



सत्यमेव जयते

**REPORT OF THE
COMPTROLLER AND AUDITOR
GENERAL OF INDIA**

on

**REVENUE SECTOR
for the year ended March 2019**



लोकहितार्थं सत्यनिष्ठा

Dedicated to Truth in Public Interest



Government of Kerala

Report No.3 of the year 2021

Presented to the Legislature
on 10 June 2021

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Preface

This Report of the Comptroller and Auditor General of India is prepared for submission to the Governor under Article 151 of the Constitution of India for being laid before the State Legislature.

The Report contains significant results of the Compliance Audit of the Departments of Government of Kerala under Revenue Sector, including State Goods and Services Tax Department, Transport Department, Revenue and Disaster Management Department and Excise Department.

The instances mentioned in this Report are those, which came to notice in the course of test audit of records during the year 2018-19 as well as those which came to notice in earlier years but could not be reported in previous Audit Reports. Instances relating to the period subsequent to 2018-19 are also included wherever necessary.

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

Overview

Overview

The Report contains 12 paragraphs including two Compliance Audits involving revenue impact of ₹ 5,422.12 crore. Some of the major findings are mentioned below:

I. General

Total revenue receipts of the State Government for the year 2018-19 amounted to ₹ 92,854.48 crore against ₹ 83,020.14 crore for the previous year. 67 per cent of this was raised by the State through tax revenue (₹ 50,644.11 crore) and non-tax revenue (₹ 11,783.24 crore). The balance 33 per cent was receipt from the Government of India as State's share of divisible Union taxes (₹ 19,038.17 crore) and Grants-in-aid (₹ 11,388.96 crore).

(Paragraph 1.1.1)

Arrears of revenue as on 31 March 2019 on some principal heads of revenue amounted to ₹ 20,146.39 crore, of which, ₹ 5,765.84 crore was outstanding for more than five years.

(Paragraph 1.2)

At the end of June 2019, 3,560 Inspection Reports (IRs) issued up to December 2018 in respect of various Departments containing 22,437 observations involving money value of ₹ 8,213.60 crore was outstanding.

(Paragraph 1.7)

II. GST, Taxes/VAT on sales, trade etc.

Compliance Audit on Transition from Kerala Value Added Tax to Goods and Services Tax

Irregular option of composition scheme by 39 registered persons was noticed in GSTN.

(Paragraph 2.4.9)

Twenty registered persons carried forward higher transitional credit, amounting to ₹ 2.33 crore, in the ECL than the amount declared in their last return under KVAT.

(Paragraph 2.4.10.1)

In the eight selected tax districts, 61 registered persons availed excess transitional credit amounting to ₹ 46.41 crore over and above the Input Tax Credit as disclosed through FORM GST TRAN-1.

(Paragraph 2.4.10.2)

In the six selected tax districts, 46 persons not having any supporting invoices on goods held in stock on the appointed day but registered under the existing law as manufacturer/service provider claimed transitional credit in respect of stock held on the appointed day resulting in irregular claim of CGST credit amounting to ₹ 13.08 crore.

(Paragraph 2.4.10.3(a))

In the seven selected tax districts, 77 persons claimed transitional credit even though these taxpayers do not fulfil any of the criteria as specified in the Act/Rule which resulted in irregular carry forward of transitional credit amounting to ₹ 3.99 crore.

(Paragraph 2.4.10.4)

In the five selected tax districts, 41 persons who had not paid IGST and availed drawback of central taxes were sanctioned refund amount of ₹ 0.76 crore.

(Paragraph 2.4.11.1)

Excess refund of ₹ 0.57 crore was noticed in respect of 22 persons in six selected tax districts due to erroneous application of formula.

(Paragraph 2.4.11.2)

Short levy of tax

Irregular assessments by the assessing authorities due to turnover escaping assessment, application of incorrect rate of tax, irregular exemption, irregular allowance of IPT credit and irregular assessment of CST resulted in short levy of tax and interest amounting to ₹ 6.33 crore.

(Paragraph 2.5.1)

Short levy of tax and interest due to excess availing of input tax credit in respect of two assesses worked out to ₹ 1.43 crore.

(Paragraph 2.5.2)

III. Taxes on Vehicles

Short levy of tax

In 7,671 cases, one *per cent* tax collected at source had not been considered while computing the purchase value of the vehicles. This resulted in short collection of one-time tax levied on non-transport vehicles, amounting to ₹3.56 crore.

(Paragraph 3.4)

In respect of vehicles reclassified as non-transport, non-levy of tax was noticed in 434 cases with a money value of ₹ 0.60 crore and short-levy of tax was noticed in 1,023 cases with a money value of ₹1.22 crore.

(Paragraph 3.5)

IV. Land Revenue and Building Tax

Compliance Audit on Arrears of Revenue

Database of arrears of revenue was incomplete and/or not properly maintained in any of the six selected departments.

(Paragraph 4.4.4)

The arrear of ₹ 4,933.72 crore in the beginning of 2014-15 increased to ₹ 11,366.35 crore (130.38 *per cent*) at the end of 2018-19. The rate of growth of arrear amount was fluctuating between 13.50 *per cent* and 22.12 *per cent* whereas the recovery of arrear amount remained sluggish with rate of recovery fluctuating between 4.58 *per cent* and 9.16 *per cent* during this period.

(Paragraph 4.4.5)

Even though 5,06,801 cases (83.30 *per cent*) involving ₹ 3,484.97 crore (30.66 *per cent*) were available for revenue recovery, no RR action was requisitioned by the respective departments in these cases to realise the arrears.

(Paragraph 4.4.5.1)

Delay in modification of disposed appeal cases resulted in blockage of ₹ 103.39 crore in 157 cases of SGST Department and ₹ 1.13 crore in 118 cases of R&DM Department in the selected districts.

(Paragraph 4.4.5.2)

11,850 cases involving ₹ 344.66 crore in SGST department and 55,676 cases involving ₹ 1,382.09 crore in R&DM department in the selected districts were pending due to delay in finalisation of cases where Revenue Recovery action has been initiated.

(Paragraph 4.4.6)

Short levy of tax

2,453 buildings in 28 *Taluk* Offices were not assessed to building tax by the *Tahsildars* concerned, even though the Village Officers had reported these cases in 2016-17 and 2017-18 which resulted in a short levy of ₹ 13 crore.

(Paragraph 4.5)

898 buildings in 20 *Taluk* Offices assessed under property tax by local bodies were not identified by the Village Officers and reported to the *Tahsildars* concerned for assessment under Building Tax Act/Rules which resulted in non levy of building tax amounting to ₹ 6.72 crore.

(Paragraph 4.6)

Short/Non levy of Basic/Land Tax amounting to ₹ 2.37 crore noticed in 1,162 cases in 28 *Taluk* Offices.

(Paragraph 4.7)

V. State Excise

Irregular adjustment made by the Department in respect of excess leave salary and pension contribution paid by a licensee resulted in the short recovery of cost of establishment amounting to ₹ 22.74 lakh.

(Paragraph 5.4)

Chapter I

General

CHAPTER-I GENERAL

1.1 Trend of revenue receipts

1.1.1 The tax and non-tax revenue raised by the Government of Kerala during the year 2018-19, the State's share of net proceeds of divisible Union taxes and duties assigned to the State, 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

Sl. No.	Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
(₹ in crore)						
1	Revenue raised by the State Government					
	• Tax revenue	35,232.50	38,995.15	42,176.37	46,459.61	50,644.11
	• Non-tax revenue ¹	7,283.69 (5,097.95)	8,425.49 (5,902.45)	9,699.98 (6,683.27)	11,199.61 (6,896.23)	11,783.24 (7,195.56)
	Total	42,516.19 (40,330.45)	47,420.64 (44,897.60)	51,876.35 (48,859.64)	57,659.22 (53,355.84)	62,427.35 (57,839.67)
2	Receipts from the Government of India					
	• Share of net proceeds of divisible Union taxes and duties	7,926.29	12,690.67	15,225.02	16,833.08	19,038.17
	• Grants-in-aid	7,507.99	8,921.35	8,510.35	8,527.84	11,388.96
	Total	15,434.28	21,612.02	23,735.37	25,360.92	30,427.13
3	Total revenue receipts of the State Government (1 and 2)	57,950.47 (55,764.73)	69,032.66 (66,509.62)	75,611.72 (72,595.01)	83,020.14 (78,716.76)	92,854.48 (88,266.80)
4	Percentage of 1 to 3	73	69	69	69	67

Source : Finance Accounts prepared by PAG(A&E), Kerala

The above table indicates that during the year 2018-19, the revenue raised by the State Government (₹ 62,427.35 crore) was 67 per cent of the total revenue receipts. The balance 33 per cent of the revenue during 2018-19 was share of net proceeds of divisible Union taxes, duties and Grants-in-aid from the Government of India.

¹ The receipt from State lotteries for the year 2018-19 was ₹ 9,264.66 crore, which was 78.63 per cent of non-tax revenue. The difference between the figures shown in column and bracket represent expenditure on distribution of prizes of lotteries conducted by the Government.

1.1.2 The details of the tax revenue raised during the period 2014-15 to 2018-19 are given in **Table - 1.2**.

Table - 1.2
Details of Tax Revenue raised

(₹ in crore)

Sl. No.	Head of revenue	2014-15		2015-16		2016-17		2017-18		2018-19 (Per cent of increase (+) or decrease (-) in 2018-19 over 2017-18)		Per cent variation of actuals to budget estimates for the year 2018-19
		BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual	
1	0006 ² -State Goods and Services Tax	-	-	-	-	-	-	-	12,007.69	27,000.00 (NA)	21,014.71 (75.01)	(-) 22.17
2	0040 ² - Tax on Sales, Trade etc.	31,913.47	27,908.33	34,712.28	30,736.78	36,952.98	33,453.49	42,187.57	24,577.82	19,791.10 (-53.09)	19,225.75 (-21.78)	(-) 2.86
3	0041 - Taxes on vehicles	2,799.82	2,364.95	3,087.35	2,814.30	3,351.49	3,107.23	3,890.63	3,662.85	4,683.41 (20.38)	3,708.61 (1.25)	(-) 20.81
4	0030- Stamps and Registration Fees	3,733.67	2,659.02	4,311.33	2,877.73	3,469.41	3,006.58	3,489.80	3,452.56	3,766.53 (7.93)	3,693.17 (6.97)	(-) 1.95
5	0039 - State Excise	3,208.36	1,777.42	2,600.66	1,964.16	2,397.36	2,019.30	2,945.34	2,240.42	2,804.42 (-4.78)	2,521.40 (12.54)	(-) 10.09
6	0029 - Land Revenue	169.57	139.03	138.46	182.28	191.34	124.15	193.52	162.16	157.79 (-18.46)	202.78 (25.05)	28.51
7	Other receipts ³	642.60	383.75	577.95	419.90	681.03	465.62	704.63	356.11	384.19 (-45.48)	277.69 (-22.02)	(-) 27.72
Total		42,467.49	35,232.50	45,428.03	38,995.15	47,043.61	42,176.37	53,411.49	46,459.61	58,587.44 (9.69)	50,644.11 (9.01)	(-) 13.56

Source : Budget Estimates and Finance Accounts of the respective years

- The State Goods and Services Tax (SGST) department stated (20 July 2019) that the decrease in actual collection of SGST vis-à-vis estimates was due to reduction in Goods and Services Tax (GST) rates by the GST council and extension of date of filing of annual returns for the year 2017-18. But there has been significant increase vis-à-vis the previous year i.e., 2017-18 (75 per cent).
- The Motor Vehicles department stated (11 July 2019) that the decrease in actual collection vis-à-vis estimates was due to decrease in vehicle registration and revenue collection due to floods.

² Both the heads of accounts 0040 and 0006 are being operated by SGST department.

³ Taxes and Duties on Electricity, Taxes on Agricultural Income, Taxes on immovable property other than agricultural land, Taxes on Goods and Passengers, Luxury tax and Entertainment tax.

- The decrease of 22.02 *per cent* in other receipts in 2018-19 compared to 2017-18 was due to the decrease in collection under entertainment tax and luxury tax which were subsumed under GST.
- The increase in receipts of R&DM department was due to the revision of Basic Tax Rate⁴ and consequent increase in tax collection.

1.1.3 The details of non-tax revenue raised during the period 2014-15 to 2018-19 are indicated in **Table - 1.3**.

Table - 1.3
Details of Non-Tax Revenue raised

Sl. No.	Head of revenue	(₹ in crore)											
		2014-15		2015-16		2016-17		2017-18		2018-19 (Per cent of increase (+) or decrease (-) in 2018-19 over 2017-18)		Per cent variation of actuals to budget estimates for the year 2018-19	
		BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual		
1	0075-00-103- Miscellaneous General Services- State Lotteries	2,875.00	3,259.14	4,105.60	3,748.37	5,728.90	4,266.57	5,826.65	4,730.79	7,266.00 ⁵ (24.70)	4,676.98 ⁶ ((-) 1.14)	(-) 35.63	
2	0406 - Forestry and Wild Life	376.17	300.40	468.73	283.04	446.48	296.85	404.88	245.42	397.68 ((-) 1.78)	287.21 (17.03)	(-) 27.78	
3	0202 - Education, Sports, Art and Culture	253.15	246.41	369.71	243.63	376.83	282.35	340.49	257.78	418.34 (22.86)	256.73 ((-) 0.41)	(-) 38.63	
4	Other receipts ⁷	1,473.15	1,292.00	1,725.98	1,627.41	2,046.21	1,837.50	2,095.52	1,662.24	2,345.11 (11.91)	1,974.64 (18.79)	(-) 15.80	
Total		4,977.47	5,097.95	6,670.02	5,902.45	8,598.42	6,683.27	8,667.54	6,896.23	10,427.13 (20.30)	7,195.56 (4.34)	(-) 30.99	

Source: Budget Estimates and Finance Accounts of the respective years

⁴ Basic tax/land tax is a tax charged as per Section 5 of the Kerala Land Tax Act, 1961 on the lands in the State of Kerala, other than those having exemptions under Section 2 of the Act. The Basic tax rates were increased as per Notification No. 3111(1)/Leg.A2/2018/Law dated 31 March 2018.

⁵ The District Lottery Officers are authorised to incur expenditure towards distribution of prizes (small denominations upto and including ₹ 5,000) by appropriating the receipts collected in the respective offices. The other expenditures are met from the budget allocation of the State. From gross receipts (budget estimates) of ₹ 11,110 crore, expenditure on distribution of prizes of lotteries (budget estimates) of ₹ 3,844 crore was deducted.

⁶ From gross receipts of ₹ 9,264.66 crore, expenditure of ₹ 4,587.68 crore on distribution of prizes was deducted, but other expenditure like commission to agents (₹ 2,800.62 crore), sale of lottery tickets (₹ 167.69 crore), etc., were not deducted.

⁷ Other receipts include 43 heads of revenue. The major ones are 0210-Medical and Public Health, 0425-Co-operation, 0853- Non ferrous Mining and Metallurgical Industries, 0070-Other Administrative Services, 0075- Miscellaneous General Services (excluding lotteries) etc.

- For the year 2018-19, non-tax revenue collected is 30.99 *per cent* less than the budget estimate. This wide variation indicates the need for a more realistic planning and execution process in budgetary control as this has its impact in the financial management of the State.
- The Director of State Lotteries stated (16 July 2019) that due to the introduction of GST, the Department had to remit ₹ 1,111.70 crore as GST which resulted in variation of actual figures to budget estimate. However, even if this amount (₹ 1,111.70 crore) is not considered, there is a variation of 20.33 *per cent*.

1.2 Analysis of arrears of revenue

The total arrears of revenue as on 31 March 2019 on some principal heads of revenue amounted to ₹ 20,146.39 crore of which ₹ 5,765.84 crore was outstanding for more than five years, as detailed in **Appendix I**.

The total arrears of ₹ 20,146.39 crore comes up to 22 *per cent* of the total revenue of the State. Out of the total arrears, ₹ 5,564.64 crore (27.62 *per cent*) is pending from Government/ Government bodies. This necessitates urgent intervention from Government to clear the outstanding arrears. During the course of Compliance Audit on 'Arrears of Revenue' for the period 2014-2019, Audit observed that a comprehensive and up to date database was not maintained in any of the six selected Departments as detailed in paragraph no. 4.4.4 (Chapter IV). The arrear figures are furnished by the departments every year only at the instance of Audit. Absence of prompt reporting of arrears to Revenue department and pursuance by the departments concerned for realising the arrears were the main reasons for the huge pendency of arrears. This calls for an urgent need to put in place an effective system for monitoring and realisation of arrears. The arrears of ₹ 5,765.84 crore pending for more than five years in eleven departments included those of Excise department from 1952 onwards for which clarification has been sought from the departments. The cases referred to Government for write off (₹ 184.40 crore) were also not being pursued by the departments/offices concerned.

1.3 Analysis of cases in which stay was granted

An analysis of arrears of revenue which were under various stages of collection revealed that the arrears pending collection as on 31 March 2019 included collections stayed by various authorities at various stages on some principal heads of revenue as detailed in **Table -1.4**.

Table – 1.4
Stages of stay granted

(₹ in crore)

Sl. No.	Head of revenue	Total arrear amount	Stage wise details of		Total amount under stay	% of stay to total arrear
			Stay by Court and other judicial authorities	Stay by Government		
1	0040- Tax on sales, trade etc.	13,305.88	4,669.99	106.58	4,776.57	35.90
2	0043-Taxes and Duties on Electricity	1,486.50	8.96	0	8.96	0.60
3	0406-Forestry and Wild Life	407.12	1.95	88.45	90.40	22.20
4	0039-State Excise	258.80	57.32	0	57.32	22.15
5	0029- Land Revenue	450.71	258.54	121.21	379.75	84.26
6	0030-Stamps and Registration Fees	1,401.62	15.72	0	15.72	1.12
7	1051-Ports and Light Houses	5.29	1.20	0.35	1.55	29.30
8	0853-Non-Ferrous Mining and Metallurgical Industries	69.76	10.88	21.80	32.68	46.85
Total		17,385.68	5,024.56	338.39	5,362.95	30.85

Source: Details obtained from the respective departments

An amount of ₹ 5,362.95 crore is pending under stay, which is 30.85 per cent of the total arrear amount. The Departments need to take effective action to vacate the stay and to realise the amounts.

1.4 Arrears in assessments

The particulars regarding the arrears in assessment such as cases pending at the beginning of the year, cases becoming due for assessment, cases disposed of during the year and number of cases pending for finalisation at the end of the year 2018-19 were furnished by the Departments (November 2020) as given in **Table - 1.5**.

Table – 1.5
Arrears in assessments

Head of revenue	Opening balance	New cases due for assessment during 2018-19	Total assessments due	Cases disposed off during 2018-19	Balance at the end of the year	Percentage of disposal (col. 5 to 4)
1	2	3	4	5	6	7
Revenue and Disaster Management Department						
1) Building Tax	7,794	1,57,856	1,65,650	1,56,472	9,178	94.46
2) Plantation Tax	1,706	544	2,250	973	1,277	43.24
SGST Department						
1) a. Sales Tax	1,873	1,018	2,891	1,157	1,734	40.02

Head of revenue	Opening balance	New cases due for assessment during 2018-19	Total assessments due	Cases disposed off during 2018-19	Balance at the end of the year	Percentage of disposal (col. 5 to 4)
1	2	3	4	5	6	7
b. Motor Spirit Tax	74	45	119	46	73	38.65
c. Luxury Tax	7,928	4,733	12,661	4,900	7,761	38.70
d. Tax on Works Contracts	4,859	4,999	9,858	5,240	4,618	53.15
e. Others	23,601	46,881	70,482	49,723	20,759	70.55
2) Taxes on Agricultural Income	186	115	301	76	225	25.25

Source: Details obtained from respective departments

During the year, the Revenue and Disaster Management (R&DM) Department cleared 5,730 out of 7,794 arrear cases of building tax and 505 out of 1,706 cases of plantation tax. In the SGST Department, the clearance of arrears in assessments was 22,902 out of 38,521 cases. The percentage of disposal ranged from 25.25 per cent with respect to taxes on agricultural income to 94.46 per cent with respect to building tax. The remarkable disposal of building tax assessment arrears (94.46 per cent) is appreciable. As compared to the previous year i.e., 2017-18, clearance has improved in the case of plantation tax, sales tax and tax on works contracts. The departments may strive hard for the timely clearance of assessments identifying these areas as a potential source of revenue.

1.5 Evasion of tax detected by the Departments

The details of cases of evasion of tax detected by the Departments were called for by Audit and the details furnished by the SGST, Motor Vehicles, Stamps and Registration and Revenue and Disaster Management Departments are given in **Table - 1.6**.

Table – 1.6
Details of evasion of tax detected

Sl. No.	Head of revenue	Cases pending as on 31 March 2018	Cases detected during 2018-19	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 2019
					Number of cases	Amount of demand (₹ in crore)	
1	0040- Tax on sales, trade etc.	21,243	52,796	74,039	55,052	2,838.83	18,987
2	0006-Goods and Services Tax	6	4,429	4,435	4,331	34.85	104
3	0041 - Taxes	112	3	115	39	1.61	76

Sl. No.	Head of revenue	Cases pending as on 31 March 2018	Cases detected during 2018-19	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 2019
					Number of cases	Amount of demand (₹ in crore)	
	on vehicles						
4	0030-Stamps and Registration Fees	62,513	9,490	72,003	23,619	14.23	48,384
5	0029-Land Revenue	2,720	677	3,397	1,002	8.60	2,395
Total		86,594	67,395	1,53,989	84,043	2,898.12	69,946

Source: Details obtained from respective Departments

Pendency has decreased from 86,594 as on 31 March 2018 to 69,946 as on 31 March 2019. Percentage of disposal has also increased from 43.55 *per cent* to 54.58 *per cent*. The disposal of 23,619 cases during the year 2018-19 as compared to 9,190 cases during the previous year by the Registration department is appreciable. All the above departments have together completed assessment/investigation of 84,043 cases i.e., 54.58 *per cent* of the total cases detected and raised additional demand and penalty of ₹ 2,898.12 crore. The reasons for pendency were not furnished by the Departments (December 2020).

1.6 Pendency of refund cases

The details of refund cases pending at the beginning of the year 2018-19, claims received during the year, refunds allowed during the year and the cases pending at the close of the year 2018-19 as reported by the SGST and Excise Departments are given in **Table -1.7**.

Table – 1.7
Details of pendency of refund cases

Sl. No.	Particulars	State Goods and Services Taxes		State Excise	
		No. of cases	Amount	No. of cases	Amount
1.	Claims outstanding at the beginning of the year 2018-19	10,701	261.47	15	2.32
2.	Claim received during the year	5,726	399.38	6	0.44
3.	Refunds made during the year	12,128	410.48	3	0.55
4.	Balance outstanding at the end of the year 2018-19	4,299	250.37	18	2.21

Source: Details obtained from the respective Departments

In SGST Department, number of refund cases outstanding as at the end of March 2019 was 4,299 of which, 3,845 cases pertain to refund of value added tax involving money value of ₹ 223.53 crore and the remaining 454 cases pertain to GST involving money value of ₹ 26.84 crore. As per Section 56 of the Kerala State Goods and Services Tax Act, 2017, if the tax ordered to be refunded is not refunded within a period of 60 days from the date of receipt of the application, interest at the rate of six *per cent* (nine *per cent* in case of refund made on order passed by an adjudicating authority or Appellate Tribunal or court which has attained finality) will become payable along with refund from the expiry of 60 days till the date of payment of refund. As per Section 89(4) of Kerala Value Added Tax (KVAT) Act, interest at the rate of 10 *per cent* per annum is applicable on refund cases after 90 days from the date of assessment order or receipt of the order in appeal or revision or the date of expiry of the time for preferring appeal or revision. The more the delay in giving refunds, the more is the possibility of huge interest liability falling upon the Department. Also, the delay in settling refund cases may deteriorate the chances of claiming GST compensation from Government of India if eligible. The reason for huge pendency of outstanding cases was not explained by the Department.

