907/SCP/TN001/2007	03/09/2007	Mylapore	parrys	87	20	31,146	8,700	4,48,920
4	TN01N4824	Tambaram	Chengalpet	29.5	832/SCP/TN001/2007	10/09/2007	Tollgate	Q M Arts College	87	20	31,146	8,700	4,48,920
5	TN01N8453	Tambaram	Chengalpet	29.5	243/SCP/TN001/2009	14/11/2009	Thiruvannmiyur	Kilkattalai	71	20	25,418	7,100	3,66,360
6	TN01N9249	Tambaram	Chengalpet	29.5	470/SCP/TN001/2010	31/03/2010	Metropolitan Area	Metropolitan Area	71	20	25,418	7,100	3,66,360
7	TN01N9751	Tambaram	Chengalpet	29.5	/SCP/TN001/2011	23/08/2011	Saidapet	Madampakkam	73	15	26,134	7,300	2,82,510
8	TN01N9750	Tambaram	Chengalpet	29.5	/SCP/TN001/2011	23/08/2011	Saidapet	Madampakkam	73	15	26,134	7,300	2,82,510
9	TN01N9749	Tambaram	Chengalpet	29.5	/SCP/TN001/2011	23/08/2011	Tirupurur	Velacherry	73	15	26,134	7,300	2,82,510
10	TN01N9785	Tambaram	Chengalpet	29.5	103/SCP/TN001/2011	06/09/2011	Vallalar Nagar	Iyappanthangal	73	15	26,134	7,300	2,82,510
11	TN01N9849	Tambaram	Chengalpet	29.5	131/SCP/TN001/2011	09/11/2011	Broadway	Pallavaram	73	14	26,134	7,300	2,63,676
12	TN01AN0174	Tambaram	Chengalpet	29.5	247/SCP/TN001/2012	18/06/2012	Padappai	Kelampakkam	73	11	26,134	7,300	2,07,174
13	TN01AN0172	Tambaram	Chengalpet	29.5	248/SCP/TN001/2012	18/06/2012	Guduvancherry	Kelampakkam	73	11	26,134	7,300	2,07,174
14	TN01N4522	Tambaram	Chengalpet	29.5	389/SCP/TN001/2007	21/05/2007	Peravalur KN	Parrys	87	20	31,146	8,700	4,48,920
15	TN01N4538	Tambaram	Chengalpet	29.5	603/SCP/TN001/2003	02/07/2007	Besant Nagar	Vadapalani	87	20	31,146	8,700	4,48,920
16	TN01N9697	Tambaram	Chengalpet	29.5	64/SCP/TN001/2011	08/08/2011	Tambaram East	Kovalam	73	15	26,134	7,300	2,82,510
17	TN01N9724	Tambaram	Chengalpet	29.5	70/SCP/TN001/2010	08/08/2011	Tambaram	Villivakkam	73	15	26,134	7,300	2,82,510
18	TN01N9259	Tambaram	Chengalpet	29.5	48/SCP/TN001/2010	31/03/2010	ICF	T Nagar	71	20	25,418	7,100	3,66,360
19	TN01N9254	Tambaram	Chengalpet	29.5	477/SCP/TN001/2010	31/03/2010	Parrys	T Nagar	71	20	25,418	7,100	3,66,360
20	TN01N9715	Tambaram	Chengalpet	29.5	63/SCP/TN001/2011	08/08/2011	Tambaram East	Broadway	73	15	26,134	7,300	2,82,510
21	TN01N9184	Kundradur	Sunguvar-chatram	34.3	378/SCP/TN001/2010	23/03/2010	Saidapet	Kundrathur	71	20	25,418	7,100	3,66,360

