

# Overview



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This Report contains one Subject Specific Compliance Audit on “Remissions from payment of stamp duty and registration fee” and 12 paragraphs relating to non/short levy of Sales Tax/VAT, stamp duty and registration fee, motor vehicle tax and other receipts with revenue implications of ₹ 333.96 crore.

### Chapter -I : General

The total receipts of the State Government for the year 2019-20 were ₹ 61,574.75 crore. The Government raised ₹ 36,648.87 crore comprising tax revenue of ₹ 29,994.79 crore and non-tax revenue of ₹ 6,654.08 crore. The State Government received ₹ 10,345.85 crore as State’s share of divisible Union taxes and ₹ 14,580.03 crore as Grants-in-aid from the Government of India.

#### (Paragraph 1.1.1)

Test check of the records of 238 units administering Sales Tax/Value Added Tax, State Excise, Taxes on Motor Vehicles and other Departmental offices conducted during the year 2019-20 showed under assessment/short levy/loss of revenue aggregating ₹ 560.55 crore in 1,65,280 cases. The Departments collected ₹ 7.84 crore in 2,599 cases during 2019-20, out of which ₹ 0.06 crore in four cases was pointed out during 2019-20 and rest in earlier years.

#### (Paragraph 1.10.1)

### Chapter -II : Taxes/VAT on Sales, Trade etc.

In 16 assessment cases under seven Assistant Commissioners of State Tax, the Designated Officers did not levy fee of ₹ 32.54 crore under Punjab Infrastructure (Development and Regulation) Act 2002.

#### (Paragraph 2.3)

Designated Officer (ACST Sangrur) allowed the concession of applicable tax in four assessment cases without ensuring the validity of statutory declaration forms (C and F forms) which resulted in inadmissible allowance of concession of ₹ 0.32 crore.

#### (Paragraph 2.4)

In Assistant Commissioner of State Tax Jalandhar-II, the Designated Officers short levied output tax of ₹ 9.27 lakh due to non-levy of surcharge on tax amount.

#### (Paragraph 2.5)

In three assessment cases under three Assistant Commissioners of State Tax, the Designated Officers reversed input tax credit of ₹ 0.29 crore from the available input tax credit of ₹ 1.27 crore, whereas ₹ 0.71 crore was required to be reversed on account of sale of tax-free goods worth ₹ 24.70 crore. This resulted in short reversal of input tax credit of ₹ 0.42 crore.

#### (Paragraph 2.6(A))

In Assistant Commissioner of State Tax Bathinda, the Designated Officer made short reversal of input tax credit on Schedule-H items consumed in manufacture of goods that were sold interstate at concessional rate of tax which resulted in excess allowance of input tax credit of ₹ 14.54 lakh.

**(Paragraph 2.6(B))**

Application of incorrect provision relating to levy of interest in assessment orders by six ACSTs, resulted in short levy of interest of ₹ 3.83 crore in six cases.

**(Paragraph 2.7)**

In three Assistant Commissioner of State Tax offices, the Designated Officers, in six assessment cases of four dealers, did not reverse input tax credit of ₹ 34.83 lakh on entry tax paid on furnace oil, lubricants and diesel.

**(Paragraph 2.8)**

Mobile wings under two Assistant Commissioners of State Tax released detained vehicles, in 43 cases, without ensuring payment of tax/penalty of ₹ 77.03 lakh in Government account. Recovery of ₹ 70.76 lakh was made after audit observation and ₹ 6.27 lakh was pending for recovery.

**(Paragraph 2.9)**

### **Chapter -III : State Excise**

Assistant Excise and Taxation Commissioners Faridkot and Pathankot did not pursue recovery of ₹ 3.49 crore from licensees of 22 retail vends on account of non-payment of assessed fee and extra license fee on un-lifted quota of Beer and Indian Made Foreign Liquor respectively and consequently short declared arrear of revenue by ₹ 3.49 crore.

**(Paragraph 3.3)**

### **Chapter -IV : Stamp Duty**

Joint Sub Registrar Majri did not levy stamp duty at the rate of six *per cent*, as applicable to conveyance, on a power of attorney given for consideration of ₹ 125.39 crore and authorising the attorney to sell immovable property resulting in short levy of stamp duty of ₹ 7.52 crore.

**(Paragraph 4.3)**

Stamp duty, registration fee and infrastructure development fee of ₹ 4.85 crore in 64 cases was short levied by 20 Sub-Registrars/Joint Sub-Registrars due to misclassification of non-agricultural properties as agricultural properties and incorrect application of collector's rates.

**(Paragraph 4.4)**

Joint Sub-Registrar Majri levied stamp duty of ₹ 0.04 lakh on an agreement to sell whereas stamp duty and Social Infrastructure Cess (SIC) of ₹ 12.60 lakh was required to be levied in accordance with Entry 5(CC) of Schedule I-A of Indian Stamp Act 1899, resulting in short levy of stamp duty and SIC of ₹ 12.56 lakh.

**(Paragraph 4.5)**

The legislative intent behind remission of additional stamp duty was distorted by unauthorisedly extending time-limit of remission beyond the period prescribed by the Indian Stamp (Punjab Amendment) Act, 2017. Instances of remission of stamp duty and registration fee to charitable institutions without passing specific order and cases of remission of stamp duty to mega projects without obtaining eligibility certificate were noticed. Stamp duty under land pooling scheme and registration fee to an industrial park were remitted without issuing any notification in this regard.

**(Paragraph 4.6)**

#### **Chapter -V : Taxes on Vehicles and Other Tax Receipts**

Seven barriers under four Regional Transport Authorities viz. SAS Nagar Mohali, Patiala, Sangrur and Gurdaspur did not collect social security surcharge from transport vehicles registered in other states at the time of entry into State of Punjab from 16 November 2018 to 13 March 2019 resulting in non-collection of social security surcharge of ₹ 71.51 lakh.

**(Paragraph 5.3)**