1.7 Response of the Government/Departments to Audit

The Principal Accountant General (PAG) (Audit II), Kerala, conducts periodical inspection of the Government Departments to test check the transactions and verifies 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 furnish first reply within four weeks from the date of receipt of the Inspection Report. Even if final reply to certain paras in Inspection Report are not furnished within the prescribed time limit, an interim reply is to be furnished indicating the action taken to rectify the defects pointed out by Audit. Serious financial irregularities are reported to the heads of the Departments and the Government.

From among Inspection reports issued upto December 2018, 22,437 paragraphs involving ₹ 8,213.60 crore relating to 3,560 IRs were outstanding at the end of June 2019 as mentioned below with the corresponding figures for preceding two years in **Table - 1.8**.

Table – 1.8
Details of pending Inspection Reports

	June 2017	June 2018	June 2019
Number of IRs pending for settlement	3,243	3,340	3,560
Number of outstanding audit observations	26,848	26,690	22,437
Amount of revenue involved (₹ in crore)	8,017.53	8,575.04	8,213.60

Source: Details compiled by PAG (Audit II) and reconciled with respective Departments

1.7.1 Department-wise details of IRs

The Department-wise details of the IRs and audit observations outstanding as on 30 June 2019 and the amounts involved are mentioned in the **Table - 1.9**.

Table – 1.9
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.	SGST	Taxes on sales, trade, etc.	2,057	16,766	4,412.30
		Taxes on agricultural income	347	382	120.46
2.	Power	Electricity duty	34	125	3,176.50
3.	R&DM	Land Revenue	472	2,616	286.32
4.	Motor Vehicles	Taxes on vehicles	247	1,858	130.41
5.	State Excise	State Excise	118	271	34.21
6.	Registration	Stamp duty and registration Fees	257	346	39.75
7.	Lotteries	Receipts from lotteries	28	73	13.65
Total			3,560	22,437	8,213.60

Source : Details compiled by PAG (Audit II) and reconciled with the respective Departments

Audit did not receive even first replies for 265 IRs within four weeks from the date of issue of the IRs from seven heads of offices during 2018-19. This large pendency of the IRs due to non-receipt of the replies was indicative of the fact that the heads of offices and the Departments did not initiate action to rectify the defects, omissions and irregularities pointed out by the PAG (Audit II) in the IRs. The large pendency of IRs due to non-receipt of replies shows the failure of monitoring mechanism for clearing the pending audit observations by the Audit Monitoring Committees at Secretary level and Apex Committees at Chief Secretary level.

The Government needs to put in place effective system for ensuring prompt and appropriate response to audit observation within the time frame prescribed in the circular⁸ issued by the Finance Department.

1.7.2 Departmental Audit Committee Meetings

The Government set up Audit Committees to monitor and expedite the progress of settlement of local audit reports and paragraphs in the local audit reports. The details of the Audit Committee Meetings held during the year 2018-19 and the paragraphs settled are mentioned in **Table – 1.10**

⁸ Circular memorandum No. 57374/Ins.2/65/Fin. Dated 15 November 1965.

**Table – 1.10
Details of Departmental Audit Committee Meetings**

(₹ in crore)

Sl. No.	Head of revenue	Number of meetings held	Number of audit observations pending as on 31 March 2018	Number of paragraphs settled	Amount involved in settled paragraphs
1	0040-Tax on Sales, Trade etc.	8	21,087	3,152	16.62
2	0041-Taxes on vehicles	11	2,485	893	20.67
3	0029-Land Revenue	3	2,317	177	1.80
4	0030-Stamps and Registration Fees	0	704	0	0
5	0043-Taxes and Duties on Electricity	0	115	0	0
6	0039-State Excise	3	365	35	0.06
7	0022-Taxes on Agricultural Income	2	719	76	50.30
8	0075-00-103-Miscellaneous General Services-State Lotteries	0	103	0	0
Total		27	27,895	4,333	89.45

Source : Details compiled by PAG(Audit II)

An amount of ₹ 20.55 crore was recovered after discussion in these meetings. No meetings were held in respect of Registration, Electricity Duty and State Lotteries despite having 922 pending Audit observations. In the case of Tax on Sales, Trade etc. number of meetings held was insufficient compared to the huge pendency of observations. The Government may issue strict instructions to the departments to devise periodic action plans to clear all the outstanding paragraphs in a time bound manner by conducting regular Audit Committee Meetings.

1.7.3 Non-production of records to Audit for scrutiny

The programme of local audit of Tax Revenue/Non-tax Revenue offices is drawn up sufficiently in advance and intimations are issued, usually one month before the commencement of audit, to the departments to enable them to keep the relevant records ready for audit scrutiny.

During the year 2018-19, files relating to KVAT assessments, in which, the turnover of the assessee was above ₹ 60 lakh and all Kerala General Sales Tax (KGST) assessments, in which, the tax effect was above ₹ 2 lakh were called for by Audit for scrutiny in State Goods and Services Tax Department. However, 163

tax assessment files relating to 21 offices were not made available to Audit. Of these 92 files pertained to 10 special circles and works contract offices, where assessments of major dealers are dealt with (**Appendix II**).

Non-production of large number of transaction records involving substantial revenue hinders Audit in discharging the constitutional responsibility and comes in the way of assuring the State Government about the quality and risk involved in these transactions involving revenue for the State Government. The possibility of fraud or misappropriation or business malfeasance remaining hidden/surpassed and escaping detection during audit also remains high.

1.7.4 Response of the Departments to the draft paragraphs

The draft audit paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India are sent by the PAG (Audit II) to the Secretaries of the respective Departments drawing their attention to audit findings and requesting their response within six weeks.

Twelve paragraphs including two Compliance Audit (CA) reports were sent to the Secretaries of the respective Departments by name between December 2019 and July 2020. The Secretaries of the Departments have furnished replies to all the paragraphs.

1.7.5 Follow up on the Audit Reports-summarised position

The internal working system of the Public Accounts Committee (PAC), notified in December 2002, laid down 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 to the Legislature Secretariat with copies to Accountant General and Finance (PAC) Department within two months of tabling the Report, for consideration of the Committee. In spite of these provisions, the explanatory notes on audit paragraphs of the Reports were being delayed inordinately. In the Reports of the Comptroller and Auditor General of India on Revenue Sector of the Government of Kerala for the years ended 31 March 2014 to 31 March 2018 placed before the State Legislative Assembly between 11 March 2015 to 12 February 2020, 136 paragraphs (including Performance Audit (PA)) were included. The action taken explanatory notes from the Departments concerned on 50 paragraphs were received late with delay ranging from four months to 53 months in respect of these Audit Reports and action taken on the rest of the paras are yet to be received. Action taken explanatory notes in respect of 18 paragraphs from four departments (Taxes, Excise, Transport and R&DM) have not been received for the Audit Report for the year ended 31 March 2018 so far (December 2020).

The PAC discussed 14 paragraphs pertaining to the Audit Reports for the years from 2014 to 2018. PAC Reports have been received on these paras during the respective tenures of the Committee during the period 2019-2021.

It was noticed that five departments did not submit action taken explanatory notes on Audit paragraphs as of December 2020 in respect of 86 paragraphs (70 individual and 16 PA/Review paragraphs) featured in the C&AG's Audit Reports from the year ended 31 March 2014. In respect of 70 individual transaction audit paragraphs, compliance was not furnished by four departments. The departments largely responsible for non-submission of action taken explanatory notes were Taxes, Transport and R&DM. The non-receipt of Action Taken Notes (ATNs) were brought to the notice of the Chief Secretary to the Government in the Apex Committee meetings held on 08 December 2016, 15 June 2017, 11 December 2017, 23 June 2018, 18 December 2018 and 11 February 2020.

Action Taken Notes on PAC recommendations have not been received in respect of 123 out of 140 recommendations of the PAC from four Departments i.e., Taxes, Excise, Transport and R&DM as mentioned in the **Table 1.11** (December 2020).

Table 1.11
Details of non-receipt of ATN from four Departments

Year	Name of Department				Total
	Taxes	Excise	Transport	R&DM	
2004-06	0	0	0	1	1
2006-08	0	0	0	2	2
2008-11	3	0	0	1	4
2011-14	0	0	1	0	1
2014-16	3	0	4	0	7
2016-19	40	20	9	4	73
2019-21	20	0	5	10	35
Total	66	20	19	18	123

Source: Records maintained by PAG (Audit II) and reconciled with the Departmental figures

1.8 Status of the mechanism for dealing with the issues raised in Audit

To analyse the system of addressing the issues highlighted in the Inspection Reports/Audit Reports by the Departments/Government, the action taken on the audit paragraphs and PAs included in the Audit Reports of the last 10 years of one Department was evaluated and included in this Audit Report.

The following paragraphs 1.8.1 to 1.8.2 discuss the performance of the Motor Vehicles Department under revenue head 0041 – Taxes on vehicles and cases

detected in the course of local audit and the cases included in the Audit Reports for the years 2008-09 to 2017-18.

1.8.1. Position of Inspection Reports

The summarised position of the inspection reports issued during the last 10 years, paragraphs included in these reports and their status as on 31 March 2018 are tabulated below in **Table - 1.12**.

Table – 1.12
Position of Inspection Reports

(₹ in crore)

Sl No.	Year	Opening Balance			Addition 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
1	2008-09	299	1,360	10.87	66	689	2.72	83	609	3.52	282	1,440	10.07
2	2009-10	282	1,440	10.07	64	656	9.84	97	904	3.44	249	1,192	16.47
3	2010-11	249	1,192	16.47	63	683	8.19	27	388	2.70	285	1,487	21.96
4	2011-12	285	1,487	21.96	64	674	14.34	58	526	2.87	291	1,635	33.43
5	2012-13	291	1,635	33.43	68	571	9.51	74	666	5.19	285	1,540	37.75
6	2013-14	285	1,540	37.75	71	637	21.92	46	504	5.72	310	1,673	53.94
7	2014-15	310	1,673	53.94	71	734	14.57	41	411	8.87	340	1,996	59.64
8	2015-16	340	1,996	59.64	84	1,005	146.67	30	422	7.46	394	2,579	198.85
9	2016-17	394	2,579	198.85	47	584	41.91	21	331	88.12	420	2,832	152.64
10	2017-18	420	2,832	152.64	99	1,242	52.32	205	1,589	61.59	314	2,485	143.37

Source : Figures compiled by the PAG (Audit II) and reconciled with the Departmental figures

Audit Committee Meetings held between the Department and the Office of the Accountant General helped in the clearance of the old paragraphs. Due to the effort of the Audit Committee Meetings and correspondence by the headquarters sections, a total number of 6,350 paragraphs and 682 IRs were cleared during the period. Audit Monitoring Committees were not held by the Department at the Government level during the period from 2016-17 to 2018-19.

1.8.2. Recovery in accepted cases

The position of paragraphs included in the Audit Reports of the last 10 years, those accepted by the Department and the amount recovered are mentioned in **Table - 1.13**.

Table – 1.13
Details of paragraphs included in the Audit Reports

(₹ in crore)

Sl. No.	Year of Audit Report	Number of paragraphs included	Money value of paragraphs	Number of paragraphs accepted	Money value of accepted paragraphs	Amount recovered as on 31 March 2018	Cumulative position of recovery of accepted cases as of 31 March 2018
1	2008-09	7	2.36	6	1.67	0.49	-
2	2009-10	6	362.79	6	358.61	0.14	0.63
3	2010-11	6	1.11	6	1.11	0.82	1.45
4	2011-12	5	1.78	5	1.78	0.28	1.73
5	2012-13	5	1.69	5	1.63	0.89	2.62
6	2013-14	5	10.69	5	10.58	1.11	3.73
7	2014-15	4	2.09	4	2.03	1.35	5.08
8	2015-16	5	8.70	5	8.70	1.49	6.57
9	2016-17	7	155.17	7	132.92	9.02	15.59
10	2017-18	4	459.01	4	459.01	1.82	17.41

Source : Figures furnished by the Motor Vehicles Department

It is evident from the above table that the progress of recovery in accepted cases was negligible throughout the last 10 years. The recovery in accepted cases was to be pursued as arrears recoverable from the parties concerned.

1.9 Action taken on the recommendations accepted by the Departments/Government

The draft reports of PA conducted by the PAG (Audit II) were forwarded to the Department concerned/Government with a request to furnish their replies. These reports were also discussed in an Exit Conference and the views of the Department/ Government included while finalising the Audit Reports.

The details of five PA Reports on the Departments of SGST, R&DM, Power and Registration featured in the Reports for the last five years along with recommendations and their status are given in **Appendix III**. The PAs on SGST Department covered the areas such as System of assessment under KVAT and Infrastructure facilities in the Commercial Taxes Department. The PA on the R&DM Department was based on Disaster Management in the State. Audit also focussed on the Levy, Collection and Accounting of Electricity duty, surcharge and inspection fee under the Power Department. The lapses in the Functioning of OPEN PEARL in Registration Department were also brought to light by Audit.

In tune with the recommendations of Audit, the R&DM Department has prepared disaster mitigation plans in 197 villages which are the most disaster risk areas in 14 districts. The State Disaster Management Authority has also started submitting

Annual Reports to the Government. The SGST Department has issued Circular instructions to the assessing authorities to comply with the procedural requirements incidental to completion of assessment and penalty in order to avoid violation of natural justice.

1.10 Audit planning

The unit offices under various departments were categorised into high, medium and low risk units according to their revenue position, past trends of audit observations, complaints, media reports, non-production of records, information regarding malpractice obtained through RTI and misappropriation. The annual audit plan was prepared on the basis of risk analysis which *inter-alia* included critical issues in government revenue, tax administration i.e. budget speech, white paper on finances, reports of the Finance Commission (State and Central), recommendation of the Taxation Reforms Committee, statistical analysis of the revenue earnings during the past five years, factors of the tax administration, audit coverage and its impact during the past five years etc.

During the year 2018-19, there were 828 audit units, of which 327 units were planned and audited, which is 39.49 *per cent* of the total audit units. Besides the above mentioned units, two Compliance Audits (CA) were also taken up during the year.

1.11 Results of Audit

Position of audit conducted during the year

Test check of the records of 327 units of Sales Tax/Value Added Tax, State Excise, Motor Vehicles and other Departmental offices conducted during the year 2018-19 showed under-assessment/short-levy/loss of revenue aggregating to ₹ 5,645.36 crore in 1,137 cases. During the course of the year, the Departments concerned accepted under-assessment and other deficiencies of ₹ 5,417.63 crore involved in 464 cases, which were pointed out in audit during 2018-19. The Departments collected ₹ 59.47 crore in 1,384 cases during 2018-19, pertaining to the audit findings of previous years.

1.12 Coverage of the Report

The Report contains 12 paragraphs, which came to notice in the course of test audit of records during the year 2018-19 as well as those in earlier years involving revenue impact of ₹ 5,422.12 crore. Instances relating to the period subsequent to 2018-19 were also included, wherever necessary. The Department/Government accepted audit observations involving ₹ 5,416.05 crore, out of which, ₹ 7.86 crore was recovered. These are discussed in the succeeding Chapters II to V.

Chapter II
GST, Taxes/VAT on Sales,
Trade etc.

CHAPTER-II GST, TAXES/VAT ON SALES, TRADE ETC.

2.1 Tax administration

Kerala General Sales Tax (KGST)/Kerala Value Added Tax (KVAT)/Goods and Services Tax (GST) laws and rules made thereunder are administered at the Government level by the Secretary, Taxes. The Commissioner, State Goods and Services Tax (SGST) Department is the head of the State Goods and Services Tax Department (SGSTD) who is assisted by Additional Commissioner, Joint Commissioners (JCs), Deputy Commissioners (DCs), Assistant Commissioners (ACs) and State Tax Officers. The assessment, levy and collection of tax are done by ACs and State Tax Officers.

KGST is leviable on sale of Ganja, opium, foreign liquor and certain petroleum products. KVAT was leviable on the intra-state sale of remaining commodities and Central Sales Tax (CST) on inter-State sales. GST came into effect from 01 July 2017 subsuming VAT, CST etc.

2.2 Internal audit

The Internal Audit Wing (IAW) of the SGSTD is monitored by the Commissioner. The effective functional unit of IAW for the year 2018-19 was one JC assisted by five DCs and nine State Tax Officers. No specific training has been imparted to the officers of the IAW. During 2018-19, the wing planned audit of 181 units but could audit only 32 units. Out of an overall outstanding of 15,665 paras only 3,134 paras (20 *per cent*) were cleared. The reason for low clearance of observations made by IAW, though called for (July 2019) was not furnished (December 2020).

2.3 Results of audit

There are 185 auditable units in the SGST Department. Out of these, audit selected 101 units for test check during the year 2018-19. Test check of the records relating to KVAT/KGST and CST assessments and connected documents during 2018-19 showed under-assessment of tax and other irregularities in 556 cases relating to non/short levy of tax/interest, irregular allowance of Input tax credit, escape of turnover from assessment, irregular exemptions and other lapses amounting to ₹ 198.07 crore. These cases are illustrative only as these are based on the test check of records. As this was test audit in the test checked cases and the audit observation is of a nature that may reflect in other cases not covered in test audit, the Department may therefore, like to internally examine the position in rest of the units with a view to ensure that the instances of noncompliance are taken care of by taking remedial measures, and may also fix responsibility for the lapses in all such cases. Audit pointed out some of the similar omissions in the earlier years also. Not only do these irregularities persist, but they also remain undetected till the next audit is conducted. Underassessment of tax and other

irregularities involving ₹ 266.23 crore in 557 cases which fall under the following categories are given in **Table - 2.1**.

Table - 2.1

(₹ in crore)

Sl. No.	Categories	Number of cases	Amount
1	Compliance Audit on Transition from KVAT to GST	1	68.16
2	Short payment of tax due to escape of turnover from assessment	138	48.69
3	Grant of irregular exemption	67	33.06
4	Short payment of tax due to excess availing of input tax credit	80	81.93
5	Short payment of tax due to misclassification/incorrect rate of tax	78	15.19
6	Others	193	19.20
Total		557	266.23

During the course of the year, the Department accepted under-assessment and other deficiencies amounting to ₹ 145.56 crore in 974 cases, which were pointed out by Audit. An amount of ₹ 12.23 crore pointed out in 535 cases was realised during the year.

The Department recovered the entire amount of ₹ 0.04 crore in a case pointed out by Audit during 2018-19. A few Audit observations involving ₹ 76.52 crore are given in the succeeding paragraphs.

2.4 Compliance Audit on Transition from Kerala Value Added Tax to Goods and Services Tax

2.4.1. Introduction

The Goods and Services Tax (GST) is a tax on supply of goods or services or both and a single tax on entire value chain of supply, right from the manufacturer to the consumer. GST was rolled out from 01 July 2017. Tax administration in GST regime is a technology driven one and the Government of India has constituted a Private Ltd. company named Goods and Services Tax Network (GSTN) to provide IT infrastructure and services to the Central and State governments, taxpayers and other stakeholders. GSTN is responsible for building the GST common portal for providing three core services viz. registration, return filing and e-payment. The common portal of GST is to be integrated with the State systems. Some States opted to develop their own backend application for performance of statutory functions such as assessment, refund, enforcement etc. These States are termed as Model 1 States. Some States use the common back end application developed by GSTN. These States are termed as Model 2 States. Kerala opted for Model 1 wherein the State will setup the data center and develop backend modules.

2.4.2 Audit Objectives

The Compliance Audit was conducted to examine whether:

- the Rules, Notifications, Circulars and Orders issued under GST were adequate to strengthen tax net;
- the transitional input tax credit availed and refund of unutilised credit issued during transition were in compliance with the extant provisions.

2.4.3 Scope and methodology of audit

The period of coverage of audit is from 2017-18 to 2018-19 and audit was conducted from July 2019 to February 2020. Thiruvananthapuram tax district was selected as Government/Department headquarters is located here and Ernakulam tax district was selected because of its high tax effect. The remaining six⁹ out of balance 13 tax districts¹⁰ were selected as sample districts using random sampling method for ensuring high reliability and coverage. The criteria for selection of transitional claims for scrutiny is shown in **Table –2.2**

⁹ Kollam, Pathanamthitta, Mattancherry, Thrissur, Malappuram and Palakkad.

¹⁰ Kollam, Pathanamthitta, Alapuzha, Kottayam, Idukki, Mattancherry, Thrissur, Palakkad, Malappuram, Kozhikode, Wayanad, Kannur and Kasaragod.

Table –2.2
Criteria for selection of transitional claims for audit

Claims of Transitional Credit by dealers	Total number of transitional claims	Number of transitional claims test checked by audit	Percentage of selection
Above ₹ 10 lakh	699	491	70
Between ₹ one lakh and ₹ 10 lakh	1,846	464	25
Between ₹ one and ₹ one lakh	4,621	232	5
Zero claim	950	197	21
Total	8,116	1,384	17

An Entry Conference was held with the Additional Secretary, Taxes Department on 05 July 2019, wherein the objective, scope and methodology of audit were discussed.

An Exit Conference was held on 09 September 2020 with the Additional Secretary, Taxes and Commissioner, SGSTD. The SGSTD assured that all cases would be verified and reply would be furnished. Audit acknowledges the co-operation rendered by the SGSTD in providing records and other facilities.

2.4.4 Trend of Revenue

GST was implemented from July 2017 and total receipts under GST from July 2017 to March 2019 is ₹ 52,672.72 crore. Receipts under pre-GST including non-subsumed taxes¹¹ during 2017-19 is ₹ 43,803.57 crore as indicated in **Table –2.3**.

Table –2.3
Trend of Revenue for the period 2014-15 to 2018-19

Year	Budget Estimate	Receipts under pre-GST taxes	Receipts under GST			Total receipts under pre-GST and GST	Percentage of increase	Compensation received	Protected revenue ¹²
			SGST	IGST Apportionment	Adhoc Settlement ¹³				
2014-15	31,913.47	27,908.33	--	--	--	27,908.33	--	--	--
2015-16	34,712.28	30,736.78	--	--	--	30,736.78	10.13	--	--
2016-17	36,952.98	33,453.49	--	--	--	33,453.49	8.84	--	--

¹¹ Central/State Excise duty and VAT on five Petroleum products, Tobacco products, Alcoholic liquor for human consumption.

¹² Part settlement of integrated tax.

¹³ The States should be compensated for any shortfall in getting a revenue of 14 per cent over the base year (2015-16) revenue relating to taxes/duties subsumed into GST.

Year	Budget Estimate	Receipts under pre-GST taxes	Receipts under GST			Total receipts under pre-GST and GST	Percentage of increase	Compensation received	Protected revenue ¹²
			SGST	IGST Apportionment	Adhoc Settlement ¹³				
2017-18	42,187.57	24,577.82	12,007.69	6,065.00	736.00	43,386.51	29.69	2,102.00	16,398.00
2018-19	46,791.10	19,225.75	21,014.71	10,114.95	2,734.37	53,089.78	22.36	3,532.00	24,924.00

Source: Finance and Appropriation Accounts and Departmental figures

2.4.5 Preparedness to implement GST

2.4.5.1 Legal provisions

For effecting GST in the State from 01 July 2017, the Government of Kerala had promulgated the Kerala Goods and Services Tax Ordinance, on 22 June 2017. The Legislative assembly of Kerala, on 17 August 2017, passed the Kerala Goods and Services Tax Bill, 2017. The SGSTD had issued 190 notifications and 31 clarifications as on 31 March 2019 for the smooth implementation of GST.