Sl.No.	Vehicle Number	Plying		Distance in Kms	Permit Number	Permit valid from	Permit granted to ply		Seating capacity including standees	No. of quarters	Tax due per quarter	Tax paid per quarter	Total short collection
		From	To				From	To					
22	TN01N9274	Poonamalle	Perampakkam	34.6	436/SCP/TN001/2010	31/03/2010	Vadapalani	Parrys	71	20	25,418	7,100	3,66,360
23	TN01N9933	Hassthina-puram	Chengalpet	36	190/SCP/TN001/2012	02/04/2012	Pallavaram	Poonamalle	73	12	26,134	7,300	2,26,008
24	TN01N8551	Avadi	Sunguvar-chatram	37.8	300/SCP/TN001/2010	04/12/2009	Thiruverkadu	Thiruverkadu	71	20	25,418	7,100	3,66,360
25	TN01N9360	Avadi	Sunguvar-chatram	37.8	543/SCP/TN001/2010	06/04/2010	Broadway	K.K Nagar	71	20	25,418	7,100	3,66,360
26	TN01N9281	Vadapalani	Sunguvar-chatram	40.7	458/SCP/TN001/2010	31/03/2010	Kotturpuram	Villivakkam	71	20	25,418	7,100	3,66,360
27	TN01N8469	Vadapalani	Sunguvar-chatram	40.7	248/scp/TN0012010/	14/11/2009	Dr.Ambedkar Nagar	Anna Nagar West	71	20	25,418	7,100	3,66,360
28	TN01N9101	Vadapalani	Sunguvar-chatram	40.7	323/SCP/TN001/2010	18/03/2010	CMBT	CMBT	71	20	25,418	7,100	3,66,360
29	TN01N9117	Vadapalani	Sunguvar-chatram	40.7	322/SCP/TN001/2010	18/03/2010	CMBT	CMBT	71	20	25,418	7,100	3,66,360
30	TN01N9104	Vadapalani	Sunguvar-chatram	40.7	324/scp/TN001/2010	18/03/2010	CMBT	CMBT	71	20	25,418	7,100	3,66,360
31	TN01N8997	Vadapalani	Sunguvar-chatram	40.7	325/SCP/TN001/2010	18/03/2010	CMBT	CMBT	71	20	25,418	7,100	3,66,360
32	TN01N8402	Tambaram	Wallajabad	41.6	177/SCP/TN001/2009	22/10/2009	Parrys	Madipakkam	71	20	25,418	7,100	3,66,360
33	TN01N8377	Tambaram	Wallajabad	41.6	192/SCP/TN001/2009	22/10/2009	Velachery	Tambaram	71	20	25,418	7,100	3,66,360
34	TN01N8388	Tambaram	Wallajabad	41.6	186/SCP/TN001/2009	22/10/2009	Little Mount	Poonamalle	71	20	25,418	7,100	3,66,360
35	TN01N9237	Tambaram	Wallajabad	41.6	488/SCP/TN001/2009	31/03/2010	Broadway	Kilkattalai	71	20	25,418	7,100	3,66,360
36	TN01N4523	Tambaram	Wallajabad	41.6	/SCP/TN001/2007	21/05/2007	K.K.Nagar	Vallalar Nagar	87	20	31,146	8,700	4,48,920
37	TN01N4552	Tambaram	Wallajabad	41.6	617/SCP/TN001/2007	13/07/2007	Mylapore	Medavakkam	87	20	31,146	8,700	4,48,920
38	TN01N4614	Tambaram	Wallajabad	41.6	942/SCP/TN001/2007	10/08/2007	Broadway	Vandalur Zoo	87	20	31,146	8,700	4,48,920
39	TN01N9299	T Nagar	Sunguvar-chatram	44.5	210/SCP/TN001/2010	30/03/2010	Perambur	Annasquare	71	20	25,418	7,100	3,66,360
40	TN01N9264	T Nagar	Sunguvar-chatram	44.5	511/SCP/TN001/2010	31/03/2010	Parrys	T Nagar	71	20	25,418	7,100	3,66,360
41	TN01N9243	T Nagar	Sunguvar-chatram	44.5	433/SCP/TN001/2010	31/03/2010	Vadapalani	Parrys	71	20	25,418	7,100	3,66,360
42	TN01N9103	T Nagar	Sunguvar-chatram	44.5	282/SCP/TN001/2010	18/03/2010	Thiruverkadu	Tambaram	71	20	25,418	7,100	3,66,360
43	TN01N8193	T Nagar	Sunguvar-chatram	44.5	41/SCP/TN001/2009	06/10/2009	Little Mount	Poonamalle	71	20	25,418	7,100	3,66,360
44	TN01N8791	T Nagar	Sunguvar-chatram	44.5	149/SCP/TN001/2010	27/02/2010	Egmore	Tiruvanmiyur	71	20	25,418	7,100	3,66,360

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Sl.No.	Vehicle Number	Plying		Distance in Kms	Permit Number	Permit valid from	Permit granted to ply		Seating capacity including standees	No. of quarters	Tax due per quarter	Tax paid per quarter	Total short collection
		From	To				From	To					
45	TN01N8798	T Nagar	Sunguvar-chatram	44.5	171/SCP/TN001/2010	27/02/2010	High Court	Tambaram	71	20	25,418	7,100	3,66,360
46	TN01N8815	T Nagar	Sunguvar-chatram	44.5	172/SCP/TN001/2010	01/03/2010	High Court	Tambaram	71	20	25,418	7,100	3,66,360
47	TN01N8821	T Nagar	Sunguvar-chatram	44.5	165/SCP/TN001/2010	27/02/2010	High Court	Tambaram	71	20	25,418	7,100	3,66,360
48	TN01N8905	T Nagar	Sunguvar-chatram	44.5	201/SCP/TN001/2010	12/03/2010	Ennore	Triplicane	71	20	25,418	7,100	3,66,360
49	TN01N9951	Velachery	Chengalpet	45	184/SCP/TN001/2012	02/04/2012	Velachery	Guduvancherry	73	12	26,134	7,300	2,26,008
50	TN01N9959	Velachery	Chengalpet	45	185/SCP/TN001/2012	02/04/2012	Velachery	Guduvancherry	73	12	26,134	7,300	2,26,008
51	TN01N0475	Velachery	Chengalpet	45	306/SCP/TN001/2012	04/09/2012	Agaramthen	T Nagar	73	10	26,134	7,300	1,88,340
52	TN01N0514	Velachery	Chengalpet	45	273/SCP/TN001/2012	04/09/2012	Kilkattalai	Oragadam	73	10	26,134	7,300	1,88,340
53	TN01N9238	Vadapalani	Perampakkam	45.6	459/SCP/TN001/2010	31/03/2010	Adayar	Villivakkam	71	20	25,418	7,100	3,66,360
54	TN01N8768	CMBT	Perampakkam	45.6	90/SCP/TN001/2010	17/02/2010	Broadway	Pudur	71	20	25,418	7,100	3,66,360
55	TN01N8968	CMBT	Perampakkam	45.6	260/SCP/TN001/2010	12/03/2010	Ambedkar Bridge	Anna Nagar West	71	20	25,418	7,100	3,66,360
56	TN01N9523	Tiruvan-miyur	Sunguvar-chatram	49	672/SCP/TN001/2010	21/04/2010	Saidapet	parrys	71	20	25,418	7,100	3,66,360
57	TN01N9303	Tiruvan-miyur	Sunguvar-chatram	49	442/SCP/TN001/2010	31/03/2010	Parrys	Saidapet West	71	20	25,418	7,100	3,66,360
58	TN01N9220	Tiruvan-miyur	Sunguvar-chatram	49	445/SCP/TN001/2011	31/03/2010	Parrys	Velachery	71	20	25,418	7,100	3,66,360
59	TN01N8451	Tiruvan-miyur	Sunguvar-chatram	49	246/SCP/TN001/2012	14/11/2009	Vadapalani	Ambattur	71	20	25,418	7,100	3,66,360
60	TN01N9416	Tiruvan-miyur	Sunguvar-chatram	49	591/SCP/TN001/2013	14/11/2009	High Court	Thiruvotiyur	71	20	25,418	7,100	3,66,360
61	TN01N8501	Tiruvan-miyur	Sunguvar-chatram	49	236/SCP/TN001/2014	06/04/2010	Parrys	Avadi	71	20	25,418	7,100	3,66,360
62	TN01N8427	Broadway	Mahendra City	49.9	330/SCP/TN001/2008	07/11/2009	Annanagar West	Tiruvanmiyur	62	20	22,196	6,200	3,19,920
63	TN01N9273	Broadway	Mahendra City	49.9	495/SCP/TN001/2010	31/03/2010	Koratur	Besant Nagar	71	20	25,418	7,100	3,66,360
64	TN01N8996	Broadway	Mahendra City	49.9	313/SCP/TN001/2010	18/03/2010	Parrys	Velachery	71	20	25,418	7,100	3,66,360
65	TN01N7765	Broadway	Mahendra City	49.9	297/SCP/TN001/2010	18/03/2010	Arumbakkam	parrys	71	20	25,418	7,100	3,66,360
66	TN01N8376	Tambaram	Mamallapuram	50	181/SCP/TN001/2009	12/03/2010	Saidapet	Kundrathur	71	20	25,418	7,100	3,66,360
67	TN01N8460	Tambaram	Mamallapuram	50	264/SCP/TN001/2009	14/11/2009	Adayar	Kilkattalai	71	20	25,418	7,100	3,66,360
68	TN01N8334	Tambaram	Mamallapuram	50	119/SCP/TN001/2009	20/10/2009	Parrys	Kodungaiyur	71	20	25,418	7,100	3,66,360

