

OVERVIEW

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This Report contains one Performance Audit on “**Computerisation initiative for levy of stamp duty, registration fees and land record**” and 19 illustrative audit paragraphs relating to non/short levy of taxes, interest, penalty, non/short levy of excise duty, stamp duty, motor vehicle tax, royalty etc. with revenue implications of ₹ 671.23 crore.

1. Chapter-I

General

The total revenue receipts of the State Government for the year 2018-19 were ₹ 65,885.12 crore as compared to ₹ 62,694.87 crore during the year 2017-18. Out of this, 77 *per cent* was raised through tax revenue (₹ 42,581.34 crore) and non-tax revenue (₹ 7,975.64 crore). The balance 23 *per cent* was received from the Government of India as State’s share of divisible Union taxes (₹ 8,254.60 crore) and Grants-in-aid (₹ 7,073.54 crore). There was an increase in revenue receipts over the previous year by ₹ 3,190.25 crore (5.09 *per cent*).

(Paragraph 1.1.1)

Test check of the records of 275 units of Sales Tax/Value Added Tax, State Excise, Stamp Duty and Registration Fee, Motor Vehicle Tax and Non-Tax receipts conducted during the year 2018-19 brought out under assessment/short levy/non-levy/loss of revenue aggregating to ₹ 2,279.04 crore in 9,836 cases. During the year 2018-19, the Departments accepted under assessment of ₹ 948.12 crore in 5,211 cases. Of these, the Department recovered ₹ 13.29 crore (1.40 *per cent*) in 304 cases during the year 2018-19.

(Paragraph 1.10)

2. Chapter-II

Taxes/Value Added Tax on sales, trade

17 dealers had suppressed sales worth ₹ 1,151 crore. Assessing Authorities did not verify sales/purchases, which resulted in evasion of tax of ₹ 60.06 crore. In addition, penalty of ₹ 180.17 crore was not levied.

(Paragraph 2.3)

Assessing Authority, allowed excess input tax credit of ₹ 5 crore. In addition, interest of ₹ 0.18 crore was also leviable.

(Paragraph 2.5)

Assessing Authorities, underassessed tax of ₹ 26.23 crore due to calculation mistake. In addition, interest of ₹ 18.63 crore was to be levied.

(Paragraph 2.7)

Assessing Authorities, allowed incorrect rate of tax to nine dealers, which resulted in under assessment of tax of ₹ 4.82 crore. In addition, interest of ₹ 3.91 crore was also leviable.

(Paragraph 2.8)

Assessing Authorities, while finalising the assessments allowed incorrect exemption of branch transfers/consignments worth ₹ 43.84 crore to 10 dealers, which resulted into non levy of tax of ₹ 2.30 crore. In addition, penalty of ₹ 6.90 crore was also leviable.

(Paragraph 2.11)

Assessing Authorities, disallowed inadmissible Input Tax Credit for suppressing stock to 10 dealers but did not levy prescribed penalty of ₹ 14.27 crore.

(Paragraph 2.14)

3. Chapter-III

State Excise

Failure of the Deputy Excise and Taxation Commissioners (Excise) to levy penalty for short lifting of quota resulted in revenue loss of ₹ 5.04 crore.

(Paragraph 3.3)

There was loss of ₹ 3.19 crore due to non levy of interest on delayed payment of license fee of ₹ 153.36 crore by 58 licensees for the period April 2016 to March 2018.

(Paragraph 3.4)

4. Chapter-IV

Stamp Duty

The Performance Audit on “**Computerisation initiative for levy of stamp duty, registration fees and land record**” showed deficiencies in mapping of business rules into the system which resulted into short/non realisation of revenue on account of undervaluation of immovable property and irregular exemption of Stamp Duty. There was deficiencies noted in system design which resulted into short levy of stamp duty and registration fees in number of cases. Referred cases of undervaluation of immovable property and refund

process were not automated which resulted into delayed disposal of referred cases and deficient stamp refund process. Inadequate application controls in the e-registration system affected the objective of transparency, removal of intermediaries, provision of hassle free services to citizen as envisaged in Right to Service Act. Audit observed that there was loss of ₹ 25.86 crore of revenue to the Government of Haryana as a result of the above. Further, the objective of computerisation of land record could not be achieved effectively as work related to modernisation/computerisation under National Land Records Modernisation Programme (NLRMP) was not completed even after lapse of eight years from the intended date. Some of the significant areas flagged by audit are highlighted as under:-

- The Department did not formulate Functional Requirement Specifications, Software Requirement Specifications and Change management Policy/ procedure.

(Paragraph 4.3.7.1)

- Deficiency in mapping of business rules in the system resulted in short levy of stamp duty and registration fees of ₹ 22.56 crore.

{Paragraphs 4.3.7.2 (a) to (d)}

- Deficient system design and non-implementation of manual verification process in absence of automation resulted in short levy of Stamp Duty and Registration Fees of ₹ 1.54 crore.

(Paragraph 4.3.7.3)

- Work related to Modernisation/Computerisation of land records under National Land Records Modernisation Programme was not completed.

(Paragraph 4.3.10.2)

- Business continuity plan to ensure continuity of IT system in the event of disaster was not developed.

(Paragraph 4.3.11)

- The Department has not formulated any password policy. In absence of this, 3,981 transactions were unauthorisedly made/accessed by using the user IDs allotted to the departmental official/personnel on the day/days of their absence due to leave etc.

(Paragraph 4.3.12)

- Delayed implementation of revised rates of registration fees resulted in short levy of registration fees of ₹ 1.69 crore.

(Paragraph 4.3.15)

5. Chapter-V

Taxes on Vehicles, Goods and Passengers

Motor Vehicle Tax

Owners of 597 transport and goods vehicles had not deposited or short deposited Motor Vehicle Tax during the year 2017-18 resulting in non/short realisation of Motor Vehicle tax of ₹ 69.61 lakh. In addition, penalty of ₹ 69.61 lakh was also leviable.

(Paragraph 5.3)

Owners of 97 transport vehicles had not deposited the due penalty imposed for various offences under Motor Vehicle Act, 1988 resulting in non realisation of penalty of ₹ 28.28 lakh.

(Paragraph 5.4)

6. Chapter-VI

Other Tax and Non-tax Receipts

Mines and Geology Department

The Department did not initiate action against 36 contractors for short/non deposit of monthly contract money of ₹ 195.76 crore. Interest of ₹ 80.05 crore was also leviable.

(Paragraph 6.3)

The Department did not initiate action against 22 contractors for short/non deposit of ₹ 21.30 crore in the Mines and Mineral Development, Restoration and Rehabilitation Fund. Interest of ₹ 7.08 crore was also leviable.

(Paragraph 6.4)

34 Brick Kiln owners did not deposit the due amount of royalty of ₹ 10.69 lakh during the year 2017-18. Interest of ₹ 4.11 lakh was also leviable.

(Paragraph 6.5)