2.4.5.2 Administrative structure

In Kerala, GST is administered by the SGSTD. At the Government level, SGSTD is under the administrative control of the Secretary to Government, Taxes Department. The Commissioner of State Taxes is the Head of the Department, who is assisted by Special Commissioner, Additional Commissioners, JCs, DCs, Inspecting Assistant Commissioners and by ACs and State Tax Officers at the assessment circles. The State is divided into 15 tax districts, each headed by a DC and each tax district is divided into several circles, which are the smallest administrative units in the Department.

2.4.5.3 GST Training

Knowledge sharing on GST and GSTN was provided to different stakeholders by conducting extensive trainings by the State department. The details of GST training imparted to the department staff including line department staff, dealers and various stakeholders across the State is given below in **Table – 2.4**.

Table – 2.4
Details of GST trainings

Imparted to	No. of trainings planned	No. of trainings conducted	Percentage
Department Officials including field officials	564	564	100
Dealers and Stake holders	524	524	100
Line departments	314	311	99.04

Source: Departmental figures

Trainings were given to the SGSTD officials/line departments/ taxpayers in a phased manner (mainly in Three phases). Source trainers were identified at the national level who trained the master trainers of the State. These master trainers trained the staff, dealers etc. Further, GST helpdesks were established in all the 15 district headquarters offices to facilitate the taxpayers to address GST related issues.

2.4.6 Registration and migration of taxpayers

Section 139 of Kerala State Goods and Services Tax Act (KSGST Act), provides that on and from the appointed date¹⁴, every person registered under any of the existing laws and having a valid Permanent Account Number shall be issued a certificate of registration on provisional basis, subject to such conditions as may be prescribed, which unless replaced by a final certificate of registration, shall be liable to be cancelled, if the conditions so prescribed were not complied with. As per Section 22 of KSGST Act, every supplier making a taxable supply of goods or services or both in the State shall be liable to be registered under this Act, if his aggregate turnover in a financial year exceeded ₹ 20 lakh¹⁵.

As per the quarterly report (September 2018) of SGSTD, 98.86 *per cent* taxpayers were migrated. Total number of registered dealers in the erstwhile KVAT regime was 2,65,128 and total number of dealers whose sales turnover of ₹ 20 lakh and above was 2,25,813. Total number of dealers not required to take registration was 39,315. Total number of taxpayers under GST was 3,21,448 out of which 2,34,291 was migrated taxpayers and 87,157 was new taxpayers. Total migrated taxpayers of 2,34,291 includes cancelled taxpayers of 8,478. Mapping of dealers with the assessing authorities was done based on the pin code of the taxpayer.

2.4.7 Division of tax payers

The introduction of GST in the state was followed up with migration of existing tax payers to the GST regime and registration of new ones. These tax payers were divided between the Central and State on the basis of turnover. As per the guidelines¹⁶ issued by the GST Council, with respect to the division of taxpayer base between the Central Government and State Governments, the taxpayers registered in the State of Kerala have been allocated under two categories. Taxpayers whose turnover is ₹ 1.5 crore and above are allocated as 50 *per cent* to the Centre and 50 *per cent* to the State and those taxpayers whose turnover is less than ₹ 1.5 crore are allocated as 10 *per cent* to the Centre and 90 *per cent* to the State.

¹⁴ The date on which the provisions of this Act shall come into force. Section 139 came into force with effect from 22 June 2017.

¹⁵ Notification No.10/2019 – Central tax dated 07 March 2019 enhanced the threshold limit to ₹ 40 lakh from 01 April 2019 onwards.

¹⁶ Circular No.01/2017, issued vide F.No.166/Cross Empowerment/GSTC/2017 dated 20 September 2017.

According to the criteria mentioned above, dealers in the State have been divided among the Centre and State as mentioned in **Table - 2.5**.

Table – 2.5
Allotment of taxpayers

Annual Turnover of dealers	Total No. of dealers	Division of dealers	
		State	Centre
₹ 1.5 crore and above	36,110	18,055	18,055
Less than ₹ 1.5 crore	1,86,667	1,68,000	18,667
Total	2,22,777	1,86,055	36,722

Source: Departmental figures

Audit Findings

Excess/Irregular carry forward of transitional credit in 234 out of 1,384 cases test checked, excess sanctioning of refund in 80 out of 1,073 cases test checked and irregular option of composition scheme were observed in audit. Audit was limited to the above extent due to lack of access to GSTN data. The details of the above irregularities are shown in the succeeding paragraphs.

2.4.8 Lack of access to GSTN data

Audit was not given access to GSTN data dump and even after much pursuance, the Commissioner of State Taxes could share only the excel sheet data relating to GST migration, FORM GST TRAN-1¹⁷, FORM GST TRAN-2¹⁸, refunds and division of taxpayers alone as on 30 April 2019. In respect of carry forward of the CGST transitional credit attributable to Central Excise and Service tax, Audit could not verify the credit as the records relating to the central taxes were not made available. In the absence of access to data, Audit carried out a limited audit of transitional credit claims and refunds in the selected tax districts.

2.4.9 Irregular option of composition scheme

As per Section 10 of the KSGST Act 2017, a registered person other than supplier of services, whose aggregate turnover in the preceding financial year did not exceed one crore rupees (threshold limit was revised to ₹ 1.5 crore with effect from 01 April 2019) may opt for composition scheme subject to some conditions prescribed. Registered persons who opted for this scheme

¹⁷ Form of declaration by the dealers for claim of transitional credit. Every registered person entitled to take credit of input tax as transitional credit shall submit a declaration electronically in FORM GST TRAN-1 on the common portal within 180 days from the appointed day.

¹⁸ Declaration of dealer regarding the details of stock held by the dealer as on 30 June 2017. The registered person availing of the transitional credit of stock of goods have suffered tax and he is not in possession of any document evidencing payment of tax shall submit a statement in FORM GST TRAN-2 at the end of each of the six tax periods.

have to pay tax at a fixed rate (Manufacturer-0.5 per cent¹⁹, Restaurant-2.5 per cent and Others-0.5 per cent) on the aggregate turnover without collecting tax from the recipients and is not entitled to input tax credit. As per paragraph 6 (a) of Schedule II of the KSGST Act, 2017, works contract shall be treated as supply of services and the persons supplying works contract service cannot opt for composition scheme. As per Section 10(5) of the KSGST Act, if the proper officer has reasons to believe that a taxable person has paid tax under composition scheme despite not being eligible, such person shall, in addition to any tax that may be payable by him under any other provisions of this Act, be liable to a penalty and the provisions of Section 73 or Section 74 shall apply for determination of tax and penalty.

Scrutiny of records relating to 4,000 out of 19,776 registered persons who had opted for composition scheme during the period 2017-18 revealed that 24 of them had aggregate turnover above ₹ one crore in the preceding financial year, and for the period 2017-18 & 2018-19, 15 were works contractors as detailed in **Appendix - IV and V** respectively. Hence, these taxable persons are not eligible to opt for composition scheme and liable to pay tax with penalty under Section 73 or 74 of KSGST Act. The department failed to verify the aggregate turnover in the preceding financial year and the nature of business of the taxpayer in KVATIS before sanctioning the registration.

The Government stated (November 2020) that out of the 39 cases pointed out all the cases were verified. Notices were issued in 16 cases and the remaining cases are under processing.

Recommendation: The department may verify the aggregate turnover in the preceding financial year and the nature of business of the taxpayer before the sanctioning of composition scheme.

2.4.10 Transitional credit

With the implementation of GST, the taxable persons can carry forward the taxes they had already paid on inputs or input services in the pre-GST regime. Section 140 to 142 of the KSGST and CGST Acts enumerate the necessary provisions governing the claim of transitional credits²⁰. Every registered person under existing law, who were paying tax at the regular rate, may claim transitional credit and carry forward the balance input tax credit (ITC) available under Central Excise, Service Tax, State VAT and unavailed portion of ITC in respect of capital goods. For this, the registered person has to submit a declaration electronically in FORM GST TRAN-1 on the GST portal and has to furnish all the returns required under the existing law for the period of last six months as on 01 July 2017

¹⁹ Notification No.1/2018 – Central tax dated 01 January 2018 revised the rate from one per cent to 0.50 per cent.

²⁰ A registered person can carry forward the closing balance of input tax credit under Central Excise and Service Tax Act as CGST and input tax credit under State VAT Act as SGST, subject to specified conditions.

(Monthly Returns from January 2017 to June 2017). Moreover, some specified category of dealers/goods are also entitled to the claim of transitional credit on stock held on 30 June 2017, subject to some conditions and limitations²¹.

These specified category dealers are those who were not liable to be registered under the existing law, who were paying tax at compounded rate, those who were having goods in transit on the appointed day etc.

The due date for filing or revising FORM GST TRAN-1, originally fixed as 28 September 2017 was extended to 27 December 2017 and in certain cases owing to technical difficulties in GST portal extended up to 31 March 2019.

The circular²² issued (June 2017) by the Commissioner, Commercial Taxes Department indicated that State Tax Officers would verify transitional credit claims as and when the dealers filed FORM GST TRAN-1.

Out of 11,581 tax payers under the jurisdiction of SGSTD of Kerala who had filed TRAN-1 returns, 801 dealers had filed TRAN-2 returns as on 31 March 2019. In eight tax districts selected for audit, 8,116 taxpayers filed TRAN 1 returns and out of them 621 taxpayers filed TRAN-2 returns.

Out of 8,116 TRAN 1 returns filed in the selected tax districts as on 31 March 2019 the assessing authorities verified only 3,717 returns as on 30 November 2019. Audit test checked 1,384 (17.05 *per cent*) out of 8,116 transitional claims received in the selected eight out of 15 tax districts.

The observations noticed with respect to transitional credit are detailed below:

2.4.10.1 Carry forward of ITC not reflected in the last return under KVAT

Section 140(1) of KSGST Act stipulates that a registered person can carry forward the credit of Value Added Tax and Entry Tax, if any, as given in the last return filed under KVAT i.e. for the month of June 2017, in his electronic credit ledger²³ (ECL).

Audit noticed that 20 out of 1,384 test checked registered persons carried forward higher transitional credits in the ECL than the amount declared in their last return under KVAT. The irregular availing of transitional credit without adhering to the provision as above involves a revenue of ₹ 2.33 crore as detailed in **Appendix – VI**.

²¹ The conditions are: (a) Taxes paid on stock for which input tax credit was not already taken under the erstwhile laws; (b) Taxes on exempted goods or services under the erstwhile Acts but taxable under the GST regime; (c) Taxes paid under the erstwhile Acts on goods received after 01 July 2017.

²² Circular No.GSTC 24614/16/CT E office 11137/17 dated 22 June 2017.

²³ The electronic credit ledger shall be maintained for each person eligible for input tax credit and every claim of input tax credit under the Act shall be credited to the said ledger.

The Government stated (November 2020) that out of the 20 cases pointed out all the cases were verified. Assessment was completed in one case, notices were issued in seven cases, recovery was effected in two cases and the remaining cases are under processing.

2.4.10.2. Carry forward of credit in ledger higher than that in TRAN-1 return

Rule 117 (1) of KSGST Rule, 2017, provides that every registered person entitled to transitional credit, has to submit a declaration electronically in FORM GST TRAN-1 on the common portal. As per Rule 117(3), the amount of credit specified in the application in FORM GST TRAN-1 shall be credited to the ECL of the applicant maintained in FORM GST PMT-2 on the common portal.

Audit noticed that 61 out of 1,384 registered persons in the eight selected tax districts availed excess transitional credit amounting to ₹ 46.41 crore over and above the Input Tax Credit as disclosed through FORM GST TRAN-1 by crediting a higher amount in the ECL. Even in 40 cases where TRAN-1 return showed 'Nil' credit, the respective registered persons carried forward excess credit amounting to ₹ 3.69 crore in the ECL. This resulted in irregular carry forward of transitional credit amounting to ₹ 46.41 crore as detailed in **Appendix - VII and VIII.**

The Government stated (November 2020) that out of the 61 cases pointed out all the cases were verified. Notices were issued in 21 cases, recovery was effected in one case and the remaining cases are under processing.

2.4.10.3 Claim of Transitional Credit on Stock having no document evidencing payment of duty

As per proviso to Section 140(3) of CGST Act, a registered person other than 'manufacturer or service provider' may claim transitional credit on stock having no supporting invoice subject to conditions in Rule 117(4) of CGST Rules.

A verification of the TRAN 1 and TRAN 2 returns of registered persons, who had availed transitional credits under this scheme, revealed the following:

(a) **As per Rule 117(4)(a)(i) of CGST Rules 2017, a registered person who was not registered under the existing law shall be allowed to avail of input tax credit on goods held in stock on the appointed day in respect of which he is not in possession of any document evidencing payment of central excise duty.** Hence the registered persons availing ITC under this scheme on goods held in stock on the appointed day should not have been registered under the existing law (Central Excise and Service Tax).

Audit noticed in the six selected tax districts that 46 out of 1,384 test checked persons were not having any supporting invoices on goods held in stock on the appointed day but registered under the existing law as manufacturer/service provider. However, these persons claimed transitional credit in respect of stock held on the appointed day which resulted in irregular claim of CGST credit amounting to ₹ 13.08 crore as detailed in **Appendix - IX**.

The Government stated (November 2020) that out of the 46 cases pointed out all the cases were verified. Notices were issued in 21 cases and the remaining cases are under processing.

(b) Rule 117(4)(b)(iii) of KSGST/CGST Rules 2017 prescribes that the registered persons who are not in possession of an invoice or any other documents evidencing payment of tax/duty in respect of inputs have to initially submit details of such stock in FORM GST TRAN 1 and thereafter on effecting supply of these goods by six tax periods²⁴, have to file a return in FORM GST TRAN 2 showing the details of goods supplied in each tax period.

Scrutiny of TRAN 1 and TRAN 2 returns of tax payers who availed ITC under this scheme in the four selected tax districts revealed that, in respect of six out of 1,384 cases test checked, credits were availed on submitting return in FORM GST TRAN 1 alone; without filing a return in FORM GST TRAN 2 for each tax period after effecting supply of these goods. This resulted in irregular claim of transitional credit amounting to ₹ 0.18 crore as detailed in **Appendix – X**.

The Government stated (November 2020) that out of the six cases pointed out all the cases were verified. Notices were issued in three cases and the remaining cases are under processing.

2.4.10.4 Irregular carry forward of Transitional credit without adhering to the conditions stipulated in provisions

As per Sections 140(3), 140(4)(b) and 140(6) of the KSGST Act, 2017 and Rule 117(4)(a)(i) of Kerala GST Rules 2017, the amount of VAT and Entry Tax paid on inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the appointed day supported by invoices/documents evidencing payment of tax can be carried forward to ECL as credit by the GST registered person in the following circumstances:

1. The person was not liable to be registered under KVAT Act.
2. The person was engaged in sale of exempted goods.
3. Goods suffered tax at first point of sale and subsequent sale were not subjected to tax.

²⁴ July 2017 to December 2017.

4. The person was entitled to take ITC at the time of sale of goods.
5. The person was paying tax at fixed rate under KVAT Act.

Audit noticed in the seven selected tax districts that in 77 out of 1,384 cases test checked, credits were carried forward even though these taxpayers do not fulfil any of the above-mentioned criteria. Non-adherence of the above provisions resulted in the availing of irregular SGST transitional credit to the tune of ₹ 3.99 crore as detailed in **Appendix – XI**.

The Government stated (November 2020) that out of the 77 cases pointed out all the cases were verified. Assessment was completed in one case, notices were issued in 36 cases, recovery was effected in one case and the remaining cases are under processing.

2.4.10.5 Irregular carry forward of transitional credit on capital goods

As per Section 140(2) of KSGST Act, 2017, a registered person, other than composition taxpayer, shall be entitled to take, in his ECL, unavailed portion of input tax credit on capital goods, not carried forward in a return, furnished under the existing law by him, for the period ending with the day immediately preceding the appointed day in such manner as may be prescribed.

Audit noticed that, in the eight selected tax districts, as per the KVAT monthly return (Form 10) for June 2017, 24 out of 1,384 test checked registered persons, the unavailed portion of credit on capital goods was 'Nil' in 18 cases, or less than the credit claimed in FORM GST TRAN 1 in six cases. Thus, the transitional credit on capital goods to the tune of ₹ 0.65 crore was inadmissible as detailed in **Appendix - XII**. The reason for the excess credit in the ECL higher than the KVAT monthly return was called for. But the reply has not been received.

The Government stated (November 2020) that out of the 24 cases pointed out all the cases were verified. Notices were issued in eight cases, recovery was effected in one case and the remaining cases are under processing.

Recommendation: The Department may re-examine all the transitional credit cases and take appropriate action to recover the revenue while making final assessment of the dealers.

2.4.11 Refunds

Sections 54 to 58 of CGST/KSGST Act 2017 and Sections 15 and 16 of IGST Act 2017 provide for refund under GST. Refund can be claimed mainly under the following circumstances:

- Unutilised ITC due to zero rated supply²⁵ of goods or services or both.
- Unutilised ITC at the end of any tax period where the credit has accumulated on account of rate of tax on inputs being higher than the rate of tax on output supplies (i.e. Inverted Duty Structure).
- Balance cash in ECL.
- Refund of IGST paid on export supply.
- Any tax paid by UN²⁶ entities for inward supplies.

Any person claiming refund of any duty and interest, may make an application for refund to the department before the expiry of two years from the relevant date²⁷ in the prescribed form.

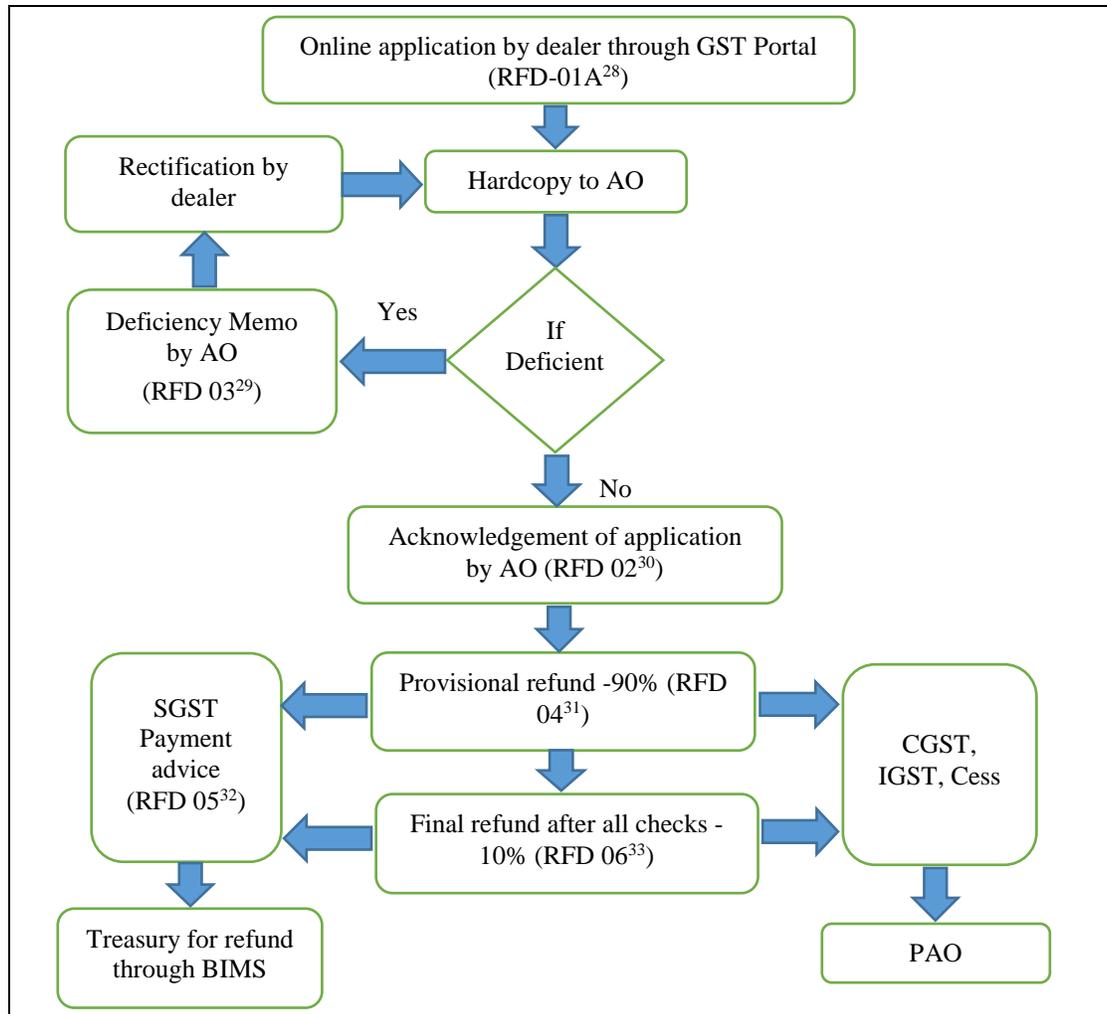
The refund application should be accompanied by such documentary or other evidence as the applicant may furnish to establish that the amount in relation to which the refund is claimed was collected from him or paid by him and the incidence of such duty/interest had not been passed on by him to any other person.

The process of refund is depicted below:

²⁵ Export of goods or services or both, supply of goods or services or both to a Special Economic Zone developer or a Special Economic Zone unit.

²⁶ UN entities are provided with Unique Identification Number (UIN). UIN is a special class of GST registration for foreign diplomatic missions and embassies which are not liable to taxes in the Indian territory.

²⁷ The date on which the return relating to export of goods/services or deemed exports is furnished.



On receipt of the above application the proper officer should issue an acknowledgement/deficiency memo based on the completeness of the application within 15 days. After scrutiny of the claim and on being *prima facie* satisfied that the amount claimed as refund is correct, the proper officer should sanction ninety *per cent* of the total amount as refund on a provisional basis, within a period not exceeding seven days from the date of the acknowledgement. Further, the proper officer has to issue the order sanctioning the final refund after due verification and examination of claim within 60 days from the date of receipt of application. Refund processing is done by the concerned jurisdictional authority. The CGST and IGST components are disbursed by the CGST department and the SGST component is disbursed by the SGST department.

²⁸ Application for refund filed electronically by the applicant. Even though online submission of refund application started from 1 July 2017, it became completely automated from 26 September 2019 onwards only.

²⁹ Form in which the proper officer communicates the deficiencies to the applicant.

³⁰ Acknowledgement of the application made available to the applicant.

³¹ Order sanctioning the amount of refund on a provisional basis.

³² Payment advice of the amount sanctioned.

³³ Form for sanctioning the amount of refund to which the applicant is entitled.

Audit examined the records relating to refunds of 1,073 out of 1,532 sanctioned refund claims in the 75 offices of selected eight tax districts. Audit noticed that delay had occurred in various stages of sanctioning refund as detailed in the **Table 2.6**.

Table – 2.6
Delay in various stages of sanctioning refund

	Number of offices	Number of cases
Delay in acknowledgement	33	167
Delay in issuing deficiency memo	11	26
Delay in provisional refund	29	295
Delay in final refund	64	574

2.4.11.1 Ineligible refund in respect of zero rated supply of goods or services or both without payment of tax

As per proviso to Section 54(3) of CGST Act, no refund of input tax credit shall be allowed, if the supplier of goods or services or both avails of drawback in respect of central tax paid or claims refund of the integrated tax paid on such supplies.

Scrutiny of records relating to 1,073 refund claims revealed that in 41 cases in the five selected tax districts the unutilised input tax credit on account of zero rated supply of goods without payment of tax were sanctioned to the taxpayers who had availed drawback of central taxes. The ineligible refund on zero rated supply of goods or services or both without payment of IGST and availing drawback of central taxes amounted to ₹ 0.76 crore as detailed in **Appendix - XIII**.