Sl.No.	Vehicle Number	Plying		Distance in Kms	Permit Number	Permit valid from	Permit granted to ply		Seating capacity including standees	No. of quarters	Tax due per quarter	Tax paid per quarter	Total short collection
		From	To				From	To					
69	TN01N8339	Tambaram	Mamallapuram	50	153/SCP/TN001/2009	20/10/2009	Broadway	Kilkattalai	71	20	25,418	7,100	3,66,360
70	TN01N8568	Tambaram	Mamallapuram	50	328/SCP/TN001/2010	05/12/2009	Vallalar Nagar	Thiruverkadu	71	20	25,418	7,100	3,66,360
71	TN01N8526	Tambaram	Mamallapuram	50	292/SCP/TN001/2009	03/12/2009	Parrys	Saidapet West	71	20	25,418	7,100	3,66,360
72	TN01N8472	Tambaram	Mamallapuram	50	250/SCP/TN001/2009	14/11/2009	Saidapet	Koyambedu Market	71	20	25,418	7,100	3,66,360
73	TN01N8452	Tambaram	Mamallapuram	50	232/SCP/TN001/2009	14/11/2009	Parrys	Mandaveli	71	20	25,418	7,100	3,66,360
74	TN01N8527	Tambaram	Mamallapuram	50	290/SCP/TN001/2009	03/12/2009	High Court	Tambaram	71	20	25,418	7,100	3,66,360
75	TN01N8326	Tambaram	Mamallapuram	50	149/SCP/TN001/2009	20/10/2009	Parrys	K.K Nagar	71	20	25,418	7,100	3,66,360
76	TN01N8327	Tambaram	Mamallapuram	50	146/SCP/TN001/2009	22/10/2009	Adayar	Injambakkam	71	20	25,418	7,100	3,66,360
Town Service Total													2,64,94,278
Mofussil Service @ ₹ 500 per seat per quarter													
1	TN01N9478	CMBT	Chengalpet	50.6	617/SCP/TN001/2010	14/04/2010	CMBT	Annasquare	62	20	31,000	6,200	4,96,000
2	TN01N9475	CMBT	Chengalpet	50.6	613/SCP/TN001/2010	14/04/2010	Broadway	Mogappair	62	20	31,000	6,200	4,96,000
3	TN01N8241	Adayar	Mamallapuram	51	52/SCP/TN001/2009	06/10/2009	Koyambedu	Triplicane	71	20	35,500	7,100	5,68,000
4	TN01N8203	Adayar	Mamallapuram	51	53/SCP/TN001/2009	06/10/2009	Little Mount	Poonamalle	71	20	35,500	7,100	5,68,000
5	TN01N8194	Adayar	Mamallapuram	51	54/SCP/TN001/2009	06/10/2009	Koyambedu	Triplicane	71	20	35,500	7,100	5,68,000
6	TN01N8368	Adayar	Mamallapuram	51	184/SCP/TN001/2009	22/10/2009	Guindy Estate	Vivekanada House	71	20	35,500	7,100	5,68,000
7	TN01N8215	Adayar	Mamallapuram	51	28/SCP/TN001/2009	06/10/2009	Parrys	K.K Nagar	71	20	35,500	7,100	5,68,000
8	TN01N8271	Adayar	Mamallapuram	51	/SCP/TN001/2009	10/10/2009	Mangadu	Koyambedu Market	71	20	35,500	7,100	5,68,000
9	TN01N8359	Adayar	Mamallapuram	51	155/SCP/TN001/2009	20/10/2009	Parrys	Mylapore	71	20	35,500	7,100	5,68,000
10	TN01N8915	T Nagar	Perampakkam	51.4	213/SCP/TN001/2010	12/03/2010	Vivekanadha House	Collector Nagar	71	20	35,500	7,100	5,68,000
11	TN01N8920	T Nagar	Perampakkam	51.4	218/SCP/TN001/2010	12/03/2010	Vallalar Nagar	K.K Nagar	71	20	35,500	7,100	5,68,000
12	TN01N9336	T Nagar	Mamallapuram	57	515/SCP/TN001/2010	31/03/2010	T Nagar	Tiruverkadu	71	20	35,500	7,100	5,68,000
13	TN01N8502	T Nagar	Mamallapuram	57	241/SCP/TN001/2009	14/11/2009	Moolakadai	Toll gate	71	20	35,500	7,100	5,68,000
14	TN01N8399	T Nagar	Mamallapuram	57	190/SCP/TN001/2009	22/10/2009	Little Mount	Poonamalle	71	20	35,500	7,100	5,68,000
15	TN01N8904	T Nagar	Mamallapuram	57	214/SCP/TN001/2010	06/10/2009	Vallalar Nagar	Pudur	71	20	35,500	7,100	5,68,000
16	TN01N8931	T Nagar	Mamallapuram	57	/SCP/TN001/2010	06/10/2009	A I Estate	Kamaraj Nagar	71	20	35,500	7,100	5,68,000

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Sl.No.	Vehicle Number	Plying		Distance in Kms	Permit Number	Permit valid from	Permit granted to ply		Seating capacity including standees	No. of quarters	Tax due per quarter	Tax paid per quarter	Total short collection
		From	To				From	To					
17	TN01N8650	T Nagar	Kanchipuram	74	5/SCP/TN001/2010	06/01/2010	Adayar	Tambaram East	62	20	31,000	6,200	4,96,000
18	TN01N8643	T Nagar	Kanchipuram	74	6/SCP/TN001/2010	06/01/2010	Adayar	Ambattur OT	62	20	31,000	6,200	4,96,000
19	TN01N8637	T Nagar	Kanchipuram	74	8/SCP/TN001/2010	06/01/2010	Vadapalani	Besant Nagar	62	20	31,000	6,200	4,96,000
20	TN01N8672	T Nagar	Kanchipuram	74	10/SCP/TN001/2010	06/01/2010	T Nagar	Tiruverkadu	62	20	31,000	6,200	4,96,000
21	TN01N9482	T Nagar	Kanchipuram	74	630/SCP/TN001/2010	06/01/2010	Tambaram	Kelambakkam	62	20	31,000	6,200	4,96,000
22	TN01N9599	T Nagar	Kanchipuram	74	685/SCP/TN001/2010	18/08/2010	T Nagar	Kelambakkam	62	19	31,000	6,200	4,71,200
23	TN01N8659	T Nagar	Kanchipuram	74	15/SCP/TN001/2010	06/01/2010	Thiru Vi Ka Nagar	Guindy Estate	62	20	31,000	6,200	4,96,000
24	TN01N8641	T Nagar	Kanchipuram	74	10/SCP/TN001/2010	06/01/2010	Vadapalani	Foreshore Estate	62	20	31,000	6,200	4,96,000
25	TN01N8692	T Nagar	Kanchipuram	74	43/SCP/TN001/2010	06/01/2010	Broadway	Iyappanthangal	62	20	31,000	6,200	4,96,000
26	TN01N9459	T Nagar	Kanchipuram	74	614/SCP/TN001/2010	14/04/2010	Broadway	Iyappanthangal	62	20	31,000	6,200	4,96,000
27	TN01N9473	T Nagar	Kanchipuram	74	623/SCP/TN001/2010	14/04/2010	Redhills	Tambaram	62	20	31,000	6,200	4,96,000
28	TN01N9454	T Nagar	Kanchipuram	74	626/SCP/TN001/2010	14/04/2010	Avadi	Tambaram	62	20	31,000	6,200	4,96,000
29	TN01N9589	T Nagar	Kanchipuram	74	690/SCP/TN001/2010	13/08/2010	Redhills	Vandalur Zoo	62	19	31,000	6,200	4,71,200
Mofussil service Total													1,53,42,400
Town and Mofussil service Total													4,18,36,678

Annexure 9

(Referred to in Paragraph 4.3.9.3)

Statement showing penalty leviable for violation of permit conditions by State Transport Undertaking

(in ₹)