The Government stated (November 2020) that out of the 41 cases pointed out all the cases were verified. Notices were issued in 16 cases, recovery was effected in one case and the remaining cases are under processing.

Recommendation: The Assessing Authorities while verifying the refund claims shall ascertain whether the assessee had availed drawback of central taxes.

2.4.11.2 Excess refund due to erroneous application of formula

Rule 89(4) and 89(5) of the KSGST/CGST Rules 2017, prescribes the formula³⁴ for refund of input tax credit in the case of zero-rated supply of goods or services or both done without payment of tax and inverted duty structure. As per the rule *ibid*, ‘Adjusted Total Turnover’ means the turnover in a State or a Union Territory, as defined under sub-section (112)

³⁴ Refund in respect of export of goods or services = (Turnover of zero-rated supply of goods + Turnover of zero-rated supply of services) x Net ITC ÷ Adjusted Total Turnover.
Refund in respect of Inverted duty structure = {(Turnover of inverted rated supply of goods and services) x Net ITC ÷ Adjusted Total Turnover} - tax payable on such inverted rated supply of goods and services.

of section 2, excluding the value of exempted supplies other than zero-rated supplies, during the relevant period.

Scrutiny of refund documents/ records and monthly returns for the relevant period³⁵ in FORM GSTR-3B in the six selected tax districts revealed that in 22 out of 1,073 claims test checked, 'Adjusted total turnover' was erroneously taken as the turnover of zero-rated supply alone. This resulted in excess allowance of refund to the tune of ₹ 0.57 crore as detailed in **Appendix – XIV**.

The Government stated (November 2020) that out of the 22 cases pointed out all the cases were verified. Assessment was completed in two cases, notices were issued in three cases, recovery was effected in two cases and the remaining cases are under processing.

Recommendation: The Assessing Authorities may observe utmost caution in order to avoid calculation mistakes while processing refunds.

2.4.11.3 Excess allowance of refund due to erroneous inclusion of credit on 'Capital goods' in net ITC

Rule 89(4) and 89(5) of the KSGST Rules, 2017, prescribes the formula for refund of unutilised ITC. As per the rule *ibid*, net ITC means the ITC availed only on inputs during the relevant period. The definition of 'input' as per Section 2 (59) of CGST Act 2017, means any goods other than capital goods used or intended to be used by a supplier in the course or furtherance of business.

During the test check of 1,073 refund claims, Audit observed that, in respect of nine claims in the two selected tax districts, the refund of input tax credit on capital goods were included in net ITC, which resulted in excess allowance of refund amounting to ₹ 0.13 crore as detailed in **Appendix – XV**.

Replies have not been received from the Government. Reply is awaited.

Recommendation: While processing the refund claim the credit on capital goods shall not be included as part of Net ITC.

2.4.11.4 Sanction of refund by ineligible jurisdictional authority

Rule 96(3) of KSGST Rules stipulates that 'Upon the receipt of the information regarding the furnishing of a valid return in FORM GSTR-3 or FORM GSTR-3B, as the case may be from the common portal, the system designated by the Customs or the proper officer of Customs, as the case may be, shall process the claim of refund in respect of export of goods and an amount equal to the integrated tax paid in respect of each shipping bill or bill of export shall be electronically credited to the bank account of the applicant

³⁵ The period for which the claim has been filed.

mentioned in his registration particulars and as intimated to the Customs authorities’. As mentioned in the rule, the taxable person is to claim the Integrated Goods and Service tax (IGST) portion of export of goods from the Customs authorities.

Scrutiny of 1,073 refund claims revealed that six persons in the three selected tax districts were sanctioned refund of IGST paid for the export of goods. The registered persons submitted the refund application and claimed the refund of IGST as Export of Services with payment of tax instead of export of goods with payment of tax. Here, the taxpayers used the wrong term ‘export of services’ instead of ‘export of goods’ in the refund application and the SGSTD sanctioned refund without detailed verification. This had resulted in ineligible payment of IGST, CGST and SGST amounting to ₹ 0.06 crore as detailed in **Appendix – XVI**.

The Government stated (November 2020) that out of the eight cases pointed out all the cases were verified. Recovery was effected in one case and the remaining cases are under processing.

Recommendation: The Assessing Authorities may thoroughly scrutinise the details furnished by the assessee in order to avoid mistakes in the sanctioning of refund claims.

2.4.12 Conclusion

In the absence of access to GST data, the conclusions of this audit are based on limited checks carried out in the field. The department had taken adequate steps for GST implementation by imparting training to officials, issuing instructions to field offices for the verification of transitional credits/refunds, providing GST help desks in all district headquarter offices etc. Eligibility of taxpayers opting for the composition scheme, verification of transitional credits arising from VAT returns, complying with the provision of Acts and Rules for sanctioning refunds, computation of refund amount and eligibility of jurisdictional authority for sanctioning refunds are areas which require necessary remedial action from the department as discussed in the Audit paras. Our observations were for the selected samples and hence the department may examine similar issues outside the sample as well to control the potential revenue loss.

2.5 Short levy of tax

During the year 2018-19, out of 185 offices under the SGSTD, 101 offices were audited including 82 State tax offices/Assessment circles. Some illustrative cases on incorrect assessment, excess availing of input tax credit and excess refund are detailed below :

2.5.1 Short levy of tax due to incorrect assessment

As per Rule 38 of the KVAT Rules, 2005, where an assessing authority resorting to best judgment assessment under Section 22 or Section 23 or Section 24 deems it necessary to verify the books of accounts of the assessee, such authority may serve on the dealer a notice in Form No. 17 calling upon him to produce the books of accounts or other records or evidences, if any, to prove his turnover and tax liability, and also the correctness of the stock statement, goods or the turnover reported or the input tax credit or the refund claimed, at a time and place to be specified in the notice and shall scrutinise them, if produced, as specified in the notice.

Where the dealer fails to prove the correctness of the turnover, stock etc as above, the assessing authority shall proceed to make the best judgment assessment. The dealer shall be given a reasonable opportunity of being heard before completing the best judgment assessment.

Out of total number of 7,790 assessment completed files 1,640 files were audited. Scrutiny of assessment records relating to seven assessees in seven assessment circles for the periods 2017-18 and 2018-19 revealed irregular assessments by the assessing authorities due to turnover escaping assessment, application of incorrect rate of tax, irregular exemption, irregular allowance of input tax and irregular assessment of CST. The above discrepancies in assessment resulted in short levy of tax and interest amounting to ₹ 6.33 crore as detailed in the **Appendix – XVII**.

Recommendation: It is recommended that the department may ensure proper scrutiny of records by the assessing authorities while finalising the assessments in order to avoid irregular assessments.

2.5.2 Short levy of tax due to excess availing of input tax credit

As per Section 6(7) of KVAT Act, sale of any building materials, industrial inputs, plant and machinery including components, spares, tools and consumables in relation thereto to any developer or industrial unit or establishments situated in any Special Economic Zone in the State for setting up the unit or use in the manufacture of other goods shall, subject to such conditions or restrictions, as may be prescribed, be exempted from tax. As envisaged in Rule 12A of KVAT Rules, where taxable goods are used during a return period partly in relation to taxable transaction and partly in relation to exempted or non-taxable transaction, the IPT paid or special rebate to

which the dealer has become entitled to during such period shall be apportioned between the taxable and exempted/non-taxable transaction on the basis of the ratio of taxable and exempted turnover during the period in which the input tax credit or special rebate or refund is claimed. The portion of the input tax credit or special rebate allocable to such exempted sale or transaction shall be disallowed.

Out of total number of 28,700 self-assessed files, 8,200 cases were audited. Scrutiny of assessment records of M/s Prism Cement Ltd, registered in the rolls of the State Tax Office (STO), Special Circle I, Ernakulam for the periods 2014-15, 2015-16 and 2016-17 and M/s Neptune Readymix Concrete(P) Ltd registered in the rolls of the STO, Special Circle III, Ernakulam for the periods 2015-16 and 2016-17 revealed that the assessees purchased goods in the State which are used for manufacture of ready mix concrete and sold to SEZ as exempted sale. The dealers were not eligible for ITC for the portion of goods used for exempted sale. Total short levy of tax and interest due to excess availing of ITC works out to ₹ 1.43 crore as detailed in the **Table 2.7** below.

Table – 2.7
Assessee wise details of short levy

(₹ in crore)

Name of assessee	Period	Total turnover	Exempted Turnover	IPT allowed	Ineligible IPT	Interest	Total
M/s Prism Cement Ltd	2014-15	72.88	11.32	2.07	0.32	0.15	0.47
	2015-16	77.84	8.85	2.83	0.32	0.11	0.43
	2016-17	68.31	7.05	2.49	0.26	0.05	0.31
M/s Neptune Readymix Concrete (P) Ltd	2015-16	49.57	4.22	1.22	0.10	0.03	0.13
	2016-17	65.91	3.32	1.60	0.08	0.01	0.09
Total					1.08	0.35	1.43

On this being pointed out, the Government stated that in the case of M/s Prism Cement Ltd, notice under section 25(1) was issued for the year 2014-15 and assessment for the year 2015-16 and 2016-17 were completed creating demands of ₹ 58.41 lakh and ₹ 75.32 lakh respectively. In the case of M/s Neptune Readymix Concrete(P) Ltd, the assessments for the years 2015-16 and 2016-17 were completed creating an additional demands of ₹ 14.18 lakh and ₹ 9.94 lakh respectively and advised for revenue recovery.

Recommendation: *The Department may try to find out similar cases of tax evasion and take steps for reversal of IPT in such cases.*

2.5.3 Short levy of tax due to excess refund

- As per Section 6(7) of KVAT Act 2003, sale of any building materials, industrial inputs, plant and machinery including components, spares, tools and consumables in relation thereto to any developer or industrial unit or establishments situated in any Special Economic Zone in the State for setting up the unit or use in the manufacture of other goods shall, subject to such conditions or restrictions, as may be prescribed, be exempted from tax.
- As per proviso below Section 11(3) of KVAT Act 2003, where sale in the course of interstate sale is exempted from tax, input tax credit shall be limited to the amount of IPT paid in excess of five *per cent* of the purchase turnover of such goods sent outside the state.
- As per Rule 12A of KVAT Rules, where taxable goods are used during a return period partly in relation to taxable transaction and partly in relation to exempted or non-taxable transaction, the input tax paid or special rebate to which the dealer has become entitled to during such period shall be apportioned between the taxable and exempted or non-taxable transaction on the basis of the ratio of taxable and exempted turnover during the period in which the input tax credit or special rebate or refund is claimed. The portion of the input tax credit or special rebate allocable to exempted sale or transaction shall be disallowed.
- As amended by Kerala Finance Act 2017, Section 6 of KVAT Act provides that the sale of packing materials by a registered dealer to an exporter for the purpose of use in the packing of exported goods shall be exempted from the tax for the period up to 31 March 2016.
- Interstate sales turnover of rubber sheet supported with C Form is exempted from tax vide G.O(P) No.181/2011/TD dated 30 November 2011.

Out of total number of 1,230 refund files, 902 files were audited and scrutiny of records in two offices revealed excess refund amounting to ₹ 0.60 crore in respect of three assesseees as detailed in the **Table 2.8** below:

Table – 2.8
Assessee wise details of excess refund availed

Sl No	Office	Name of assessee	Section under KVAT/CST/ KGST Act	Gist of objection
1	STO, I Circle Kalamassery	M/s Leetha Pack Pvt Ltd	Section 6 of KVAT Act as modified by Kerala Finance Act 2017, Rule 12A of KVAT	Audit observed that in 2014-15 and 2015-16, 56.45 <i>per cent</i> and 66.86 <i>per cent</i> out of ITC availed by the assessee related to sales of packing materials to an exporter which should have been disallowed in conformity with the provision of Act/Rules. The net tax

Sl No	Office	Name of assessee	Section under KVAT/CST/ KGST Act	Gist of objection
			Rules	due including interest payable by the assessee after disallowing IPT proportionate to exempted sale for the years 2014-15 and 2015-16 works out to ₹ 11.50 lakh. While the assessee was liable to pay the output tax of ₹ 11.50 lakh, refund of ₹ 3.24 lakh was ordered by the State Tax Officer, resulting in short levy of tax and interest of ₹ 14.74 lakh.
2	STO, I Circle Kalamassery	M/s Amy Jewellery Designers	Rule 12 A of KVAT Rules	M/s Amy Jewellery Designers was allowed a refund of ₹ 3.94 lakh in October 2018 for the year 2016-17. Scrutiny of the refund file revealed that the portion of input tax credit and special rebate of ₹ 6.87 lakh allocable to interstate stock transfer out which was to be disallowed was not done, resulting in short levy amounting to ₹ 3.55 lakh. Against the tax liability of ₹ 3.55 lakh the assessee was given an irregular order for refund of ₹ 3.94 lakh, resulting in short levy of tax and interest of ₹ 7.49 lakh.
3	STO, Special Circle (Produce), Mattancherry	M/s Njavallil Latex Pvt Ltd	Section 6(7), Proviso below Section 11(3) of KVAT Act, Rule 12 A of KVAT Rules	<p>Scrutiny of the assessment records of M/s. Njavallil Latex Pvt Ltd, for the period 2015-16 revealed that interstate sale of rubber sheet worth ₹ 6.25 crore is supported with C form. The input tax relating to the purchase turnover of exempted goods was not eligible for credit. However, the assessee availed credit for purchase related to exempted turnover resulting in excess credit of ₹ 27.70 lakh.</p> <p>Moreover, the assessee sold rubber latex to SEZ for ₹ 1.20 crore and ₹ 1.09 crore during 2015-16 and 2016-17 respectively and claimed IPT on account of this exempted turnover. This resulted in excess credit of ₹ 5.59 lakh and ₹ 4.80 lakh.</p> <p>The ineligible IPT for the portion of goods thus used for exempted sale worked out to ₹ 33.29 lakh and ₹ 4.80 lakh for 2015-16 and 2016-17 respectively. Without disallowing the ineligible IPT, refund of ₹ 1.25 crore and ₹ 1.63 crore for 2015-16 and 2016-17 respectively was made to the assessee which resulted in excess refund of ₹ 38.09 lakh.</p>

On this being pointed out, the Government stated (May 2020) that in the case of M/s Leetha Pack Pvt Ltd, an additional demand of ₹ 14.33 lakh was created and the assessee remitted ₹ one lakh under Amnesty scheme. The reply is not

acceptable as the tax element alone worked out to ₹ 9.95 lakh whereas the recovery is limited to ₹ one lakh. Clarification has been sought from the Government about the remittance of ₹ one lakh under amnesty scheme. Further reply is awaited. In the case of M/s Njavallil Latex Pvt Ltd., the Government stated (February 2020) that the assessing authority completed the assessment creating an additional demand of ₹ 36.28 lakh for the years 2015-16 and 2016-17. In the case of M/s Amy Jewellery Designers the Government stated (March 2020) that an additional demand of ₹ 8.04 lakh was created.

Recommendation: It is recommended that the department may ensure that sanction of refunds by the assessing authority which involve large amounts are being scrutinised by a higher authority.

Chapter III

Taxes on Vehicles

CHAPTER-III TAXES ON VEHICLES

3.1 Tax administration

The receipts from the Transport Department are regulated under the provisions of the Central and the State Motor Vehicles Acts and Rules made thereunder. The Transport Department functions under the administrative control of the Secretary, Transport Department at the Government level and the Transport Commissioner (TC) at the department level. The levy and collection of tax in the State is governed by the Motor Vehicles Act, 1988, Central Motor Vehicles (CMV) Rules, 1989, and the Kerala Motor Vehicles Taxation (KMVT) Act, 1976.

3.2 Internal audit

The Finance Officer of the Motor Vehicles Department conducts the audit of the State Transport Authority, offices of the Deputy Transport Commissioners of each zone and Regional Transport Offices (RTOs). The Senior Superintendents attached to the office of each of the Zonal Deputy Transport Commissioners conduct internal audit of Sub RTOs and Motor Vehicle Check Posts of the Department. The Internal Audit team is comprised of one Accounts Officer, 10 Senior Superintendents and 12 Clerks. No special training has been imparted to the personnel of the Internal Audit Wing (IAW). Against the target of 103 units, 34 units were audited during 2018-19. The Department stated that the periodicity of audit of all offices is annual but the Department could not achieve the target due to shortage of staff, lack of proper training and audit software. The Department did not prepare a separate Internal Audit Manual. During 2018-19, the Department cleared 887 paras which was 20.11 *per cent* of the outstanding 4,411 paras. The Department attributed (August 2019) the reason for low clearance of audit observations to delay in getting the rectification reports from the sub offices audited.

3.3 Results of audit

There were 79 auditable units in Motor Vehicles Department. Test check of records of 46 offices during 2018-19 relating to tax, registration fee, permit fee, driving license fee, conductor license fee, penalties and composite fee under National Permit Scheme showed non/short-levy of one-time tax, non-levy of green tax, non-remittance of tax and other irregularities. Audit pointed out some of the similar omissions in the earlier years also. Not only do these irregularities persist, but they also remain undetected till the next audit is conducted. There is a need for the Government to improve the internal control system including strengthening of internal audit so that recurrence of such cases can be avoided. Underassessment of tax and other irregularities involving ₹ 17.45 crore in 346 cases which fall under the following categories are given in **Table - 3.1**.

Table - 3.1

(₹ in crore)

Sl. No.	Categories	Number of cases	Amount
1	Non/short levy of tax	162	7.04
2	Other lapses	184	10.41
Total		346	17.45

During the course of the year, the Department accepted non/short-levy of tax and other deficiencies amounting to ₹ 23.74 crore in 362 cases, which were pointed out by Audit. An amount of ₹ 12.86 crore pointed out was realised in 455 cases during the year.

A few illustrative audit observations involving ₹ 5.93 crore are mentioned in the succeeding paragraphs.

3.4 Short levy of one time tax due to incorrect computation of purchase price

The purchase value of the motor vehicles defined under Section 2(e) of the KMVT Act, 1976 means the value of the vehicle as shown in the purchase invoice and includes Value Added Tax/Goods and Services Tax and such other taxes as may be levied by the Central and State Government, cess and customs/excise duty chargeable on vehicle (vide KMVT (Amendment) Act, 2017 with effect from 01 July 2017). As such, one *per cent* tax collected at source (TCS) by the dealer vide Government of India Ministry of Finance, Circular No.22/2016 (F.No.370142/17/2016-TPL) dated 08 June 2016 on vehicles having purchase value exceeding ₹ 10 lakh also forms part of the purchase value of a vehicle. As per Section 3(1) of the KMVT Act, 1976, one time tax at the prescribed rate shall be levied from the date of purchase for motor cars and private service vehicles for personal use (non-transport vehicle).

While conducting the audit of 27³⁶ out of 73 Regional/Sub Regional Transport Offices (RTO/SRTOs) during 2018-19, Audit verified registration files of vehicles purchased during 01 July 2017 to 31 March 2018, having purchase value above ₹ 10 lakh. Out of the total 12,306 vehicles registered during this period in these 27 RTO/SRTOs, 8,941 cases were verified. It was noticed that in 7,671 cases (85.80 *per cent*), one *per cent* tax collected at source had not been taken into account while computing the purchase value of the vehicles. This resulted in short collection of one time tax levied on non-transport vehicles, amounting to ₹ 3.56 crore as shown in **Appendix XVIII**.

On this being pointed out (December 2019), the Government replied (December 2020) that an amount of ₹ 0.58 crore was collected in 1670 cases. Further progress is awaited (December 2020).

Recommendation: It is recommended that the Department may strengthen the internal audit so that weaknesses in the system are addressed and omissions of the nature pointed out in the Audit Reports are avoided in future.

3.5 Non/short levy of one time tax in respect of vehicles reclassified from transport vehicles

Second proviso to Section 3(1) of the KMVT Act, 1976 states that in respect of a new motor vehicle of any of the classes specified in item numbers 1,2,6 and 11 of the schedule to the Act, one time tax shall be levied from the date of purchase at the rates prescribed in the Annexure I to the Act. In the case of

³⁶ Attingal, Ernakulam, Idukki, Kannur, Kasargod, Kollam, Kottayam, Kozhikode, Muvattupuzha, Thiruvananthapuram and Vadakara (11 RTOs).
Aluva, Angamaly, Changanasery, Chittur, Kanhangad, Karunagappally, Koduvally, Nedumangad, Neyyatinkara, Pattambi, Sulthan bathery, Thalassery, Tirurangadi, Thodupuzha, Tirur and Vaikom (16 SRTOs).

motor vehicles registered on or after 01 April 2007 and reclassified from the category of transport vehicle to non-transport vehicle, one time tax on percentage basis with respect to the age of the vehicle is leviable. As per Table below Annexure - 1 of the KMVT Act, purchase value reckoned for one time tax ranges from 100 per cent to seven per cent in respect of age of vehicles ranging from less than one year to less than 15 years.

As per the Annexure – 1 of the KMVT Act, one time tax at the rate of six per cent, eight per cent, 10 per cent, 15 per cent and 20 per cent shall be levied on motor cars and private service vehicles having purchase value up to ₹ five lakh, purchase value more than ₹ five lakh and up to ₹ 10 lakh, purchase value more than ₹ 10 lakh and up to ₹ 15 lakh, purchase value more than ₹ 15 lakh and up to ₹ 20 lakh and purchase value more than ₹ 20 lakh respectively.

While conducting the audit of 34³⁷ out of 73 Regional /Sub Regional Transport Offices during 2018-19, Audit verified details of all 8,645 vehicles registered on or after 01 April 2007 and subsequently reclassified as non-transport vehicles during 2017-18. Out of these, non-levy of tax was noticed in 434 cases with a money value of ₹ 0.60 crore and short-levy of tax was noticed in 1,023 cases with a money value of ₹ 1.22 crore as shown in **Appendix XIX**. This resulted in non/short levy of ₹ 1.82 crore. Even though these omissions were apparent from the records of the Department, the RTO failed to detect them and despite being pointed out repeatedly in the past Audit Reports for the years ended March 2017 and 2018, the Department/Government have not taken corrective action.

On this being pointed out (December 2019), the Government replied (December 2020) that an amount of ₹ 1.01 crore was collected in 793 cases. Further progress is awaited (December 2020).

Recommendation: It is recommended that the Department may avoid such system failures by ensuring strict adherence to the provisions of the relevant Acts.

3.6 Non levy of Green Tax

Section 3A of the KMVT Act, 1976 as amended by the Finance Act 2016, stipulates that Green Tax shall be levied and collected in addition to the tax levied under this Act on the motor vehicles specified in column (2) of the table below at the rate specified in column (3) thereof, for the purpose of implementation of various measures to control air pollution. The Transport

³⁷ Alappuzha, Attingal, Ernakulam, Idukki, Kannur, Kasargod, Kottayam, Kozhikode, Muvattupuzha, Thrissur, Thiruvananthapuram, Vada kara, Wayanad (13 RTOs).
Adoor, Aluva, Angamaly, Chalakudy, Chittur, Irinjalakuda, Kanhangad, Karunagappally, Kayamkulam, Koduvally, Kunnathur, Nedumangad, Neyyattinkara, Pattambi, Sulthan bathery, Thalassery, Thirurangadi, Thiruvalla, Thodupuzha, Tirur, Vaikom (21 SRTOs).

Commissioner instructed (December 2016)³⁸ that the payment of Green Tax shall be ensured at the time of fitness test in the case of transport vehicles and at the time of renewal of registration in the case of non-transport vehicles. The details of rates of green tax on the basis of class, age of vehicle are detailed in Table – 3.2.

Table - 3.2

Sl. No.	Class and age of vehicle	Rate of Green Tax (in ₹)	Incidence of levy
(1)	(2)	(3)	(4)
1	Non Transport Vehicles having four or more wheels and completed 15 years from the date of registration	400 for every five years	At the time of renewal of registration
2	Light Transport Vehicles having four or more wheels and have completed 10 years from the date of its registration	200 for every year	At the time of renewal of fitness certificate
3	Medium Transport Vehicles which have completed 10 years from the date of its registration	300 for every year	At the time of renewal of fitness certificate
4	Heavy Transport Vehicles which have completed 10 years from the date of its registration	400 for every year	At the time of renewal of fitness certificate

During the audit (2018-19) of 28³⁹ out of 73 Regional/ Sub Regional Transport Offices, it was noticed from the tax remittance particulars in the database that Green tax was not collected from 12,884 transport vehicles and 5,021 non-transport vehicles out of a total of 52,781 vehicles which were given services from the Department. These services include renewal of fitness certificate in respect of transport vehicles which have completed 10 years from the date of its registration, and renewal of registration in respect of non-transport vehicles which have completed 15 years from the date of registration. This resulted in non-collection of ₹ 0.54 crore as shown in **Appendix XX**.

On this being pointed out (December 2019), the Government replied (December 2020) that an amount of ₹ 0.35 crore was collected in 8,576 cases. Further progress is awaited (December 2020).

Recommendation: *It is recommended that the Government may put in place a proper monitoring mechanism to raise alerts for demanding green tax on completion of 10 years or 15 years as the case may be, when the vehicles are brought for other services.*

³⁸ Vide Circular No. 31/2016 dated 23 December 2016.

³⁹ Alappuzha, Attingal, Ernakulam, Idukki, Kannur, Kasargod, Kozhikode, Muvattupuzha, Thiruvananthapuram, Vadakara, Wayanad, Pathanmthitta (12 RTOs).
Adoor, Aluva, Angamaly, Chittur, Kanhangad, Kayamkulam, Koduvally, Nedumangad, Pattambi, Sulthan bathery, Thalassery, Thirurangadi, Thiruvalla, Thodupuzha, Tirur, Vaikom (16 SRTOs).

Chapter IV
Land Revenue and Building Tax

CHAPTER-IV LAND REVENUE AND BUILDING TAX

4.1 Tax administration

The Revenue and Disaster Management (R&DM) Department is under the control of the Secretary at the Government level and the Commissioner of Land Revenue (CLR) is the head of the Department. The revenue collected by the Department includes basic tax, building tax, lease rent, plantation tax etc. The Department realises arrears of public revenue under the Kerala Revenue Recovery (KRR) Act, 1968, with interest and cost of process prescribed.

4.2 Internal audit

The Internal Audit Wing (IAW) of the Land Revenue Commissionerate is monitored by the Senior Finance Officer under the control of the Commissioner of Land Revenue. The IAW is manned by one Senior Superintendent, two Junior Superintendents and six Clerks. The audit of *Taluk* Offices, Revenue Divisional Offices, Revenue Recovery Offices, Offices of Vigilance Deputy Collectors and Central Stamp Depot are conducted in a periodicity of two to three years. The Department stated that the selection of offices to be audited were made on the basis of the date of audit last conducted. The files to be checked were randomly selected and no risk analysis was done before selecting an office for audit. During 2018-19, the IAW planned 24 units for internal audit and 19 units were covered during the year. During the year, the Department cleared 3,028 paragraphs out of 11,219 paragraphs which was 26.99 *per cent* of the outstanding objections. The Department stated that the poor clearance of audit observations was due to non-receipt of rectification reports from the sub offices audited (November 2020).

4.3 Results of audit

There are 121 auditable units in the Department. The records of 53 units were test checked during 2018-19. Non/short assessment/collection of building /luxury tax and other irregularities involving ₹ 40.31 crore were detected in 162 cases. As this was a test audit in the test checked cases and the audit observation of a nature that may reflect in other cases not covered in the test audit, the Department may therefore, like to internally examine the position in the rest of the units with a view to ensure that the instance of non/short payment of tax are taken care of by taking remedial measures, and may also fix responsibility for the lapses in all such cases. Audit pointed out some of the similar omissions in the earlier years also. Not only do these irregularities persist, but they also remain undetected till the next audit is conducted. Underassessment of tax and other irregularities involving ₹ 5,357.62 crore in 163 cases which fall under the following categories are given in **Table - 4.1**.

Table - 4.1

(₹ in crore)			
Sl. No.	Categories	Number of cases	Amount
1	CA on Arrears of Revenue	1	5,317.31
2	Non/short assessment/collection of building/Luxury tax	147	39.08
3	Other irregularities	15	1.23
Total		163	5,357.62

During the course of the year, the Department accepted under-assessments and other deficiencies involving ₹ 5,399.98 crore in 359 cases. An amount of ₹ 41.77 crore pointed out was realised in 388 cases during the year 2018-19.

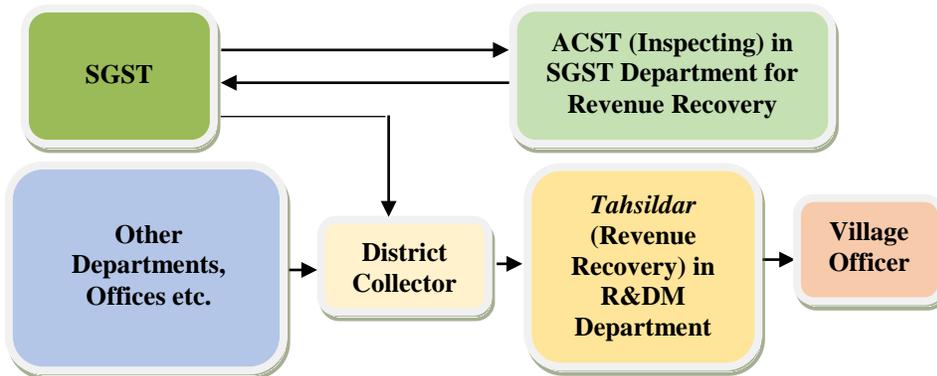
A few illustrative audit observations involving ₹ 5,339.40 crore are mentioned in the succeeding paragraphs.

4.4 Compliance Audit on Arrears of Revenue

4.4.1 Introduction

The Kerala Revenue Recovery Act (KRR Act), 1968 was enacted to consolidate and amend the laws relating to recovery of arrears of public revenue in the state of Kerala. The Act is implemented by the R&DM Department. Once a demand notice for tax, additional tax, interest, penalty etc. are issued by a department and the payment is not made within the stipulated period the amount becomes an arrear. In all departments, except the State Goods and Services Tax (SGST) Department, once the dues become overdue, a revenue requisition in Form 24 is forwarded to the District Collector for initiating revenue recovery (RR) proceedings against the defaulter. In the State Goods and Services Tax Department (SGSTD), the assessing authorities forward the revenue pending cases to the Assistant Commissioners of State Taxes (ACST) who is empowered (section 33 of KVAT Act 2003) with the RR powers of Collector under the KRR Act. When the ACSTs are unable to recover the dues, it is then forwarded to District Collector for RR. The District Collector then issues a Revenue Recovery Certificate (RRC) in Form 25 to the concerned *Tahsildar/Taluk* Office (TO) who shall forward the same to the concerned Village Office (VO) for the collection of arrear amount. The VO shall issue a demand notice and if the payment is not made by the defaulter, action shall be initiated for the attachment and sale of the movable or immovable property of the defaulter as per Section 5 of the KRR Act, 1968.

Process of recovery of arrears



4.4.2 Objectives and scope of Audit

The objectives of Audit were to examine whether:

- i) the Act, Rules and Government orders governing recovery of arrears of revenue due to government were complied with.
- ii) the monitoring and control mechanism for the recovery of arrears ensures timely collection of revenue due to the government.

The audit on arrears of revenue in six⁴⁰ departments for the period 2014-15 to 2018-19 was conducted from June 2019 to February 2020. Out of the 14 districts two⁴¹ districts were selected through judgemental sampling and three⁴² districts were selected through Simple Random Sampling without Replacement.

All the six departments selected for audit are headed by Additional Chief Secretary/Principal Secretary/Secretary at the Government level. At the departmental level Commissioner of State Taxes heads the SGSTD, Transport Commissioner heads the Transport department, Principal Chief Conservator of Forests heads the Forest and Wild Life department, Commissioner of Land Revenue heads the R&DM department, Director of Mining & Geology heads the Mining & Geology department and Inspector General of Registration heads the Registration department.

In the SGSTD, the Commissioner is assisted by ACSTs and some of the ACSTs act as RR officers. The District Collector heads the revenue administration in a District and is assisted by *Tahsildars* and Village Officers to carry out RR functions in the District.

Audit was conducted through test check of records such as files, registers etc., maintained in the Government Secretariat, the Commissionerates of SGST, Transport, Land Revenue; Forest Headquarters, Directorate of Mining & Geology, Inspector General of Registration, Dy. Commissioners of SGST and District Collectorates (DC), Revenue Divisional Offices (RDOs), TOs, ACSTs, Circle Offices, District Registrar Offices (General), Sub Registrar Offices (SROs), District offices of the Mining & Geology, Kerala Mineral Squads, Regional Transport Offices (RTO), Sub Regional Transport Offices (SRTO), Divisional Forest Offices (DFO) and Range Offices in the selected districts.

Entry Conference was held on 05 July 2019 with the Additional Secretary to Government, R&DM Department, Additional Secretary, Taxes, Joint Secretary, Forest and Wild Life, Commissioner of Land Revenue, Deputy Conservator of Forest and Joint Commissioner, SGSTD in which the audit objectives, scope and criteria of the audit were discussed. An Exit Conference was also conducted on 09 September 2020 with the Principal Secretary, R&DM Department, Additional Secretary, Taxes, Deputy Secretary, Forest and Wild Life, Commissioner of Land Revenue, Principal Chief Conservator of Forest and Commissioner, SGSTD and the audit findings were discussed in detail. The replies of the Government/ Department received during the Exit Conference and on draft report have been incorporated in the relevant paragraphs wherever applicable.

⁴⁰ State Goods & Services tax, Forest & Wildlife, Transport, Revenue & Disaster Management, Mining & Geology and Registration.

⁴¹ Thiruvananthapuram district being the headquarters of all the departments and Ernakulam district having disproportionately high arrears.

⁴² Idukki, Thrissur and Malappuram.

4.4.3 Trend of Arrears in selected departments

In five of the six departments where audit was conducted, arrears to the tune of ₹ 18,022.49 crore were pending for recovery as on 31 March 2019. The year wise position of arrears and their recovery in these five departments for the period from 2014-15 to 2018-19 is given in the **Table - 4.2** and the department wise arrears given in **Appendix XXI**. The arrear figures of department of Mining & Geology were not included as the department stated that the consolidated arrear figure for 2018-19 alone was available which amounts to ₹ 69.76 crore.

Table - 4.2
Year wise Trend of arrears

(₹ in crore)

Year	Opening Balance of arrears	Addition during the year	Total arrears	Recovery/ Adjustment of arrears	Percentage recovery of arrears	Closing balance of arrears
2014-15	8,321.87	2,052.37	10,374.24	1,701.18	16.40	8,673.06
2015-16	8,673.06	1,750.56	10,423.62	747.99	7.18	9,675.63
2016-17	9,675.62	4,122.82	13,798.44	1,719.83	12.46	12,078.61
2017-18	12,078.61	3,370.54	15,449.15	1,417.56	9.18	14,031.59
2018-19	14,031.58	4,771.64	18,803.22	780.73	4.15	18,022.49

Source: Information furnished by the Departments

It can be seen from Table 4.2 that while the arrears of revenue increased from ₹ 8,321.87 crores to ₹ 18,022.49 crores in 5 years (growth of 116.57 per cent), the rate of recovery/adjustments of arrears had decreased from 16.40 per cent to 4.15 per cent. Out of the total recovery/adjustment of ₹ 6,367.29 crore, the actual recovery was only ₹ 1,545.44 crore (24.27 per cent) and the balance is related to remission and write-off⁴³. As seen from the **Appendix XXI**, 73.83 per cent of the arrears pertains to SGSTD and the recovery/adjustment of arrears is the lowest in Forest and Wild Life Department.

Out of the total arrears of ₹ 18,022.49 crore, ₹ 3,800.64 crore (21.09 per cent) are arrears from Governments, public sector undertakings, local bodies etc., and the remaining are from individuals, private firms etc.

Audit findings

When an amount due to Government is not paid within the time limit prescribed in the demand notice, it becomes an arrear. The department is to issue a requisition for RR to the revenue authority for recovering the arrear amount. Audit noticed the following lapses in collection of arrears and the implementation

⁴³ Remission:- Assessing authority can revise or modify as per the directions of appellate/judicial authorities.

Write off:- Commissioner of Land Revenue can write off a maximum of ₹ 9,000 and DC can write off a maximum of ₹ 5,000 per year (GO.(P) No. 512/99/Rev dept.) There is no limit for Government.

of the KRR Act.

4.4.4 Non/Incomplete maintenance of database

Accurate and reliable data is crucial for any organisation to function effectively, to evaluate needs of the system, to monitor progress and to deliver results. It is important to maintain a database with details relating to arrears to be collected to enable effective monitoring of collection of arrears. This database must be reliable and up to date so that data can be managed efficiently, and users can perform multiple tasks with ease.

Audit noticed that even though the SGSTD has developed an online database, the data entry process is not yet completed. In the case of the Registration department, the database is not properly maintained and the process of correcting errors in the database is going on. In the other selected departments, a database of arrears of revenue was not maintained. Audit observes that there is huge pendency of arrears in these Departments which is increasing year after year. Hence, the database of outstanding arrears has to be created to devise a concrete action plan to clear the arrears and to monitor the progress of collection of arrears.

In the case of R&DM department, the Government replied (September 2020) that the Department has developed an online platform and a database for RR proceedings from January 2017 and action will be taken to bring the pending RR cases prior to January 2017 as well into this platform and the database. The online portal i.e. RR online contains only details of RR action initiated cases. The Audit observation is on a complete database of arrears that include cases prior to initiation of RR action as well. The Government has neither given any assurance on the formation of a comprehensive arrear data base nor fixed a target date for completion of the database in the Revenue department.

The Government in respect of SGSTD stated (November 2020) that the Department is maintaining accurate and reliable data of arrears in Demand Collection and Balance (DCB) statement and has now developed an effective database of pending arrears in GST portal. The reply is not acceptable as the DCB statement gives only a consolidated statement of arrears and not item wise details on arrear cases. Besides, the audit observation is regarding the non-maintenance of database of arrears during the VAT regime.

In respect of Mining & Geology department, the Government replied (November 2020) that the department is maintaining DCB registers at the District level and a consolidated DCB register at the Directorate to monitor the realisation of arrears. The reply is not acceptable as, even though the maintenance of DCB statement is mandatory, it is in no way a replacement for system based database which aids in monitoring of arrear cases.

The Forest and Wild Life department stated (June 2020) that they are maintaining a comprehensive and up-to-date data base of arrears of revenue at their

Headquarters. The reply further states that every year the details regarding arrears of revenue are being collected from the Circle/division offices and submitted to AG. Even though the information on arrear figures for Chapter I of the Revenue Audit Report are furnished every year by the Department, these are consolidated figures. The information as sought for processing this Compliance Audit and/or a database of arrears having details of individual cases were not available in any of the offices test checked. This is evident from the fact that the department could not produce the arrear details of missing files which has resulted in loss of revenue as explained in Para 4.4.8. The Government reply is awaited (December 2020).

In respect of Transport Department Government stated (December 2020) that necessary follow up action will be continued for the comprehensive and up to date maintenance of database of arrears.

Reply has not been received from the Registration Department (December 2020).

Recommendation: A comprehensive and up to date database of arrears may be prepared and maintained by all the departments to monitor recovery and ensure prompt follow up.

4.4.5 Pendency of arrears of selected departments in selected districts

Audit collected details of arrears from each field offices, which were maintained in registers, ledgers and DCB statements, and compiled them and analysed the year wise status of arrears of revenue. It was observed that the arrears have been steadily increasing from 2014-15 to 2018-19 and grew by 130.38 per cent during this period. The rate of growth of arrear amount was fluctuating between 13.50 per cent and 22.12 per cent whereas the recovery of the arrear amount remained sluggish with rate of recovery fluctuating between 4.58 per cent and 9.16 per cent during this period as shown in the **Table - 4.3** below:

Table - 4.3
Recovery and growth of arrears

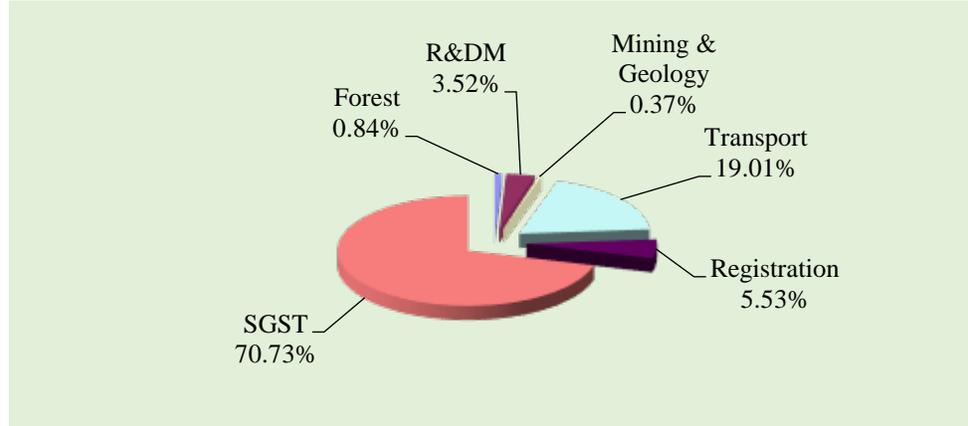
(₹ in crore)

Year	Opening Balance of arrears		Arrears of revenue added during the year		Arrears realised/Adjustments made			Closing balance of arrears		Percentage growth of arrears
	No. of cases	Amount (1)	No. of cases	Amount (2)	No. of cases	Amount (3)	Rate of recovery (3/(1+2)) x100	No. of cases	Amount	
2014-15	10,84,893	4,933.72	1,10,977	1,093.04	4,91,638	426.74	7.08	7,04,232	5,600.02	13.50
2015-16	7,04,232	5,600.02	97,035	1,361.42	1,12,294	329.24	4.73	6,88,973	6,632.21	18.43
2016-17	6,88,973	6,632.21	8,08,891	1,771.26	1,21,088	770.10	9.16	13,76,776	7,633.36	15.10
2017-18	13,76,776	7,633.36	13,09,426	2,214.82	1,61,075	526.10	5.34	25,25,127	9,322.08	22.12
2018-19	25,25,127	9,322.08	2,39,068	2,590.37	21,55,781	546.10	4.58	6,08,414	11,366.35	21.93

Source: Information furnished by the field offices

During 2018-19 even though the departments closed up to 78 per cent of the arrear cases, it is not reflecting in the amount of arrears. On analysing the Department wise arrears it is seen that 70.73 per cent of the arrears pertain to SGSTD as shown in Figure 1.

Figure 1 – Department wise percentage of arrears



The office wise pendency of arrear cases and amounts as on 31 March 2019 is given in **Appendix XXII**.

Table - 4.4
Age wise details of arrears

(₹ in crore)

Age wise pendency	No. of cases	Percentage of cases	Amount	Percentage of arrears
Less than one year	1,61,306	26.51	2,271.67	19.99
One year to less than two years	79,070	13.00	1,988.03	17.49
Two years to less than five years	89,544	14.72	2,790.96	24.55
Five years to less than 10 years	86,043	14.14	2,667.99	23.47
10 years and above	1,92,451	31.63	1,647.70	14.50
Total	6,08,414	100.00	11,366.35	100.00

Source: Information furnished by the field offices

Age wise analysis of the arrear cases (**Table 4.4**) revealed that 60.49 per cent of the cases were more than two years old involving a money value of ₹ 7,106.65 crore (62.52 per cent).

The Government stated that majority of the cases were pending due to stay by various appellate/judicial authorities. The reply is not acceptable since out of the total 6,08,414 arrear cases, 5,06,801 cases (83.30 per cent) were pending without any stay as observed in para no. 4.4.5.1 below.

4.4.5.1 Non-initiation of Revenue Recovery proceedings in respect of arrear cases

As per Section 68(1) of the KRR Act, 1968 all sums declared by any other law for the time being in force to be recoverable as arrears of public revenue due on land or land revenue; and all fees and other dues payable by any person to the Government, may be recovered under the provisions of this Act.

As per Section 69(2) of the KRR Act, 1968 when any amount, other than public revenue due on land, which is recoverable under this Act, is due, the officer in charge of realisation may send to the Collector of the district in which the defaulter or his surety resides or holds property a written requisition in the prescribed form, duly verified and certified by him.

As per Para 8.4.2 of the Kerala Forest Code Vol II, the advices for recovery of amounts due to Government under the RR Act should be issued to the RR authorities not later than six months from the date of default. As per Section 31 of the Kerala Value Added Tax Act, 2003 (KVAT Act, 2003) after issuing notice of demand, if the amount is not paid within 15 days it shall be treated as if it were an arrear of land revenue. In Transport department⁴⁴ when the amount is not paid within 15 days after issue of demand notice, recovery steps shall be initiated by addressing the District Collector concerned. No time limit was fixed in the case of Mining & Geology, Registration and R&DM Departments for addressing the DC for recovery under RR Act.

Out of the total arrear of ₹ 11,366.35 crore in 6,08,414 cases, RR proceedings were initiated in only 54,656 cases involving ₹ 3,886.43 crore. In 46,957 cases involving ₹ 3,994.95 crore, RR proceedings were not initiated due to reasons such as pending with various judicial/appellate authorities, proposed for write offs etc. Even though the remaining 5,06,801 cases (83.30 per cent) involving ₹ 3,484.97 crore (30.66 per cent) were available for RR, no RR action was requisitioned by the respective departments in these cases to realise the arrears, for which no reasons are recorded.

Department-wise data on non-initiation of RR cases is shown in the **Table - 4.5** below and the office wise split-up given in **Appendix XXII**.

Table - 4.5
Non initiation of RR action

(₹ in crore)

Name of Department	Total arrear cases	No. of cases not reported for RR	Percentage of cases not reported for RR	Amount	Percentage distribution of arrear amount
Forest	295	92	31.19	21.05	0.60
R&DM	1,60,016	1,45,809	91.12	18.67	0.54
Mining &	233	137	58.80	27.36	0.79

⁴⁴ Circular No.31/89 dated 20 December 1989 of Transport Commissioner.

Name of Department	Total arrear cases	No. of cases not reported for RR	Percentage of cases not reported for RR	Amount	Percentage distribution of arrear amount
Geology					
Transport	1,67,845	1,44,654	86.18	2,098.70	60.22
Registration	2,28,420	2,06,403	90.36	583.64	16.75
SGST	51,605	9,706	18.81	735.55	21.11
Total	6,08,414	5,06,801	83.30	3,484.97	100.00

Source: Information furnished by the field offices

- The Transport department tops the list of departments in terms of amount involved with ₹ 2,098.70 crore (60.22 *per cent*). Out of the above, ₹ 1,796.75 crore (85.61 *per cent*) is the transport vehicle tax arrears (road tax) of Kerala State Road Transport Corporation (KSRTC) for the period from 1 April 2008 to 31 March 2019. SGSTD accounts for 21 *per cent* of the arrear amount.
- 91.12 *per cent* of arrear cases in R&DM department and 90.36 *per cent* of arrear cases in Registration department were kept pending without initiating RR proceedings and without any valid reasons.

Audit observed that 46.81 *per cent* of these arrears were pending for more than five years as detailed in **Table - 4.6** below.