Sl. No.	Vehicle Number	Plying		Permit Number	Permit valid from	Permit granted to ply		No. of days from issue of permit upto 31.03.2015	Penalty for 1st day	Penalty for subsequent days	Total Penalty
		From	To			From	To				
1	TN01N8650	T.Nagar	Kanchipuram	5/SCP/TN001/2010	06/01/2010	Adayar	Tambaram East	1826	7,500	1,82,50,000	1,82,57,500
2	TN01N8643	T.Nagar	Kanchipuram	6/SCP/TN001/2010	06/01/2010	Tiruvanmiyur	Ambattur OT	1826	7,500	1,82,50,000	1,82,57,500
3	TN01N8637	T.Nagar	Kanchipuram	8/SCP/TN001/2010	06/01/2010	Vadapalani	Besant Nagar	1826	7,500	1,82,50,000	1,82,57,500
4	TN01N8672	T.Nagar	Kanchipuram	10/SCP/TN001/2010	06/01/2010	T.Nagar	Tiruverkadu	1826	7,500	1,82,50,000	1,82,57,500
5	TN01N9482	T.Nagar	Kanchipuram	630/SCP/TN001/2010	06/01/2010	Tambaram	Kelampakkam	1826	7,500	1,82,50,000	1,82,57,500
6	TN01N9599	T.Nagar	Kanchipuram	685/SCP/TN001/2010	18/08/2010	T.Nagar	Kelampakkam	1687	7,500	1,68,60,000	1,68,67,500
7	TN01N8659	T.Nagar	Kanchipuram	15/SCP/TN001/2010	06/01/2010	Thiru Vi Ka Nagar	Guindy Estate	1826	7,500	1,82,50,000	1,82,57,500
8	TN01N8641	T.Nagar	Kanchipuram	10/SCP/TN001/2010	06/01/2010	Vadapalani	Foreshore Estate	1826	7,500	1,82,50,000	1,82,57,500
9	TN01N8692	T.Nagar	Kanchipuram	43/SCP/TN001/2010	06/01/2010	Broadway	Iyyapanthangal	1826	7,500	1,82,50,000	1,82,57,500
10	TN01N9459	T.Nagar	Kanchipuram	614/SCP/TN001/2010	14/04/2010	Broadway	Iyyapanthangal	1813	7,500	1,81,20,000	1,81,27,500
11	TN01N9473	T.Nagar	Kanchipuram	623/SCP/TN001/2010	14/04/2010	Redhills	Tambaram	1813	7,500	1,81,20,000	1,81,27,500
12	TN01N9454	T.Nagar	Kanchipuram	626/SCP/TN001/2010	14/04/2010	Avadi	Tambaram	1813	7,500	1,81,20,000	1,81,27,500
13	TN01N9589	T.Nagar	Kanchipuram	690/SCP/TN001/2010	13/08/2010	Redhills	Vandalur Zoo	1692	7,500	1,69,10,000	1,69,17,500
14	TN01N8551	Avadi	Sunguvarchatram	300/SCP/TN001/2010	04/12/2009	Tiruverkadu	Tiruverkadu	1826	7,500	1,82,50,000	1,82,57,500
15	TN01N9360	Avadi	Sunguvarchatram	543/SCP/TN001/2010	06/04/2010	Broadway	K.K Nagar	1821	7,500	1,82,00,000	1,82,07,500
16	TN01N9184	Kundrathur	Sunguvarchatram	378/SCP/TN001/2010	23/03/2010	Saidapet	Kunratur	1826	7,500	1,82,50,000	1,82,57,500
17	TN01N9281	Vadapalani	Sunguvarchatram	458/SCP/TN001/2010	31/03/2010	Kotturpuram	Villivakkam	1826	7,500	1,82,50,000	1,82,57,500
18	TN01N8469	Vadapalani	Sunguvarchatram	248/SCP/TN001/2010/	14/11/2009	Dr. Ambedkar Nagar	Annanagar West	1826	7,500	1,82,50,000	1,82,57,500
19	TN01N9101	Vadapalani	Sunguvarchatram	323/SCP/TN001/2010	18/03/2010	CMBT	CMBT	1826	7,500	1,82,50,000	1,82,57,500
20	TN01N9117	Vadapalani	Sunguvarchatram	322/SCP/TN001/2010	18/03/2010	CMBT	CMBT	1826	7,500	1,82,50,000	1,82,57,500
21	TN01N9104	Vadapalani	Sunguvarchatram	324/ SCP/TN001/2010	18/03/2010	CMBT	CMBT	1826	7,500	1,82,50,000	1,82,57,500
22	TN01N8997	Vadapalani	Sunguvarchatram	325/SCP/TN001/2010	18/03/2010	CMBT	CMBT	1826	7,500	1,82,50,000	1,82,57,500
23	TN01N9523	Tiruvanmiyur	Sunguvarchatram	672/SCP/TN001/2010	21/04/2010	Saidapet	Parrys	1806	7,500	1,80,50,000	1,80,57,500