Table - 4.6
Age wise details of RR action non-initiated cases

Age wise pendency	No. of cases	Percentage of cases	Amount	Percentage of arrears
Less than one year	1,39,455	27.52	720.40	20.67
One year to less than two years	60,038	11.85	491.73	14.11
Two years to less than five years	68,323	13.48	641.52	18.41
Five years to less than 10 years	73,006	14.41	1,043.26	29.94
10 years and above	1,65,979	32.75	588.06	16.87
Total	5,06,801	100.00	3484.97	100.00

(₹ in crore)

Source: Information furnished by the field offices

Age wise pendency of arrears in the selected Departments given in **Appendix XXIII** shows that the *percentage* of arrears pending for more than five years in Forest, Registration and Transport Departments were 86.84 *per cent*, 82.40 *per cent* and 49.79 *per cent* respectively.

Audit test checked 314 cases for examining the reasons for non-initiation of RR proceedings and found that these cases have been kept pending without any valid reasons. Three illustrative cases involving huge arrears are as shown in **Table - 4.7**.

Table - 4.7

(₹ in crore)

Sl No	Name of the defaulter	Name of the office	Period of default	Amount	Nature of Default
1	M/s Lulu International Shopping Mall Pvt. Ltd	Taluk Office Kanayannur	2018-19	2.43	Building tax
2	M/s Hindustan News Print Limited	DFO Thrissur	2016-17 to 2018-19	0.92	Value of raw material extracted and Lease rent
3	M/s Forest Industries Travancore, Aluva	DFO Chalakudy	2014-15	0.28	Royalty on sale of timber

Thus, non-initiation of RR action by the respective departments in cases available for recovery with them has led to the accumulation of arrears.

On this being pointed out, with respect to R&DM Department, the Government stated (September 2020) that instructions were issued to the District Collectors to realise the recoverable arrears with in the stipulated date and to initiate revenue recovery proceedings, if necessary.

In case of Mining and Geology department, the Government replied (November 2020) that as per rule 64-A of the Mineral Concession Rules, 1960, 60 days are allowed to the lessee to clear the demand issued by department. On expiry of this period, the defaulters shall use the two appeal provisions and even use legal remedy measures, which may lead to delay in initiating RR action. The reply is not acceptable as Rule 64-A of the Mineral Concession Rules, 1960 relates to the charging of simple interest after a waiting period of 60 days and is not about giving a time period for payment of arrears. Also, no appeals or court cases are pending in these arrear cases and these cases were kept pending without initiating RR proceedings. The reply is also silent on the steps taken by the department for clearance of arrears.

The Forest and Wildlife department assured (June 2020) that concerted efforts would be made on a war footing to identify the 92 cases pointed out by Audit and reasons for non-initiation of RR proceedings shall be readily ascertained and intimated in due course. Laxity, if any, on the part of field officers shall be examined and dealt with appropriately.

In respect of SGSTD, the Government stated (November 2020) that in majority of cases the dealers appeal against the order with proof of payment of 20 per cent of disputed amount and there is automatic stay on recovery. Strict direction has been issued to verify and initiate RR proceedings for recovery of arrears at the earliest. The reply is not acceptable as the cases pointed out by Audit are not pending at any appellate authority level. Besides, the Department has not furnished any evidence to substantiate the claim that these cases are pending at appellate authority level.

Government in the case of Transport Department stated (December 2020) that 86.61 *per cent* of the arrears are related to KSRTC. It was also stated that Government of Kerala has exempted the tax payable under KMVT Act 1976, in respect of the buses owned by the KSRTC for a period up to 31 March 2021, in public interest. Also, in compliance to the audit report, all Regional Transport Officers and Joint Regional Transport Officers were given strict direction to initiate stringent action on recovery of revenue due to Government as RR cases and do necessary follow up action.

Recommendation: The assessing authorities of the concerned Departments should forward the cases due for Revenue Recovery to the District Collectors for RR Action at the earliest after making concerted efforts to recover the dues. Provision shall be made in KRR Act/Rules fixing a time period for initiating RR Action in case of default in payment of taxes and make it binding on all Departments.

4.4.5.2 Delay in modification of disposed appeal cases

Once a demand notice is served to an assessee and the assessee fails to remit the amount within the due date, the amount due is accounted as arrears by the department. The assessee may appeal against the order to an appellate authority, if the assessee feels the demand to be unjust. The appellate authority would either dismiss the appeal or ask the assessing authority to modify the previous assessment. The modification may be completed within a reasonable time in order to reduce the pending arrears in the Department. In Registration and Transport departments there were no appeal cases pending and in Forest and Wild life and Mining & Geology departments no such delay in modification of disposed appeal cases were noticed. The pending arrears were not finalised due to delay in modification of disposed appeal cases in SGST and R&DM departments.

- **State Goods and Services Tax Department**

As per Section 60 of the KVAT Act, 2003 and Rule 86 (2) of the KVAT Rules, 2005, once an appeal is disposed of by the first appellate authority, the revised/modified order should be issued within 150 days, if the second appeal is not preferred by any of the parties in a higher forum.

The DC (appeal) offices are maintaining appeal disposed database from 2016-17 onwards. Audit cross verified the database of five DC (Appeal) offices with the appeal disposal files of nine field offices (out of 68 SGST offices in the five districts selected) for the years 2016-17 and 2017-18. Audit noticed that, out of the 485 appellate cases involving ₹ 165.54 crore disposed by the first appellate authorities, 157 (32.37 *per cent*) cases were pending modification/disposal with the concerned assessing authorities involving arrear amount of ₹ 103.39 crore (January 2020).

The office wise details of non-modified cases by SGSTD are given in the **Table - 4.8** below:

Table - 4.8
Non-modification of disposed appeal cases in SGST department

(₹ in crore)

Name of Office	No. of cases or orders received for modification	No. of cases not modified	Amount involved
ACST Special Circle Malappuram	67	3	0.29
ACST Special Circle Thrissur	109	0	0.00
ACST Special Circle Thodupuzha	16	0	0.00
ACST Special Circle Thiruvananthapuram	40	10	3.17
ACST Special Circle - I Ernakulam	68	42	24.79
ACST Special Circle - II Ernakulam	80	48	47.49
ACST Special Circle - III Ernakulam	43	27	24.20
ACST(WC) Ernakulam	38	25	3.36
STO(WC) Thrissur	24	2	0.09
Total	485	157	103.39

Source: Information furnished by SGST field Offices

The non-implementation of the appellate orders resulted in non-realisation of revenue amounting to ₹ 103.39 crore.

This shows weakness in control and monitoring mechanism within the department which led to delay in compliance of orders of appellate authorities in respect of modification/rectification and consequent accumulation in arrears of revenue.

Government replied (November 2020) that action plan has been framed by fixing monthly target to officers for disposing modification cases within the stipulated time. Necessary directions have been given to take action to revise/modify the previous assessment orders in accordance with the appellate orders.

Recommendation: The Government may constitute an effective system to monitor the time bound modification/re-assessment of disposed appeal cases.

- **Revenue and Disaster Management Department**

As per the records of 10 Taluk Offices of selected five districts, 226 appeal cases were pending with Revenue Divisional Officer for disposal. Cross verification of appeal cases stated as pending at RDO with the seven RDOs concerned revealed that 118 (52.21 per cent) out of 226 cases were already disposed of; however, assessment was not modified by *Tahsildars*. The non-reconciliation of appeal cases between the RDOs and TOs resulted in delay in modification of assessments by *Tahsildars* and consequent blockage of revenue amounting to ₹ 113.30 lakh in

118 cases. The *Taluk* wise details of non-modified cases by *Tahsildars* are given in the **Table - 4.9** below:

Table - 4.9
Non modification of disposed appeal cases in R&DM department

(₹ in lakh)				
Name of <i>Taluk</i> Office	Name of RDO	No. of RDO Appeal cases pending as per <i>Taluk</i> records	No of appeal cases which were disposed of by RDO, but TO not aware	Amount
Ernad	Perinthalmanna	18	8	5.99
Perinthalmanna	Perinthalmanna	14	3	0.30
Nilambur	Perinthalmanna	15	1	0.51
Tirur	Tirur	13	11	24.04
Thrissur	Thrissur	13	13	3.57
Thodupuzha	Idukki	21	8	3.06
Devikulam	Devikulam	15	6	9.47
Fort Kochi	Fort Kochi	25	20	12.10
Kanayannur	Fort Kochi	44	36	27.71
Thiruvananthapuram	Thiruvananthapuram	48	12	26.55
Total		226	118	113.30

Source: Information furnished by the *Taluk* Offices and RDOs

The Commissioner of Land Revenue replied that there is no internal control mechanism to cross verify the details and to find out the lapses.

Absence of proper system in the *Taluk* Offices to watch the disposal of appeal cases by RDO is contributing to accumulation of arrears in *Taluk* Offices.

The Government replied (September 2020) that periodical report on appeal cases would be collected from the District Collectors, progress ascertained and necessary instructions would be issued. The Land Revenue Commissioner has issued instructions to all the District Collectors to entrust the inspection wing in the Collectorates with responsibility to verify the progress in building tax booking, assessment, appeal and collection. The reply is silent about the reconciliation issue pointed out by Audit.

Recommendation: Necessary directions may be given to all the field offices to cross verify the appeal cases for watching the prompt collection of arrears pending under appeal.

4.4.5.3 Non-forfeiture of the security/Non recovery from surety leading to pendency of arrears

As per Section 17 and sub section 4 of Section 55 of KVAT Act, 2003 the registering authority and the appellate authority may demand sufficient security from the dealer to prevent any future evasion of tax. As per section

31(3) of KVAT Act 2003, if default is made, the whole of the amount outstanding on the date of the default shall become immediately due and shall be a charge on the properties of the persons liable to pay the tax or other amount under this Act.

Audit noticed that there were only 69 files having bank guarantee in the selected five districts. Out of this arrear amount was due in 18 files as on 31 March 2019. Audit observed that out of these 18 files, 16 files are pending with judicial authorities and that in two files, assessing authorities could have realised the arrears by invoking bank guarantee. However, it was not done, and arrears are still pending as shown in **Table - 4.10** below: -

Table - 4.10
Non-forfeiture of the security/Non recovery from surety

(₹ in crore)							
Sl No.	Office	Assessee	Principal Amount due	Assessment year	Amount of Bank Guarantee	Appeal disposed	Delay in years
1.	STO, Special Circle Mattanchery	M/s Binani Zinc Ltd	70.00	2007-08 to 2017-18	1.56	30 November 2013 ⁴⁵	Six years
2.	STO II Circle, Tripunithura	M/s Ingram Micro India Ltd	1.10	2008-09	0.66	10 June 2014	Five years

It was noticed that M/s Binani Zinc Ltd submitted two bank guarantees with amount of ₹ 1.09 crore and ₹ 0.46 crore. After being pointed out by audit (June 2019) the department replied that the guarantee of ₹ 0.46 crore was invoked (January 2020) and action is being taken for invoking the remaining guarantee.

Though there was provision to demand security, the department did not comply with the provisions and in cases where the assesseees have furnished bank guarantees, the department did not realise the amount against the pending arrears.

Government stated (November 2020) that a security register is maintained in all the concerned offices. Higher authorities are periodically monitoring the register and no such pendency in realising arrears through security bonds furnished is pending. In respect of the cases pointed out by Audit, steps have been taken by the assessing authorities to realise the amount. The reply is silent on the reason for the delay in realisation of arrears in these two cases.

Recommendation: The Department may initiate an effective system to demand security and encash the same in order to recover the arrears.

⁴⁵ The bank guarantees were furnished for filing appeal against the assessment orders for the return periods 2005-06 and 2007-08. Both these appeals were disposed by the Deputy Commissioner (Appeals) Commercial Taxes, Ernakulam vide orders dated 30 November 2013.

4.4.6 Delay in finalisation of cases where action for Revenue Recovery has been initiated

As per Section 2 of the KRR Act, 1968 the “defaulter” means a person from whom an arrear of public revenue is due and includes a person who is responsible as surety for the payment of any such arrear. On receipt of RR Certificate from District Collector, the *Tahsildar* forwards demand notice in Form - 1 and 10 to the defaulter under section 7 and 34 of the KRR Act in respect of movable and immovable properties respectively, specifying the date within which the due amount needs to be remitted. Non remittance of the amount within the prescribed time attracts attachment of properties by the VOs. In the case of the SGSTD, on receipt of the requisition for recovery from circle offices, the demand notice is issued to the defaulter by the ACSTs. When the ACSTs are unable to recover the dues, it is then forwarded to the District Collectors for Revenue Recovery.

4.4.6.1 State Goods and Services Tax Department

As per Section 33 of the KVAT Act, 2003, the Assistant Commissioners are having powers to act as the Collector in the case of recovery of dues and take measures to attach movable and/or immovable property to recover the arrear amount.

Out of the total 52,248⁴⁶ RR cases involving ₹ 8,284.67 crore received by ACST offices in the selected districts collection was made only in 17,967 cases involving ₹ 555.55 crore. 11,757 cases were returned and 22,524 cases involving ₹ 3,207.13 crore (38.71 per cent) were pending. Out of this, 10,674 cases involving ₹ 2,862.47 crore (89.25 per cent) were under stay by various judicial/appellate authorities and 11,850 cases involving ₹ 344.66 crore were pending without any stay as detailed below.

Office wise details of pending RR cases are shown in **Table - 4.11**.

Table - 4.11
Pending RR cases in SGST department

ACST Offices	No. of RRC received	Amount involved in RRC	RR cases pending without stay	Amount involved in pending RR cases without stay
Ernakulam	21,974	6,293.36	4,439	25.28
Mattanchery	5,781	456.13	2,311	139.70
Muvatupuzha	6,533	294.64	1,330	44.15
Kattappana	3,691	123.05	316	22.95

(₹ in crore)

⁴⁶ The RR action in SGSTD involves RR requisition to be sent to the ACST offices in which the dealer is registered or has property, which may not be in the same district. Hence, there is difference between the number of cases reported for RR by the assessment circles and the number of cases received by the ACST offices of the selected districts.

ACST Offices	No. of RRC received	Amount involved in RRC	RR cases pending without stay	Amount involved in pending RR cases without stay
Manjeri	2,630	76.23	256	18.51
Neyyattinkara	1,680	68.32	256	7.88
Thiruvananthapuram	4,956	415.83	643	7.03
Irinjalakuda	2,018	328.88	1,606	61.50
Thrissur	2,985	228.23	693	17.66
Total	52,248	8,284.67	11,850	344.66

Source: Information furnished by the SGST circle offices

ACST Office, Ernakulam accounts for 37.46 *per cent* of the total RR cases pending without stay where as ACST, Mattanchery (40.53 *per cent*) has the highest amount pending.

Age wise analysis of the pending cases revealed that out of the total 11,850 pending cases 5,799 cases (48.94 *per cent*) are more than two years old having a money value of ₹ 126.06 crore (36.58 *per cent*) as shown in the **Table - 4.12** below.

Table - 4.12
Age wise details of pending RR cases – SGST department

(₹ in crore)				
Periodicity of Pending Arrears	No. of cases pending	Percentage of pending cases	Amount	Percentage of pending amount
less than one year	3,502	29.55	165.46	48.01
one year to less than two year	2,549	21.51	53.13	15.42
two year to less than five year	2,799	23.62	77.52	22.49
more than five years	3,000	25.32	48.54	14.08
Total	11,850	100.00	344.66	100.00

Source: Information furnished by the SGST circle offices

When the ACST offices are unable to recover the dues, the case is returned to the concerned assessing authority. After that these cases may be forwarded to the revenue authorities by the concerned assessing authorities of the SGSTD and these cases will remain as arrears of revenue. The delay at ACST offices is unwarranted as there is provision to hand over the cases to R&DM Department as pointed out above to speed up the revenue recovery process.

Audit verified 331 out of 11,850 RR pending cases and noticed that other than issuing demand notice to the dealers, correspondences for freezing bank accounts and Prohibitory Orders to the concerned bank holding security deposits of the dealers, the ACST offices are not initiating any further action to recover the arrear amount. Some of the cases are shown in **Table – 4.13**.

Table - 4.13

(₹ in crore)

Sl No.	Office	Name of defaulter	Date of receipt of Form 23	Pendency in years	Principal amount due
1.	ACST, Ernakulam	M/s Kerala State Co-operative Federation Ltd	2017-18 to 2018-19	1	6.91
2.	ACST, Mattanchery	M/s Royal Wood Traders	2017-18	1	1.74
3.	ACST, Mattanchery	M/s Meera Homes	2012-13 to 2013-14	5	0.65

Government stated (November 2020) that as a result of the amnesty scheme in force and the severe flood and natural calamities during the last 2-3 years there is some limitation to initiate stringent action to recover the arrears. Despite the above limitations the Department has initiated effective and practical steps to recover the arrears through revenue recovery procedures. Audit acknowledges the difficulties faced by the Department due to the flood and other natural calamities in the last 2-3 years, but the fact that around 3,000 cases were pending for more than five years needs to be taken seriously by the Department. The reply is silent on the steps initiated, achievements made and the future plans to reduce the arrears by the Department.

Recommendation: Government may strengthen the ACST offices for time bound realisation of arrears and fixing a time limit for forwarding the cases to R&DM Department.

4.4.6.2 Revenue and Disaster Management Department

Out of the 3,27,608 RRC received cases involving ₹ 5,434.79 crore, RRC was returned in 66,977 cases and 2,04,955 cases were collected/settled by RR authorities/Requisition authorities. The remaining 55,676 cases involving ₹ 1,382.09 crore (25.43 per cent) were pending.

District wise details of pending RR cases is shown in **Table - 4.14**.

Table - 4.14
District wise details of pending RR cases in R&DM department

(₹ in crore)

District	No. of RRC received	Amount involved in RRC	No. of RRC returned	No. of RR cases collected/ settled	Amount involved in RR cases collected/ settled	Pending RR cases	Percentage of pending cases	Amount involved in Pending RR cases	Percentage of pending arrears
Ernakulam	82,918	1,863.81	16,543	50,773	368.19	15,602	28.02	593.16	42.92
Idukki	43,179	511.63	5,019	31,480	162.43	6,680	12.01	101.95	7.37
Malappuram	41,211	502.89	13,955	24,744	116.81	2,512	4.51	106.99	7.74
Thiruvananthapuram	1,15,311	1,756.14	26,802	61,092	525.12	27,417	49.24	459.77	33.27

District	No. of RRC received	Amount involved in RRC	No. of RRC returned	No. of RR cases collected/ settled	Amount involved in RR cases collected/ settled	Pending RR cases	Percentage of pending cases	Amount involved in Pending RR cases	Percentage of pending arrears
Thrissur	44,989	800.32	4,658	36,866	258.60	3,465	6.22	120.22	8.70
Total	3,27,608	5,434.79	66,977	2,04,955	1,431.15	55,676	100.00	1,382.09	100.00

Source: Information furnished by Tahsildars(RR)

Thiruvananthapuram district tops the list with 27,417 pending RR cases (49.24 per cent) with money value of ₹ 459.77 crore (33.27 per cent).

Out of the total 55,676 pending RR cases 28,107 cases (50.48 per cent) are more than two years old with money value of ₹ 755 crore (54.63 per cent) as shown in age wise pendency of RR cases **Table – 4.15** below.

Table - 4.15
Age wise details of pending RR cases – R&DM department

(₹ in crore)

Periodicity of Pending RR	No. of cases	Percentage of cases	Amount	Percentage of arrears
less than one year	14,975	26.90	278.69	20.16
one year to less than two year	12,594	22.62	348.40	25.21
two year to less than five year	22,068	39.63	417.56	30.21
more than five years	6,039	10.85	337.44	24.42
Total	55,676	100.00	1,382.09	100.00

Source: Information furnished by Tahsildars(RR)

The cases were pending at various stages as detailed in **Table - 4.16** below:

Table – 4.16
Stage wise details of pending RR cases – R&DM department

(₹ in crore)

Stage wise pendency	No. of cases	Percentage of cases	Amount	Percentage of arrears
Pending with Court	2,791	5.01	661.33	47.85
Pending with Tribunal	152	0.27	18.28	1.32
Pending with Appellate authority	2,181	3.92	226.73	16.41
Pending with Govt.	8,917	16.02	312.41	22.61
Pending with Village Officer	35,528	63.81	148.50	10.74
Pending with <i>Tahsildar</i>	6,107	10.97	14.84	1.07
Total	55,676	100.00	1,382.09	100.00

Source: Information furnished by Tahsildars(RR)

Audit observed that out of the total 55,676 cases, 41,635 cases (74.78 per cent) involving money value of ₹ 163.34 crore is pending with *Tahsildars* and Village

Officers. It was also noticed that 8,917 cases involving ₹ 312.41 crore (22.61 per cent) was pending with Government. During the test check of 318 RR pending files in the selected districts, it was noticed that all these RR cases were kept pending with Village Officers and *Tahsildars* without any valid reason. No action is seen taken in these cases.

Government replied (September 2020) that amendments to the KRR laws is under consideration.

Recommendation: Time limit for completing RR action may be incorporated in the RR Act and responsibility at various levels fixed for timely recovery of arrears. The Government may dispose the cases pending with them in a time bound manner and rigorously pursue the cases pending with judicial and appellate authorities.

4.4.7 Non-disposal of attached property

Section 34 to 50 of the RR Act stipulates the procedure to be followed for attachment and disposal of immovable property during RR action.

Audit observed that out of 834 attachment cases of immovable properties under RR action, 181 cases are pending under stay order. Out of the balance 653 cases auction was held only in 414 cases and 239 cases (28.66 per cent) were pending without stay by any authorities. The year wise details of attachment of immovable properties and their present status is given in **Table – 4.17** below and the *Taluk* wise details are available in **Appendix XXIV**.

**Table – 4.17
Non disposal of attached property**

Year	No. of cases attached under RR	No. of cases under stay after attachment	No. of cases auctioned after attachment	No. of cases not auctioned after attachment
Up to 31.03.14	375	56	276	43
2014-15	68	21	31	16
2015-16	75	21	34	20
2016-17	106	24	34	48
2017-18	109	36	21	52
2018-19	101	23	18	60
Grand Total	834	181	414	239

Source: Information furnished by *Tahsildars* (RR)

As per table 4.17, out of the total 239 attachment cases pending without stay 43 cases (17.99 per cent) are pending auction for more than five years. Non-auction of attached property would lead to risk of encroachments, legal issues etc., in addition to blockage of Government revenue.

The Government stated (November 2020) that the CLR has given directions to all the District Collectors to complete the auction process of all the attached properties at the earliest.

Recommendation: *Government/Department may strengthen the monitoring mechanism on attached properties and ensure their timely auction for realisation of arrears.*

4.4.8 Missing arrear files and resultant loss of revenue

The arrears of revenue due to Government are to be watched through the arrear files and DCB statements prepared at each office. The files kept at these offices contain details of the defaulter such as address, personal information, details of assets etc. for enabling the department or RR authorities to collect the arrears. Mere figuring of names in the arrear list is not enough to collect the arrear.

Audit noticed that 87 (29.49 per cent) out of 295 files, involving arrear pending collection amounting to ₹ 107.83 lakh, were missing in seven out of 15 DFOs as shown in **Table – 4.18** below. Only an arrear list with name of defaulters was present in these offices.

Table – 4.18

(₹ in lakh)			
Sl No	Name of the office	No. of files missing	Principal amount involved
1	DFO Kothamangalam	18	7.18
2	DFO TSD Perumbavur	36	37.75
3	DFO Chalakudy	5	5.92
4	DFO Thrissur	3	1.50
5	DFO Marayur	6	11.66
6	DFO Munnar	12	41.74
7	DFO Nilambur South	7	2.08
Total		87	107.83

Source: Information furnished by DFOs

On this being pointed out by Audit the DFOs replied that these files are not traceable. As no follow up action is possible on these missing files, the Government has lost revenue amounting to ₹ 107.83 lakh.

The Forest and Wild Life department stated (June 2020) that concerted efforts shall continue to be made to trace out all the missing files referred in the audit findings and to recover arrears of revenue due to Government.

Recommendation: *The Department should strengthen the Internal Audit and verify the status of long pending arrear cases.*

4.4.9 Absence of DCB Statements

As per Circular No. 55/2007/Fin. dated 29 June 2007 of Finance Department all the revenue earning Departments should maintain a Demand, Collection and Balance (DCB) register in the prescribed form showing Monthly Demand, Collection and Balance Statement. The Heads of Departments shall consolidate the statements in the prescribed forms and forward it to the Accountant General with a copy to Government. In all the Departments test checked DCB statements were maintained except in Forest and Wild life department.

DCB register or statement was not maintained in any of the Forest Range offices and DFOs. Instead an arrear list was prepared by them. It contains only the name of defaulter and the amount pending collection. The DCB statement being a continuous statement periodically verified by the head of department, the maintenance of the DCB statement as mandated under the Forest Code shall ensure the completeness of the arrear list.

Non-maintenance of DCB statement in proper format leads to ineffective accounting of demand and collection including arrears.

The Forest and Wild Life department stated (June 2020) that strict instructions shall be given to all subordinate offices to maintain the DCB statements in the prescribed proforma for watching the prompt collection and recovery of arrears due to the Government.

Recommendation: The Department may issue instructions to maintain DCB statement in the prescribed proforma.

4.4.10 Conclusion

Tax proceeds are the main source of revenue for the State Government. It is essential that due attention is paid for prompt recovery of taxes. During the test check of six revenue earning departments in the State, Audit noticed that the arrears of revenue was steadily increasing and the rate of recovery was continuing to be meagre throughout the audit period i.e. 2014-19. The non/incomplete maintenance of database by the major revenue earning departments is a hurdle to prompt monitoring and recovery of arrears. The RR mechanism of the State often fails in initiating timely RR proceedings and finalising them. Undue delay occurs in taking action on the basis of appellate orders. Even bank guarantees and attached properties are not disposed on time to realise the pending arrears. Unless the Government initiate steps for proper accounting of arrears, fix time limit for collection of arrears and initiation of RR action, enforce accountability and ensure prompt follow up the arrears of the State would continue to increase and hamper the financial management of the State.

4.5 Non assessment of Building tax in cases reported by the Village Officers

Section 5(1) of the Kerala Building Tax Act 1975 stipulates that Building tax shall be charged on every building, the construction of which is completed on or after 10th February 1992, based on the plinth area of the building, at the rates prescribed. As per Rule 3 of the Kerala Building Tax (Plinth Area) Rules, 1992, every Village Officer shall transmit to the assessing authority, within five days of the expiry of each month, a monthly list of buildings liable to assessment under section 5 of the Kerala Building Tax Act 1975, together with extracts from the building application register of the local authority within whose area the buildings included in the list are situated. As per Rule 13 of the Kerala Building Tax (Plinth Area) Rules a register of assessment shall be maintained by each assessing authority in Form A, and a register showing the details of buildings reported to the assessing authority for assessment will be maintained in the villages in Form C appended to the KBT Rules.

In 28⁴⁷ out of 77 Taluk Offices in Kerala, Audit cross verified the registers in Form 'C' maintained in Village Offices with the registers in Form 'A' maintained in the respective Taluk Offices. Out of the total 1,20,790 buildings reported by the Village Officers to the respective Taluk Offices 87,560 buildings were test checked. Audit noticed that 2,453 buildings coming within the purview of these 28 Taluk Offices were not assessed to building tax by the Tahsildars concerned, though the Village Officers had reported these cases in 2016-17 and 2017-18. Non assessment of building tax resulted in a short levy of ₹ 13 crore as detailed in Appendix - XXV.

On this being pointed out (May 2020), the Government replied (December 2020) that an amount of ₹ 3.62 crore was collected in 730 cases. Further progress is awaited (December 2020).

The issue of non-assessment of building tax in cases reported by the village officers has been persisting in the department for long and it was already pointed out in the previous Audit Reports for the years ended March 2016 and March 2017. As per Circular No. S.C.3/77/2018/Rev. dated 11 September 2018 issued by the Government assessment of building tax by the Tahsildars shall be completed within a period of three months from the date of reporting by the Village Officer.

Recommendation: The Department may strictly enforce the above circular to avoid future delay in assessment of building tax.

⁴⁷ Ambalapuzha, Chengannur, Cherthala, Chirayinkeezhu, Ernadu, Idukki, Iritty, Kodungallur, Kollam, Kondotty, Kottarakara, Kottayam, Kozhanchery, Kozhikode, Mallappally, Mananthavady, Mannarkad, Nedumangad, Neyyatinkara, Pattambi, Punalur, Sulthan Bathery, Thiruvalla, Tirur, Tirurangadi, Udumbanchola, Varkala, Vellarikundu (28 TOs).

4.6 Non levy of building tax due to buildings escaping assessment

Section 5 (1) of the Kerala Building Tax Act, 1975 stipulates that building tax shall be charged on every building, the construction of which is completed on or after 10 February 1992; based on the plinth area of the building, at the rates prescribed. Further Rule 3 of the Kerala Building Tax (Plinth Area) Rule 1992, specifies that for the purpose of determination of the plinth area of the building assessable under the provision of the Act, the Village Officer shall prepare in Form I, a monthly list of buildings liable to assessment, in duplicate and transmit the same to the assessing authority not later than 5 days of the expiry of the month, with extract from Building Application Register of the local authority within whose area the buildings in the list are situated.

In 2018-19, Audit examined the issue of buildings escaping assessment in 20⁴⁸ out of 77 *Taluk* Offices. Audit randomly selected 2,559 buildings out of 13,138 buildings assessable to building tax, and completed/assessed during 2016-18 from the property assessment register of 26⁴⁹ local bodies within the geographical boundary of these 20 *Taluk* Offices and cross verified it with the building tax assessment records of the concerned *Taluk* Offices and Village Offices. It was noticed that 898 buildings assessed under property tax by these local bodies were not identified by the Village Officers and reported to the *Tahsildars* concerned for assessment under Building Tax Act/Rules. This has resulted in the buildings escaping assessments and consequent non levy of building tax amounting to ₹ 6.72 crore as detailed in **Appendix XXVI**.

The issue of non-levy of building tax due to buildings escaping assessment has been persisting in the department for long and it was already pointed out in the previous Audit Reports for the years ended March 2016, March 2017 and March 2018.

The Government had issued orders vide G.O.(M.S) No. 231/15/LB dated 9 July 2015 that the local bodies shall ensure that the building tax under Kerala Building Tax Act, 1975 may be collected prior to issue of building no. or fixing and collection of property tax. And the Govt vide Circular No. S.C.3/77/2018/Rev. dated 11 September 2018 fixed the time limit of 2 - 3 months for the completion of building tax assessment failing which the local bodies may issue the building number. Other than issuing these orders Audit has not found any follow up action

⁴⁸ Ambalapuzha, Chalakudy, Chengannur, Cherthala, Idukki, Iritty, Kondotty, Kottarakara, Kottayam, Kozhenchery, Kozhikode, Mananthavady, Mannarkad, Neyyatinkara, Pattambi, Sultan Bathery, Thirurangadi, Thiruvalla, Varkala, Vellarikundu (20 TOs)

⁴⁹ Alappuzha (M), Ayyankunnu (GP), Budhanoor (GP), Chalakudy (M), Cherthala (M), Kattappana (M), Kodakara (SGP), Kondotty (M), Kottarakara (M), Kottayam (M), Kozhikode (C), Mananthavady (M), Mannarkad (M), Mulakuzha (GP), Nagalassery (GP), Neyyatinkara (M), Ongallur (GP), Pallickal (GP), Panathady (GP), Pathanamthitta (M), Pattambi (M), Sulthan Bathery (M), Thirurangadi (M), Thiruvalla (M), Varkala (M), Vengara (GP) (26 local bodies)

on the part of Government or the Department to enforce this order/circular, and the building tax assessment is continuing to get delayed.

The PAC in its 32nd Report (2016-19) based on the CAG Audit Report (Revenue Receipts) for the year ended 31 March 2012 observed that the building tax laws are very complicated and it shall be simplified for proper implementation. It was also observed that arrears in land revenue and building tax are increasing due to lack of proper land recording system. In the action taken report received in January 2020, the Government replied that it has decided to amend Section 6 of the Kerala Building Tax Act 1975 as below:

Section 6: Determination of plinth area for the purpose of assessment of building tax or luxury tax: *“The plinth area of a building for the purpose of assessment of building tax or luxury tax under this Act shall be plinth area of such building as may be specified in the Completion Certificate/Occupancy Certificate approved by the Local Self Government Authorities”.*

The amendment when brought out, will only help in making the assessment of building tax and luxury tax less complicated. In order to enforce strict adherence of the Act, the payment of building tax/luxury tax will have to be linked invariably with the process of allotting building number, water connection as well as electric connection. This was the audit recommendation on the subject in the Audit Report on Revenue Sector for the year ended March 2015. The PAC vide their Report no. 60 (2019-21) had accepted the Audit view and recommended for the issuance of water /electricity connection only on submitting proof of building tax remittance. However, the Government has not acted on the PAC recommendation.

On this being pointed out (May 2020), the Government replied (December 2020) that an amount of ₹ 1.58 crore was collected in 262 cases. Further progress is awaited (December 2020).

Recommendation: *It is recommended that PAC’s recommendation issued vide Report No. 60 (2019-21) may be implemented.*

4.7 Short/Non levy of Basic/Land Tax

As per Section 5 of the Kerala Land Tax (KLT) Act, 1961, basic tax/land tax is levied and collected on land in the State of Kerala, other than those having exemptions under Section 2 of the Act. As per Section 5(2) the tax shall be paid by the land holder before such date as may be prescribed. The rate of tax is prescribed in Section 6 of the Act.

The rate of land tax is given in **Table – 4.19**.

Table – 4.19

Local body	Area	01 April 2018 onwards ⁵⁰
Corporation	Less than or equal to 1.62 Are	₹ 10.00/Are
	More than 1.62 Are	₹ 20.00/Are
Municipality	Less than or equal to 2.43 Are	₹ 5.00/Are
	More than 2.43 Are	₹ 10.00/Are
Panchayath	Less than or equal to 8.10 Are	₹ 2.50/Are
	More than 8.10 Are	₹ 5.00/Are

Audit verified 12,716 land tax records of land holders having more than 2 ha of land in 32⁵¹ Taluk Offices as on 31 March 2019 and observed that the land tax amounting to ₹ 2.37 crore was neither demanded nor collected in 1,162 cases in 28 Taluk Offices, as detailed in **Appendix XXVII**.

Audit observed that no notices were issued by the village officers to any of the land holders having tax dues. Further, the taxpayers paid the tax on their own volition, without demand of land tax by the village officers and the amount so collected was shown as demand and collection in the DCB statement.

On this being pointed out (June 2020), the Government stated (September 2020) that in order to take Revenue Recovery action against the defaulters of basic tax, steps are being taken to integrate revenue website⁵² and revenue recovery website⁵³. The reply is silent on the action taken and recovery made in respect of the defaulters pointed out by Audit.

Recommendation: It is recommended that a system to demand land tax may be implemented at the village office level and their collection monitored through DCB statements.

⁵⁰ Vide Kerala Finance Act 2018.

⁵¹ Aluva, Chalakudy, Chavakkad, Chirayinkeezhu, Devikulam, Ernad, Fort Kochi, Idukki, Kanayannur, Kattakada, Kodungallur, Kondotty, Kothamangalam, Kunnankulam, Kunnathunadu, Mukundapuram, Muvattupuzha, Nedumangad, Neyyattinkara, Nilambur, Paravur, Peermade, Perinthalmanna, Ponnani, Talappilly, Thirurangadi, Thiruvananthapuram, Thodupuzha, Thrissur, Tirur, Udumbanchola, Varkala.

⁵² The revenue website is used to avail e-services, including payment of basic tax, from R&DM department by the public.

⁵³ The revenue recovery website i.e. RR portal is used to provide online revenue recovery services to the Departments.

Chapter V

State Excise

CHAPTER-V STATE EXCISE

5.1 Tax administration

The Secretary to the Government (Excise), is the administrative head of the Excise Department at the Government level. The Department is headed by the Excise Commissioner (EC). The Department is divided into three⁵⁴ zones, which are headed by the Joint Excise Commissioners (JEC), South, Central and North zone. The divisions at the district level are working under the Deputy Excise Commissioners (DEC). Besides, Excise Circle Inspectors (ECI) and Excise Inspectors (EI) under the control of the DEC of the respective districts are deputed to oversee collection of excise duties, licence fees, etc.

5.2 Internal audit

The Internal Audit Wing (IAW) in the State Excise Department is monitored by the EC. The Wing consists of one JEC assisted by one Assistant EC, three Superintendents, three EIs and six Preventive Officers. The priority for internal audit is given to offices where Government revenue is collected by way of rentals, duty and taxes, large number of vehicles seized, huge collectable arrears are pending and to the offices where undue delay in conducting IAW inspection is noticed. During 2018-19, the IAW planned 48 units for internal audit which were covered during the year. The Department cleared 2,492 audit observations out of 4,104 outstanding which was 60.72 *per cent* of the outstanding objections (August 2019).

5.3 Results of audit

There are 67 auditable units in the State Excise Department. Out of these, 28 units were selected for audit during the year 2018-19. Scrutiny of the records of these units disclosed 16 cases of non/short realisation of excise duty and license fee and other irregularities involving ₹ 1.59 crore. These cases are illustrative only as these are based on the test check of records. Audit pointed out some of the similar omissions in the earlier years also. Not only do these irregularities persist, but they also remain undetected till the next audit is conducted. Government needed to improve the internal control system including strengthening of internal audit so that occurrence/recurrence of the lapse can be avoided. Underassessment of tax and other irregularities involving ₹ 1.59 crore in 16 cases which fall under the following categories are given in **Table - 5.1**.

⁵⁴ South zone (Alappuzha, Kollam, Kottayam, Pathanamthitta and Thiruvananthapuram), Central zone (Ernakulam, Idukki, Palakkad and Thrissur) and North zone (Kannur, Kasargod, Kozhikode, Malappuram and Wayanad).

Table - 5.1

(₹ in crore)

Sl. No.	Categories	Number of cases	Amount
1	Non/short levy of Excise duty/License fee	5	0.06
2	Non levy of fee and fine on unauthorised reconstitution of Board of Directors of Companies	2	0.36
3	Others	9	1.17
Total		16	1.59

During the course of the year, the Department accepted under-assessment and other deficiencies involving ₹ 0.95 crore in 13 cases pointed out by Audit. The Department realised an amount of ₹ 0.49 crore in 11 cases during the year 2018-19.

One paragraph involving ₹ 0.23 crore is mentioned in the succeeding paragraph.

5.4 Short collection of cost of establishment

As per Section 14 of the Abkari Act, the State recovers the cost of establishment and other incidental charges including leave salary and pension contribution of the staff deployed for the supervision of the manufacturing units of foreign liquor from the licensees. Though leave salary and pension contribution had originally been levied at 25 per cent of the average of the scale of pay applicable, it was revised⁵⁵ by the department as 25 per cent of the maximum of the scale of pay citing Rule 146 of the Part I of Kerala Service Rules. However, the Hon'ble High Court of Kerala vide Judgement WP(c) No. 10464/2015 dated 31 March 2015 directed the Inspector of Excise, Amrut Distilleries to recalculate the leave salary and pension contribution payable by M/s Amrut Distilleries in respect of the staff of the Excise Department deployed in its unit at 25 per cent of the average of the salary payable to them, and suitably adjust the excess amount collected from M/s Amrut Distilleries Private Limited, Palakkad for the period from 1 April 2000 till date, towards amounts payable by the petitioner presently or in future.

In view of the decision by the Hon'ble High Court of Kerala, leave salary and pension contribution of ₹ 27.31 lakh paid by M/s Amrut Distilleries Private Limited during April 2000 to September 2014 was adjusted by the department towards the payment of cost of establishment for the period from June 2015 to July 2016.

Scrutiny of the Cost of Establishment Register revealed that the licensee had remitted leave salary and pension contribution at the rate of 25 per cent of the maximum scale of pay during the period from July 2005 to December 2013, and the excess amount paid works out to ₹ 4.57 lakh only. Instead of adjusting the excess amount of ₹ 4.57 lakh, the entire amount of ₹ 27.31 lakh paid by M/s

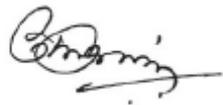
⁵⁵ Order No. XE1-1614/2005 dated 23 May 2005 of EC.

Amrut Distilleries Private Limited towards leave salary and pension contribution for the period from April 2000 to September 2014 was adjusted by the department resulting in inadmissible adjustment and short recovery of the cost of establishment of ₹ 22.74 lakh.

On this being pointed out to the Government (March 2020), it was stated (December 2020) that notice was issued to the licensee to remit the adjusted excess amount. The licensee filed a writ petition (WP(c) 16759/18) against the notice which is pending before the Hon'ble High Court of Kerala. Further reply is awaited (December 2020).

Recommendation: It is recommended that the Department may constitute a mechanism for effective monitoring and approval at a higher authority level prior to sanctioning of such high value transactions.

**Thiruvananthapuram,
The 29 March 2021**


**(K. P. ANAND)
Principal Accountant General
(Audit II), Kerala**

Countersigned

**New Delhi,
The 05 April 2021**


**(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India**

Appendix

Appendix – I
(Reference: Paragraph 1.2)
Arrears of revenue

(₹ in crore)

Sl. No.	Head of revenue	Total amount outstanding as on 31 March 2019	Amount outstanding for more than 5 years as on 31 March 2019	Remarks of Departments
1.	0040- Tax on sales, trade etc.	13,305.88	4,204.65	In State Goods and Services Tax Department, an amount of ₹ 11,697.01 crore is pending due from individuals, private firms, private companies. An amount of ₹ 1,166.41 crore is pending due from public sector undertakings of Government of India, ₹ 436.68 crore from public sector undertakings of Government of Kerala, ₹ 5.69 crore from other State Governments and ₹ 0.08 crore from local bodies. A huge amount of arrears is due from Government/Government bodies (12.09 per cent). An amount of ₹ 6,821.31 crore is under revenue recovery proceedings, recoveries involving ₹ 4,776.57 crore are under stay by High Court, other judicial authorities and by Government. Around 51 per cent of the arrears is under Revenue Recovery and 36 per cent is under stay by Judiciary/ Government. The Department attributed (September 2020) the reason for delay in collection of revenue to stay of proceedings by various authorities, closing of business of dealers and insolvent dealers.
2.	0041-Taxes on vehicles	2,457.16	748.20	The Department stated (October 2019) that out of the total arrears of ₹ 2,457.16 crore, the dues from the Kerala State Road Transport Corporation is ₹ 1,796.75 crore and the balance of ₹ 660.42 crore is from individuals, private firms and private companies. The major share of arrears is due from KSRTC, a Government owned Corporation alone (73.12 per cent). A demand of ₹ 223.71 crore is covered by Revenue Recovery Certificate and ₹ 2,147.99 crore is under other stages. The Department also stated that demand notices were sent to the registered owners of the respective vehicles.
3.	0043-Taxes and Duties on Electricity	1,486.50	10.81	An amount of ₹ 1,461.37 crore was due from public sector undertakings of Government of Kerala, ₹ 9.21 crore from local bodies, ₹ 0.03 crore from public sector undertakings of Government of India, ₹ 0.01 crore from other State Governments and ₹ 15.87 crore was due from individuals, private firms, private companies etc. The major share of arrears is due from Government/Government bodies (98.93 per cent). The Department attributed (June

Sl. No.	Head of revenue	Total amount outstanding as on 31 March 2019	Amount outstanding for more than 5 years as on 31 March 2019	Remarks of Departments
				2020) the reason for delay in collecting the revenue to non remittance of amount even after repeated reminders to the consumers including KSEB, KWA, PWD, Irrigation etc. The Department stated that Government constituted a committee for finalising the issue with KSEB and periodical reminders are sent to other cases.
4.	0406-Forestry and Wild Life	407.12	264.92	The Additional Principal Chief Conservator of Forests stated (November 2019) that the nature of demand in the Forest Department includes value of timber, teak stumps, lease rent, penal interest, re-auction loss, centage charges etc. An amount of ₹ 0.27 crore pending for more than five years is due from Government of India, ₹ 0.02 crore from other State Governments, ₹ 0.06 crore from Local Bodies, ₹ 5.84 crore from public sector undertakings of Government of India, ₹ 387.49 crore from public sector undertakings of Government of Kerala and other States and ₹ 13.44 crore from individuals, private companies etc. The major share of arrears is due from Government/Government bodies (96.70 per cent) and 65 per cent of the total arrears is pending for more than five years. The Department attributed the reason for delay in collecting the revenue to pending revenue recovery steps against the defaulters, court cases, stay orders etc. The Department stated that necessary action has been initiated to realise the amount in auction and to realise defaulted arrears of lease rent and other dues from departments and public sector undertakings through discussions at Government level.
5.	0055-Police	249.40	146.81	The nature of demand in the Police Department is cost of police guard. An amount of ₹ 56.53 crore is pending due from Government of India, ₹ 87.66 crore from public sector undertakings of Government of India, ₹ 89.98 crore from public sector undertakings of Government of Kerala, ₹ 8.83 crore from other State Governments and ₹ 6.39 crore from individuals, private firms and private companies. The major share of arrears is due from Government/Government bodies (97.43 per cent). The major defaulters were Southern Railway and KSEB whose arrears aggregate to ₹ 146.31 crore (58.66 per cent).
6.	0039-State Excise	258.80	255.48	The Excise Commissioner stated (September 2019) that the <i>Abkari</i> arrears in the Department are pending from 1952 onwards. The <i>Abkari</i> arrears of ₹ 258.80 crore are due from individuals, private firms, private companies etc.