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Sl. No.	Vehicle Number	Plying		Permit Number	Permit valid from	Permit granted to ply		No. of days from issue of permit upto 31.03.2015	Penalty for 1st day	Penalty for subsequent days	Total Penalty
		From	To			From	To				
24	TN01N9303	Tiruvanmiyur	Sunguvarchatram	442/SCP/TN001/2010	31/03/2010	Parrys	Saidapet West	1826	7,500	1,82,50,000	1,82,57,500
25	TN01N9220	Tiruvanmiyur	Sunguvarchatram	445/SCP/TN001/2011	31/03/2010	Parrys	Velachery	1826	7,500	1,82,50,000	1,82,57,500
26	TN01N8451	Tiruvanmiyur	Sunguvarchatram	246/SCP/TN001/2012	14/11/2009	Vadapalani	Ambattur	1826	7,500	1,82,50,000	1,82,57,500
27	TN01N9416	Tiruvanmiyur	Sunguvarchatram	591/SCP/TN001/2013	14/11/2009	High Court	Tiruvottiyur	1826	7,500	1,82,50,000	1,82,57,500
28	TN01N8501	Tiruvanmiyur	Sunguvarchatram	236/SCP/TN001/2014	06/04/2010	Parrys	Avadi	1821	7,500	1,82,00,000	1,82,07,500
29	TN01N9299	T.Nagar	Sunguvarchatram	210/SCP/TN001/2010	30/03/2010	Perambur	Annasqure	1826	7,500	1,82,50,000	1,82,57,500
30	TN01N9264	T.Nagar	Sunguvarchatram	511/SCP/TN001/2010	31/03/2010	Parrys	T.Nagar	1826	7,500	1,82,50,000	1,82,57,500
31	TN01N9243	T.Nagar	Sunguvarchatram	433/SCP/TN001/2010	31/03/2010	Vadapalani	Parrys	1826	7,500	1,82,50,000	1,82,57,500
32	TN01N9103	T.Nagar	Sunguvarchatram	282/SCP/TN001/2010	18/03/2010	Tiruverkadu	Tambaram	1826	7,500	1,82,50,000	1,82,57,500
33	TN01N8193	T.Nagar	Sunguvarchatram	41/SCP/TN001/2009	06/10/2009	Little Mount	Poonamalle	1826	7,500	1,82,50,000	1,82,57,500
34	TN01N8791	T.Nagar	Sunguvarchatram	149/SCP/TN001/2010	27/02/2010	Egmore	Tiruvanmiyur	1826	7,500	1,82,50,000	1,82,57,500
35	TN01N8798	T.Nagar	Sunguvarchatram	171/SCP/TN001/2010	27/02/2010	High Court	Tambaram	1826	7,500	1,82,50,000	1,82,57,500
36	TN01N8815	T.Nagar	Sunguvarchatram	172/SCP/TN001/2010	01/03/2010	High Court	Tambaram	1826	7,500	1,82,50,000	1,82,57,500
37	TN01N8821	T.Nagar	Sunguvarchatram	165/SCP/TN001/2010	27/02/2010	High Court	Tambaram	1826	7,500	1,82,50,000	1,82,57,500
38	TN01N8905	T.Nagar	Sunguvarchatram	201/SCP/TN001/2010	12/03/2010	Ennore	Triplicane	1826	7,500	1,82,50,000	1,82,57,500
39	TN01N8427	Broadway	Mahendra city	330/SCP/TN001/2008	07/11/2009	Annanagar west	Tiruvanmiyur	1826	7,500	1,82,50,000	1,82,57,500
40	TN01N9273	Broadway	Mahendra city	495/SCP/TN001/2010	31/03/2010	Korattur	Besant Nagar	1826	7,500	1,82,50,000	1,82,57,500
41	TN01N8996	Broadway	Mahendra city	313/SCP/TN001/2010	18/03/2010	Parrys	Velacherry	1826	7,500	1,82,50,000	1,82,57,500
42	TN01N7765	Broadway	Mahendra city	297/SCP/TN001/2010	18/03/2010	Arumpakkam	Parrys	1826	7,500	1,82,50,000	1,82,57,500
43	TN01N9478	CMBT	Chengalpet	617/SCP/TN001/2010	14/04/2010	CMBT	Annasqure	1813	7,500	1,81,20,000	1,81,27,500
44	TN01N9475	CMBT	Chengalpet	613/SCP/TN001/2010	14/04/2010	Broadway	Mogappair	1813	7,500	1,81,20,000	1,81,27,500
45	TN01N4575	Tambaram	Chengalpet	850/SCP/TN001/2007	01/08/2007	Iyyapanthangal	Foreshore Estate	1826	7,500	1,82,50,000	1,82,57,500
46	TN01N4720	Tambaram	Chengalpet	907/SCP/TN001/2007	03/09/2007	Mylapore	Parrys	1826	7,500	1,82,50,000	1,82,57,500
47	TN01N4824	Tambaram	Chengalpet	832/SCP/TN001/2007	10/09/2007	Tollgate	Q M Arts College	1826	7,500	1,82,50,000	1,82,57,500
48	TN01N8453	Tambaram	Chengalpet	243/SCP/TN001/2009	14/11/2009	Thiruvanmiyur	Kilkattalai	1826	7,500	1,82,50,000	1,82,57,500
49	TN01N9249	Tambaram	Chengalpet	470/SCP/TN001/2010	31/03/2010	Metropolitan Area	Metropolitan Area	1826	7,500	1,82,50,000	1,82,57,500
50	TN01N9751	Tambaram	Chengalpet	/SCP/TN001/2011	23/08/2011	Saidapet	Madambakkam	1317	7,500	1,31,60,000	1,31,67,500
51	TN01N9750	Tambaram	Chengalpet	/SCP/TN001/2011	23/08/2011	Saidapet	Madambakkam	1317	7,500	1,31,60,000	1,31,67,500

Sl. No.	Vehicle Number	Plying		Permit Number	Permit valid from	Permit granted to ply		No. of days from issue of permit upto 31.03.2015	Penalty for 1st day	Penalty for subsequent days	Total Penalty
		From	To			From	To				
52	TN01N9749	Tamparam	Chengalpet	/SCP/TN001/2011	23/08/2011	Tiruporur	Velacherry	1317	7,500	1,31,60,000	1,31,67,500
53	TN01N9785	Tamparam	Chengalpet	103/SCP/TN001/2011	06/09/2011	Vallalar Nagar	Iyyapanthangal	1303	7,500	1,30,20,000	1,30,27,500
54	TN01N9849	Tamparam	Chengalpet	131/SCP/TN001/2011	09/11/2011	Broadway	Pallavaram	1239	7,500	1,23,80,000	1,23,87,500
55	TN01AN0174	Tamparam	Chengalpet	247/SCP/TN001/2012	18/06/2012	Padappai	Kelampakkam	1017	7,500	1,01,60,000	1,01,67,500
56	TN01AN0172	Tamparam	Chengalpet	248/SCP/TN001/2012	18/06/2012	Guduvancherry	Kelampakkam	1017	7,500	1,01,60,000	1,01,67,500
57	TN01N4522	Tamparam	Chengalpet	389/SCP/TN001/2007	21/05/2007	Peravallur KN	Parrys	1826	7,500	1,82,50,000	1,82,57,500
58	TN01N4538	Tamparam	Chengalpet	603/SCP/TN001/2003	02/07/2007	Besant Nagar	Vadapalani	1826	7,500	1,82,50,000	1,82,57,500
59	TN01N9697	Tamparam	Chengalpet	64/SCP/TN001/2011	08/08/2011	Tamparam East	Kovalam	1332	7,500	1,33,10,000	1,33,17,500
60	TN01N9724	Tamparam	Chengalpet	70/SCP/TN001/2010	08/08/2011	Tamparam	Villivakkam	1332	7,500	1,33,10,000	1,33,17,500
61	TN01N9259	Tamparam	Chengalpet	48/SCP/TN001/2010	31/03/2010	ICF	T.Nagar	1826	7,500	1,82,50,000	1,82,57,500
62	TN01N9254	Tamparam	Chengalpet	477/SCP/TN001/2010	31/03/2010	Parrys	T.Nagar	1826	7,500	1,82,50,000	1,82,57,500
63	TN01N9715	Tamparam	Chengalpet	63/SCP/TN001/2011	08/08/2011	Tamparam East	Broadway	1332	7,500	1,33,10,000	1,33,17,500
64	TN01N9933	Hastinapuram	Chengalpet	190/SCP/TN001/2012	02/04/2012	Pallavaram	Poonamalle	1094	7,500	1,09,30,000	1,09,37,500
65	TN01N9951	Velachery	Chengalpet	184/SCP/TN001/2012	02/04/2012	Velachery	Guduvancherry	1094	7,500	1,09,30,000	1,09,37,500
66	TN01N9959	Velachery	Chengalpet	185/SCP/TN001/2012	02/04/2012	Velachery	Guduvancherry	1094	7,500	1,09,30,000	1,09,37,500
67	TN01N0475	Velachery	Chengalpet	306/SCP/TN001/2012	04/09/2012	Agaramthen	T.Nagar	939	7,500	93,80,000	93,87,500
68	TN01N0514	Velachery	Chengalpet	273/SCP/TN001/2012	04/09/2012	Kilkattalai	Oragadam	939	7,500	93,80,000	93,87,500
69	TN01N8915	T.Nagar	Perambakkam	213/SCP/TN001/2010	12/03/2010	Vivekananda House	Collector Nagar	1826	7,500	1,82,50,000	1,82,57,500
70	TN01N8920	T.Nagar	Perambakkam	218/SCP/TN001/2010	12/03/2010	Vallalar Nagar	K.K Nagar	1826	7,500	1,82,50,000	1,82,57,500
71	TN01N9238	Vadapalani	Perambakkam	459/SCP/TN001/2010	31/03/2010	Adyar	Villivakkam	1826	7,500	1,82,50,000	1,82,57,500
72	TN01N9274	Poonamalle	Perambakkam	436/SCP/TN001/2010	31/03/2010	Vadapalani	Parrys	1826	7,500	1,82,50,000	1,82,57,500
73	TN01N8768	CMBT	Perambakkam	90/SCP/TN001/2010	17/02/2010	Broadway	Pudur	1826	7,500	1,82,50,000	1,82,57,500
74	TN01N8968	CMBT	Perambakkam	260/SCP/TN001/2010	12/03/2010	Ambedkar Bridge	Annanagar West	1826	7,500	1,82,50,000	1,82,57,500
75	TN01N9336	T.Nagar	Mamallapuram	515/SCP/TN001/2010	31/03/2010	T.Nagar	Tiruverkadu	1826	7,500	1,82,50,000	1,82,57,500
76	TN01N8502	T.Nagar	Mamallapuram	241/SCP/TN001/2009	14/11/2009	Moolakadai	Tollgate	1826	7,500	1,82,50,000	1,82,57,500
77	TN01N8399	T.Nagar	Mamallapuram	190/SCP/TN001/2009	22/10/2009	Little Mount	Poonamalle	1826	7,500	1,82,50,000	1,82,57,500
78	TN01N8904	T.Nagar	Mamallapuram	214/SCP/TN001/2010	06/10/2009	Vallalar Nagar	Pudur	1826	7,500	1,82,50,000	1,82,57,500
79	TN01N8931	T.Nagar	Mamallapuram	/SCP/TN001/2010	06/10/2009	A I Estate	Kamaraj Nagar	1826	7,500	1,82,50,000	1,82,57,500

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		From	To			From	To				
80	TN01N8241	Adayar	Mamallapuram	52/SCP/TN001/2009	06/10/2009	Koyambedu	Triplicane	1826	7,500	1,82,50,000	1,82,57,500
81	TN01N8203	Adayar	Mamallapuram	53/SCP/TN001/2009	06/10/2009	Little Mount	Poonamalle	1826	7,500	1,82,50,000	1,82,57,500
82	TN01N8194	Adayar	Mamallapuram	54/SCP/TN001/2009	06/10/2009	Koyambedu	Triplicane	1826	7,500	1,82,50,000	1,82,57,500
83	TN01N8368	Adayar	Mamallapuram	184/SCP/TN001/2009	22/10/2009	Guindy Estate	Vivekananda House	1826	7,500	1,82,50,000	1,82,57,500
84	TN01N8215	Adayar	Mamallapuram	28/SCP/TN001/2009	06/10/2009	Parrys	K.K Nagar	1826	7,500	1,82,50,000	1,82,57,500
85	TN01N8271	Adayar	Mamallapuram	/SCP/TN001/2009	10/10/2009	Mangadu	Koyambedu Market	1826	7,500	1,82,50,000	1,82,57,500
86	TN01N8359	Adayar	Mamallapuram	155/SCP/TN001/2009	20/10/2009	Parrys	Mylapore	1826	7,500	1,82,50,000	1,82,57,500
87	TN01N8376	Tambaram	Mamallapuram	181/SCP/TN001/2009	12/03/2010	Saidapet	Kunratur	1826	7,500	1,82,50,000	1,82,57,500
88	TN01N8460	Tambaram	Mamallapuram	264/SCP/TN001/2009	14/11/2009	Adyar	Kilkattalai	1826	7,500	1,82,50,000	1,82,57,500
89	TN01N8334	Tambaram	Mamallapuram	119/SCP/TN001/2009	20/10/2009	Parrys	Kodungaiyur	1826	7,500	1,82,50,000	1,82,57,500
90	TN01N8339	Tambaram	Mamallapuram	153/SCP/TN001/2009	20/10/2009	Broadway	Kilkattalai	1826	7,500	1,82,50,000	1,82,57,500
91	TN01N8568	Tambaram	Mamallapuram	328/SCP/TN001/2010	05/12/2009	Vallalar Nagar	Tiruverkadu	1826	7,500	1,82,50,000	1,82,57,500
92	TN01N8526	Tambaram	Mamallapuram	292/SCP/TN001/2009	03/12/2009	Parrys	Saidapet West	1826	7,500	1,82,50,000	1,82,57,500
93	TN01N8472	Tambaram	Mamallapuram	250/SCP/TN001/2009	14/11/2009	Saidapet	Koyambedu Market	1826	7,500	1,82,50,000	1,82,57,500
94	TN01N8452	Tambaram	Mamallapuram	232/SCP/TN001/2009	14/11/2009	Parrys	Mandaveli	1826	7,500	1,82,50,000	1,82,57,500
95	TN01N8527	Tambaram	Mamallapuram	290/SCP/TN001/2009	03/12/2009	High Court	Tambaram	1826	7,500	1,82,50,000	1,82,57,500
96	TN01N8326	Tambaram	Mamallapuram	149/SCP/TN001/2009	20/10/2009	Parrys	K.K Nagar	1826	7,500	1,82,50,000	1,82,57,500
97	TN01N8327	Tambaram	Mamallapuram	146/SCP/TN001/2009	22/10/2009	Adyar	Injambakkam	1826	7,500	1,82,50,000	1,82,57,500
98	TN01N8402	Tambaram	Wallajabad	177/SCP/TN001/2009	22/10/2009	Parrys	Madipakam	1826	7,500	1,82,50,000	1,82,57,500
99	TN01N8377	Tambaram	Wallajabad	192/SCP/TN001/2009	22/10/2009	Velachery	Tambaram	1826	7,500	1,82,50,000	1,82,57,500
100	TN01N8388	Tambaram	Wallajabad	186/SCP/TN001/2009	22/10/2009	Little Mount	Poonamallee	1826	7,500	1,82,50,000	1,82,57,500
101	TN01N9316	Tambaram	Wallajabad	464/SCP/TN001/2009	31/03/2010	Metropolitan Area	Metropolitan Area	1826	7,500	1,82,50,000	1,82,57,500
102	TN01N9237	Tambaram	Wallajabad	488/SCP/TN001/2009	31/03/2010	Broadway	Kilkattalai	1826	7,500	1,82,50,000	1,82,57,500
103	TN01N4523	Tambaram	Wallajabad	/SCP/TN001/2007	21/05/2007	K.K. Nagar	Vallalar Nagar	1826	7,500	1,82,50,000	1,82,57,500
104	TN01N4552	Tambaram	Wallajabad	617/SCP/TN001/2007	13/07/2007	Mylapore	Medavakkam	1826	7,500	1,82,50,000	1,82,57,500
105	TN01N4640	Tambaram	Wallajabad	056/SCP/TN001/2007	10/08/2007	Broadway	Vandalur Zoo	1826	7,500	1,82,50,000	1,82,57,500
106	TN01N4614	Tambaram	Wallajabad	942/SCP/TN001/2007	10/08/2007	Broadway	Vandalur Zoo	1826	7,500	1,82,50,000	1,82,57,500

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		From	To			From	To				
107	TN01N4665	Tambaram	Wallajabad	904/SCP/TN001/2007	17/08/2007	Broadway	Moovarasampet	1826	7,500	1,82,50,000	1,82,57,500
108	TN01N4773	Tambaram	Wallajabad	038/SCP/TN001/2007	03/08/2007	Annanagar West	Vivekananda House	1826	7,500	1,82,50,000	1,82,57,500
109	TN01AN0553	Tambaram	Mahendra City	316/SCP/TN001/2012	21/11/2012	Kilkattalai	Poonamallee	861	7,500	86,00,000	86,07,500
TOTAL											1,87,96,67,500

GLOSSARY

AA	Assessing Authority
AG	Accountant General
ATN	Action Taken Notes
AST	Additional Sales Tax
BPV	Base Production Volume
BSV	Base Sales Volume
BIU	Business Intelligence Unit
CMV Rules	Central Motor Vehicles Rules
CST	Central Sales Tax
CTD	Commercial Taxes Department
CCT	Commissioner of Commercial Taxes
CDs	Compact Discs
DVDs	Digital Video Discs
EIV	Educational Institution Vehicle
ELCOT	Electronics Corporation of Tamil Nadu Limited
EC	Eligibility Certificate
EFA	Eligible Fixed Assets
FTACs	Fast Track Assessment Circles
FC	Fitness Certificate
GO	Government Order
GoI	Government of India
GoTN	Government of Tamil Nadu
HLOC	High Level Official Committee
HSRP	High Security Registration Number Plates
IS Act	Indian Stamp Act
IPS	Industrial Promotion Subsidy
ITC	Input Tax Credit
IR	Inspection Report
IGR	Inspector General of Registration
IRT	Institute of Road Transport
JV	Joint Venture
LTU	Large Taxpayers Unit
LPG	Liquified Petroleum Gas
MoU	Memorandum of Understanding

MTC	Metropolitan Transport Corporation
MoRTH	Ministry of Road Transport and Highways
MV Act	Motor Vehicles Act
NHAI	National Highways Authority of India
NIP	New Industrial Policy
PAN	Permanent Account Number
PUCC	“Pollution Under Control Certificate”
PSV	Private Service Vehicle
PAC	Public Accounts Committee
RTO	Regional Transport Office
RO	Registering Officer
RC	Registration Certificate
RSF	Road Safety Fund
SL	Soft Loan
SEZ	Special Economic Zone
SIPCOT	State Industries Promotion Corporation of Tamil Nadu Limited
STCs	State Transport Corporations
SPA	Structured Package of Assistance
SR	Sub-Registry
TC	Tax Certificate
TNGST Act	Tamil Nadu General Sales Tax Act
TNMV Rules	Tamil Nadu Motor Vehicle Rules,
TNMVT Act	Tamil Nadu Motor Vehicles Taxation Act
TNMVT Rules	Tamil Nadu Motor Vehicles Taxation Rules
TNPCB	Tamil Nadu Pollution Control Board
TNSWAN	Tamil Nadu State Wide Area Network
TNVAT Act	Tamil Nadu Value Added Tax
TNVAT Rules	Tamil Nadu Value Added Tax Rules
TDS	Tax Deduction at Source
TIN	Taxpayers Identification Number