Sl. No.	Head of revenue	Total amount outstanding as on 31 March 2019	Amount outstanding for more than 5 years as on 31 March 2019	Remarks of Departments
				The Department attributed the reasons for delay in collection of revenue to pending revenue recovery action and stay by court. The reason furnished by the Commissioner is not acceptable since only ₹ 57.32 crore (22.15 per cent) out of a total ₹ 258.80 crore was covered under judicial intervention. The Department stated that revenue recovery action was initiated and is continuing.
7.	0029- Land Revenue	450.71	129.12	In the Revenue and Disaster Management Department, the nature of demand includes land revenue and revenue recovery dues. An amount of ₹ 379.75 crore is under stay by High Courts and other judicial authorities and by Government. The Department attributed (October 2020) the reasons for delay in collection of revenue to stays by Court, Government and appellate authorities. The Department stated that strict instructions have been given to District Collectors to vacate the stay cases.
8.	0030-Stamps and Registration Fees	1,401.62	Not furnished	The Registration Department stated (October 2019) that out of ₹ 1,401.62 crore which was due from individuals, ₹ 5.25 crore is covered by revenue recovery certificates and ₹ 15.72 crore are under stay by courts. The Department had not furnished the details of stages of action for the remaining amount of ₹ 1,380.65 crore.
9.	0070-60-110- Fees for Government audit	47.83	Not furnished	The Director, Kerala State Audit Department stated (October 2020) that the arrears of revenue pending collection towards audit charge are ₹ 17.83 crore from universities, ₹ 5.07 crore from Devaswom Boards, ₹ 1.17 crore from temples, ₹ 18.39 crore from development authorities and Kerala State Housing Boards. The entire arrears are from Government institutions. The Kerala State Audit Department attributed the reasons for pendency to the lack of initiative from auditee institutions in remitting the audit charge. The Director stated that demand notices are being sent to auditee institutions and proposals have been submitted to the Government for realising audit charge from the grants given to the auditee institutions.
10.	0230-00-101-Receipts under labour laws	5.35	2.86	The Labour Commissioner stated (October 2019) that the nature of demand in the Labour Department was revenue receipts under labour laws. The amount of arrears of ₹ 5.35 crore is pending collection from individuals, private firms and private companies. The reasons for delay in collection of revenue were non-

Sl. No.	Head of revenue	Total amount outstanding as on 31 March 2019	Amount outstanding for more than 5 years as on 31 March 2019	Remarks of Departments
				submission of application for renewal of registration and negligence from the employers in renewing the registration certificates in due time. The Labour Commissioner stated that inspection and follow up action is being taken to realise the arrears.
11.	1051-Ports and Light Houses	5.29	2.58	The Director of Ports stated (June 2020) that the amounts due to the Ports Department are ₹ 2.74 crore from individuals, private firms, private companies etc., ₹ 1.95 crore from PSUs of Government of India, ₹ 0.08 crore from Government of India and ₹ 0.52 crore from public sector undertakings of Government of Kerala. The major share of arrears is due from Government/Government bodies (48.20 per cent). The reply of the Director is silent regarding the steps taken by the department to realise the arrears.
12.	0853-Non-Ferrous Mining and Metallurgical Industries	69.76	0.39	The Director of Mining & Geology stated (August 2019) that the main source of revenue is from the royalty and other fees derived from the grant of mineral concessions and its regulation. The arrears of revenue pending collection are ₹ 0.51 crore from Co-operative Society, ₹ 0.84 crore from public sector undertakings of Government of Kerala and ₹ 68.41 crore from individuals, private firms, private companies etc. The Department stated that the reasons for delay in collection of revenue were disputes regarding the claims, court stays, appeals and Government stays and that action was being taken to redress the dispute and to vacate the stays.
13.	0230-00-103-Fees for inspection of Steam Boilers	0.97	0.02	The Director of Factories and Boilers stated (August 2019) that the nature of demand of the Department of Factories and Boilers was fee for renewal of licence of factories. An amount of ₹ 0.93 crore is due from individuals, private firms and private companies. The Director stated that the delay in collection was due to the fact that most of the factories, which have arrears, are not working. However, it is stated that instructions have been given to all the officers concerned for collecting maximum arrears.
Total		20,146.39	5,765.84	

Appendix – II

(Reference: Paragraph 1.7.3)

Statement showing details of Special circles and Works Contract Offices where non production of files were noticed.

Sl. No.	Name of office	Year in which it was to be audited	Number of assessment cases not submitted		
			KGST	VAT	Total
1	STO, (WC<), Thiruvananthapuram	2016-17	-	18	18
2	STO, Special Circle, Kollam	2016-17	-	19	19
3	STO, Special Circle, Kottarakara	2016-17	-	12	12
4	STO, Special Circle, Alappuzha	2016-17	-	6	6
5	STO, (WC<), Ernakulam	2016-17	-	15	15
6	STO, (WC<), Mattancherry	2016-17	-	8	8
7	STO, Special Circle, Thrissur	2016-17	-	1	1
8	STO, Special Circle, Malappuram	2016-17	-	9	9
9	STO, Special Circle I, Kozhikode	2016-17	-	2	2
10	STO, (WC<), Kasargod	2016-17	-	2	2
Total			0	92	92

Appendix – III

(Reference: Paragraph 1.9)

Details of Performance Audits featured in the Reports for the last five years and their status

Year of Report	Name of the PA	No. of recommendations	Details of recommendations	Status
31 March 2014	(No Performance Audits featured in this Audit Report)			
31 March 2015	System of Assessment under KVAT	8	<ul style="list-style-type: none"> • Department may take measures to bring all dealers into the tax net by utilising the inputs available in KVATIS and with other agencies. • Government may examine the guidelines issued for selection of files for desk review by CBDT/CBEL and similar system of selection with relevant parameters be put in place in the State for VAT cases. • The CCT may issue guidelines to the DCs regarding the aspects to be considered while reviewing the monthly quarterly reports. • Government may consider fixing the time limit for completion of assessments. • Department may prepare a manual detailing all aspects of assessment to ensure uniformity in the system of assessment. Further, it may be ensured that necessary reports are generated automatically from the KVATIS. • A system may be established to collect the data relating to the taxable events from other departments and transfer the results of analysis to the lower/subordinate level for utilising in the assessment process. • Department may ensure that the final assessments are completed by utilising the data captured in KVATIS. • Department may ensure the quality of assessments by adopting the system prevailing in Central Receipts as basis so that the number of cases which are failing in judicial review would be on a lower side. 	Action taken explanatory notes have been partly received.

Year of Report	Name of the PA	No. of recommendations	Details of recommendations	Status
	Levy, Collection and Accounting of Electricity Duty, Surcharge and Inspection Fee	5	<ul style="list-style-type: none"> • Government may identify all LV installations/cable TV poles which are now left out and instruct licensees not to issue permit to Cable TV operators without production of safety certificate from the Department and work out a practical process of assessing and realising the revenue from the inspection of Cable TV poles. • In order to prevent non/short levy, Government may consider taking the following measures: instruct CEI to ensure that the licensees are levying electricity duty/license fee from consumers/persons liable to pay it, licensees may be directed to calculate electricity duty on the price of energy indicated in the invoice and evolve a mechanism to collect the electricity duty/license fee payable by the consumers/persons liable for their payment. • Department may expedite revenue recovery proceedings for early realisation of arrears of government revenue. Government may include interest leviable from KSEBL while netting off. • Government may: avoid irregular grant of exemptions to railways and for lighting, amend Rule relating to collection charges which should be in line with the Act and in the interest of the Government and objective of the Act and consider amendment of the Act incorporating the treatment of excess T&D loss. • Government may take remedial measures to take care of inspection of lifts and escalators under regulations issued by Central Government and to ensure that MV installations and accounts of licensee are inspected as per periodicity prescribed, invoke penal provision on licensees not submitting returns, ensure that receipts involved in netting off with KSEBL were included in Government accounts and ensure that remittances through JSK are reconciled as per Kerala Budget Manual. 	Action taken explanatory notes have not been received.
31 March 2016	Disaster Management in the State	16	<ul style="list-style-type: none"> • Instructions may be issued by the Government to prepare the Disaster Management plan at departmental, village and local levels • Government may take steps to submit the Annual Report to the legislature and appoint full time members in KSDMA • Dedicated staff may be provided for DM activities • Instructions may be issued by the Government to set up VDMCs • Government may take steps to establish Civil Defence set up • Government may take steps to constitute NGO coordination committee 	Action taken explanatory notes have not been received.

Year of Report	Name of the PA	No. of recommendations	Details of recommendations	Status
			<ul style="list-style-type: none"> • SEOC and DEOCs may be made operational 24 x 365 with sufficient communication networks • Infrastructure and DM plans may be put in place for hospital preparedness • Steps may be taken to create awareness of disaster among school children • Steps may be taken to identify buildings other than school buildings to run relief camps • Steps may be taken to implement the annual plan and to refund the unutilised funds before close of the financial year • Dedicated SDR Force may be made functional by recruiting category wise staff • Retrofitting of lifeline buildings in the State may be done at the earliest and necessary amendments be carried out in the regulations to incorporate multi hazard safety measures in new constructions • Government may take steps for preparation of budget after assessing requirements and efficient management of finance related to disaster management activities • Government may take steps to establish mitigation funds as per the prescribed procedure • State Disaster Relief fund should be spent as per SDRF guidelines after due authorisation by State Executive Committee 	
31 March 2017	Infrastructure facilities in the Commercial Taxes Department	5	<p>The Department may</p> <ul style="list-style-type: none"> • prepare a time bound plan relating to e-governance activities and ensure funds utilisation by expediting the procurement of IT assets. • take steps for timely renewal of the annual maintenance contract of IT infrastructure and to make suitable clauses for preventive maintenance and closely monitor the annual maintenance contract service providers. • take steps to ensure uninterruptible power supply to all the offices to facilitate smooth functioning by putting in place uninterruptible power supply in case of power failures from Electricity Board. • update the Agricultural Income Tax and Sales Tax Manual and also review the staffing norms. 	Action taken explanatory notes have not been received.

Year of Report	Name of the PA	No. of recommendations	Details of recommendations	Status
			<ul style="list-style-type: none"> formulate a scheme with a time frame, for creation of modern workstations with space for IT equipment and paper work, efficient file management and space for effective records management. 	
31 March 2018	Functioning of OPEN PEARL in Registration Department	14	<ul style="list-style-type: none"> Steps may be taken to prepare the URS, enter into SLAs, fix timelines, and ensure handing over the project to the Department along with proper documentation. Necessary steps may be taken to prepare and document BCP/DRP and provision may be made to uplink the backup server. Provision may be made in OPEN PEARL for population of personal details of each individual based on the unique identity such as Aadhar, etc., and generate printable electronic documents. Printing of e-stamps be permitted online only and number of prints may be restricted to one. Provision may be made for issue of revised e-stamp in cases where additional stamps are required. Provision for recording the serial number of the e-stamp has to be made in OPEN PEARL. Steps may be taken to integrate the fair value of land application with OPEN PEARL. Provision may be made in OPEN PEARL to collect the fee for transfer of registry and the Government may take steps for updating data in ReLIS database to enable automatic transfer of registry. Steps may be taken for entry and/or validation of details of documents registered in earlier years in OPEN PEARL. Provision may be made in the OPEN PEARL to issue digitally signed list certificates, certified copies and marriage certificates. Steps may be taken to dispense with the manual accounts after ensuring the accuracy of generated accounts and to prepare annual revenue collection statements and monthly reconciliation statements online. Necessary legal enablement for keeping the copies of registered documents in digital format may be made. Necessary provision may be made in the OPEN PEARL to generate revenue collection statement and trend analysis statement for over a period of time. Action may be taken to rectify the duplicate and incorrect data entries in the database and tally the system generated accounts with the manual accounts. Steps may be taken to ultimately eliminate manual accounts. 	Action taken explanatory notes have not been received.

Year of Report	Name of the PA	No. of recommendations	Details of recommendations	Status
			<ul style="list-style-type: none">• Action may be taken to make available the RoR and FMB to the SR so as to enable him to append them to the documents registered.• Necessary steps may be taken to record the refund details against the original receipt entries in the OPEN PEARL.• Necessary orders or guidelines may be issued by the Government/IGR for conducting internal audit in the OPEN PEARL environment. An audit module may also be provided in the application.	

Appendix – IV

(Reference: Paragraph 2.4.9)

Dealers having turnover above ₹ one crore during 2016-17 and opted GST composition scheme in 2017-18

Sl. No.	Registered person	GSTIN	TIN	Name of office and District	Total Turnover in 2016-17(₹)
1	Mampilly Rayappan Dhanesh Kumar	32AJQPD2249B1ZP	32071336942	STO, II Circle, Kalamassery Ernakulam	1,04,16,728
2	Sandhya Vinod	32ALIPV7121J1ZX	32071358924	STO, II Circle, Kalamassery Ernakulam	1,42,54,911
3	Maliakal Antony Tiju	32AFLPT4430R1ZV	32071340417	STO, III Circle, Ernakulam	1,76,88,739
4	Krishnankutty Retnamma Jithin syamkrishna	32APFPJ6393H1ZT	32020901807	STO, Karunagappally, Kollam	1,28,58,094
5	Alangadan Ishaqali	32ABEPI2765F1Z0	32100484926	AIT & STO, Kottakkal, Malappuram	1,33,34,865
6	Thottiyil Abdurahiman	32ACNPA3011A1ZQ	32101092988	AIT & STO, Kottakkal, Malappuram	1,08,98,912
7	Nowfal Babu	32ANUPN0795N1Z7	32100747186	STO, Perinthalmanna, Malappuram	1,29,48,395
8	Maya Hari Krishnan	32BONPK6623M1ZL	32100847661	STO, Ponnani, Malappuram	1,05,35,096
9	M/S Payyappilly Cycles	32AADFM2480P1Z3	32150900305	STO, N Paravur, Mattancherry	1,14,74,789
10	Regis Lenin Morais	32ADMPM1613N1ZI	32150937699	STO, N Paravur, Mattancherry	1,09,06,081
11	Alavumkudy Moosan Alshas	32AUWPA0124D1ZA	32090523118	STO, I Circle, Palakkad	1,15,30,431
12	Melarcodes Radio Company	32AAEFM7563N1ZW	32090546035	STO, I Circle, Palakkad	1,01,63,260
13	Sree Venkiteswara Auto Service	32AAIFS7795J1ZK	32091436225	STO, Alathur, Palakkad	17,54,70,698
14	Swapna Thomas	32AGOPT8112G1ZA	32091245739	STO, Mannarkkad, Palakkad	1,14,02,530
15	Vip Biriyani Store	32AAIFV9330Q1ZK	32091246977	STO, Mannarkkad, Palakkad	1,00,82,120
16	Weber Electrical Supermarket	32AAAFW6260E1ZH	32091022484	STO, Ottappalam, Palakkad	1,72,15,672

Sl. No.	Registered person	GSTIN	TIN	Name of office and District	Total Turnover in 2016-17(₹)
17	Manojlal Mohanakumari Sundaresan	32BBIPS8097R1ZJ	32010833608	STO, I Circle, Thiruvananthapuram	1,02,66,241
18	Nizar Muhamme Kunju	32AWYPM2815R1ZP	32011074549	STO, Nedumangad, Thiruvananthapuram	1,38,82,907
19	Sainudeen Anshad	32ANIPA7435Q1ZR	32011046122	STO, Nedumangad, Thiruvananthapuram	1,40,62,888
20	Shibu Gopalan	32BONPG2558D1Z6	32010705966	STO, Neyyattinkara, Thiruvananthapuram	1,00,04,148
21	Pandipurath Abraham Philipkutty	32APCPP5731N2ZO	32010635889	STO, III Circle, Thiruvananthapuram	1,07,22,584
22	Shafi Kasali	32AFEPK4201Q1ZK	32011358714	AC (WC), Thiruvananthapuram	1,11,54,194
23	Supreme Food Products	32AAIFS8599L1ZC	32081018534	STO, Kodungallur, Thrissur	1,02,61,101
24	Valiyaparambil Ramankunhji Unnikrishnan	32AAFPU8352E1ZO	32081089318	STO, Kodungallur, Thrissur	1,06,00,031

Appendix – V

(Reference: Paragraph 2.4.9)

Works contractors who opted GST composition scheme in 2017-19

Sl. No.	Registered person	GSTIN	TIN	Name of office and District	Period
1	Prince Children S Park Equipments	32AICPP4828R1ZR	32072054782	AC Special Circle I, Ernakulam	2017-18 & 2018-19
2	Teena Jacob	32APKPT5992H1ZB	32072004336	AC Special Circle I, Ernakulam	2017-18 & 2018-19
3	Aestetiks	32AEMPP9619Q1ZL	32072034352	AC(WC), Ernakulam	2017-18 & 2018-19
4	Riyaz, Chengazhathu Constructions	32AGAPM7410J1ZP	32021606373	AC(WC), Kollam	2017-18 & 2018-19
5	Cochin Agrifarm	32ACUPU7670A2Z9	32151035079	AC(WC), Mattancherry	2017-18 & 2018-19
6	Bethel Aluminium Fabrication	32BRIPS1542P1ZE	32030765853	AC(WC), Pathanamthitta	2017-18 & 2018-19
7	Jude Engineering Works	32CKJPK2571B1ZK	32030745862	AC(WC), Pathanamthitta	2017-18 & 2018-19
8	Abdul Salam	32BCEPM0521P1ZQ	32011314952	AC(WC), Thiruvananthapuram	2018-19
9	Anilkumar K Contractor	32EEOPK2350K1ZE	32011350333	AC(WC), Thiruvananthapuram	2017-18 & 2018-19
10	Arappura Electronics Industry	32AASPT7882P1ZG	32011385477	AC(WC), Thiruvananthapuram	2017-18 & 2018-19
11	Arbious Engineering	32ASGPV8919H1ZA	32011343921	AC(WC), Thiruvananthapuram	2017-18 & 2018-19
12	Intarch Engineering Services	32AQHPR8504M1ZH	32011353606	AC(WC), Thiruvananthapuram	2018-19
13	Krishnadas	32AFKPK5045G1ZN	32011370245	AC(WC), Thiruvananthapuram	2017-18 & 2018-19
14	Geevee Electronics	32AAMFG1514B1Z4	32011392609	AC(WC), Thiruvananthapuram	2017-18 & 2018-19
15	Mohammed Ali	32DNQPS5604N1ZD	32011361289	AC(WC), Thiruvananthapuram	2017-18 & 2018-19

Appendix – VI

(Reference: Paragraph 2.4.10.1)

Irregular carry forward of transitional credit not reflected in last VAT return

Sl. No.	Registered Person and GSTIN	Office and District	Balance credit in VAT return	Amount claimed in Credit ledger	Excess amount SGST(₹)
1	Elite Printers 32AADFE7379M1Z1	STO, IV Circle, Ernakulam	24,795	49,590	24,795
2	Maritime Montering Norinco India 32AAGCM7744J1Z9	STO, IV Circle, Ernakulam	NIL	26,13,319	26,13,319
3	Progility Technologies 32AAKCS5375F1Z9	STO, IV Circle, Ernakulam	NIL	44,19,673	44,19,673
4	Winter Wood Interiors 32AJJPA6599A1ZG	AC (WC), Ernakulam	5,66,591	20,88,707	15,22,116
5	Gmd International 32AABFG8896R2ZI	AC, Special Circle II, Ernakulam	39,61,099	41,16,854	1,55,755
6	FciOen Connectors 32AAACO2006RIZK	AC, Special Circle III, Ernakulam	NIL	3,70,620	3,70,620
7	Rak Ceramics India Pvt Ltd 32AACCR6424N1Z9	AC Special Circle III, Ernakulam	2,81,431	3,22,727	41,296
8	Synthite Industries 32AADCS5616E1ZQ	AC, Special Circle III, Ernakulam	3,91,010	11,83,053	7,92,043
9	Muthodam Mill Stores 32AAEFM1686N1Z0	STO, I Circle, Kollam	NIL	35,410	35,410
10	Shanavas Hassan 32ACIPH9662B1ZT	IAC, Muvattupuzha, Mattancherry	NIL	23,88,155	23,88,155
11	Techno Rubbers 32ACRPV8118R1ZK	STO, North Paravur Mattancherry	52,639	83,924	31,285
12	Jerry Rubbers 32ABKPD1028L1Z0	IAC, Pathanamthitta	NIL	47,430	47,430
13	Technocrats Appliances Pvt Ltd 32AAACT9827F1ZD	STO, I Circle, Thiruvananthapuram	61,082	2,50,748	1,89,666
14	Rb Agencies 32HDKPS6542F1ZA	STO, II Circle, Thiruvananthapuram	354	53,488	53,134
15	Maharaja Medical Centre Pvt Ltd 32AABCM6034G1ZW	STO, III Circle, Thiruvananthapuram	NIL	56,441	56,441
16	Mookkens Pharmacy 32AAAAM0938JIZT	STO, I Circle, Thrissur	NIL	1,31,124	1,31,124
17	Choorakkal Anthony Shaijan	AC, Special Circle, Thrissur	NIL	52,468	52,468

Sl. No.	Registered Person and GSTIN	Office and District	Balance credit in VAT return	Amount claimed in Credit ledger	Excess amount SGST(₹)
	32CVVPS2347J1ZZ				
18	Kalyan Jewellers India Ltd 32AADCK6079K1ZA	AC, Special Circle, Thrissur	18,89,740	1,19,63,240	1,00,73,500
19	Prabhu Sons 32AAHFP5708M1Z1	STO, Kodungallur Thrissur	86,194	1,72,388	86,194
20	Nila Agro 32AAKFN9857G1ZV	STO, Wadakkancheri Thrissur	98,083	2,80,256	1,82,173
Total					2,32,66,597

Appendix – VII

(Reference: Paragraph 2.4.10.2)

Irregular carry forward of transitional credit in cases where TRAN-1 return showed 'Nil' credit

Sl. No.	Registered Person and GSTIN	Office and District	Amount claimed	
			CGST (₹)	SGST (₹)
1	Essjay Traders 32AACFE2245H1ZY	STO, I Circle, Kalamasseri, Ernakulam	44,673	
2	Health & Glow Pvt Ltd 32AAACF4045K1ZW	STO, II Circle, Ernakulam	9,46,700	
3	Lotus Technologies 32AADFL1399N1Z0	STO, II Circle, Ernakulam	10,825	
4	MV Alias & Co 32AAMFM5168M1ZT	STO, II Circle, Ernakulam		1,82,413
5	Oriflame India 32AAACO0256B1Z9	STO, II Circle, Thrissur, Ernakulam	2,58,578	
6	Saju Joison 32ADXPJ6039L1Z0	STO, II Circle, Thrissur, Ernakulam		3,89,104
7	Vytila Mobility Hub 32AABTT7784P1Z0	STO, II Circle, Thrissur, Ernakulam	40,665	
8	Smart Fuels 32ABHPR5839G1ZH	STO, III Circle, Ernakulam	25,829	
9	Kottaram Agencies & Distributors India 32AADCK3576F1ZP	AC Special Circle II, Ernakulam	8,69,658	
10	Lachmandas & Co 32AAAFL9554C1ZL	AC Special Circle II, Ernakulam	1,39,66,021	
11	Salam Al Manama Trading Pvt Ltd 32AAUCS2144L1Z1	AC Special Circle, Kollam		1,61,676
12	Haleema Nazeer 32AUEPN8150G1ZR	STO, Karunagappally, Kollam		25,764
13	Mahima Tyres 32AVOPR3476J1Z1	STO, Kottarakkara, Kollam		2,28,808
14	Yoga & Co 32AAOFM7021P1ZX	STO(Works Contract), Kollam		4,87,309
15	Bentech Power Systems 32ADNPV3985F1Z2	STO, Kottakkal, Malappuram		43,300
16	Galaxy World 32AALFG9690B1ZC	STO, Perinthalmanna, Malappuram		48,763
17	Kr Traders 32AEJPU6740G1ZC	STO, Ponnani, Malappuram		49,981
18	Ceramic Studio 32AAJFT0128K1ZB	STO, Tirurangadi, Malappuram		6,44,500

Sl. No.	Registered Person and GSTIN	Office and District	Amount claimed	
			CGST (₹)	SGST (₹)
19	Safa Global Venture 32ABSFS2222F1ZD	STO, Tirurangadi, Malappuram		47,596
20	Parekh Sons 32AACFP8587B1ZA	STO, I Circle, Mattancherry		38,750
21	Acellor Steels 32AAJCA1459M1ZK	STO, Angamali, Mattancherry	1,24,57,656	4,81,477
22	Leelamma Pulose 32ADDPL5199B1ZS	STO, Angamali, Mattancherry	71,467	
23	New Jayamurali 32AAMFN8177H1ZW	STO, Angamali, Mattancherry		54,238
24	Kottakkal Arya Vaidyasala Varapuzha 32BHNPS0620P1Z1	STO, North Paravur, Mattancherry	29,743	
25	KM Traders 32AAKFK4235F1ZM	STO, I Circle, Palakkad		9,334
26	Vescotech Industries 32AAMFV9035G2ZY	STO, I Circle, Palakkad	10,65,389	15,381
27	Noble Digital Signage 32AAFFN7451D1ZK	STO, II Circle, Palakkad		1,35,973
28	Noble Sign Point 32AFZPA8817K1ZZ	STO, II Circle, Palakkad		49,304
29	Sharon Extrusions 32AANFS2676K1ZR	IAC, Palakkad		34,174
30	Bee Path Castings P Ltd 32AACCB0558P1ZM	AC Special Circle, Palakkad	3,51,524	
31	KM Petroleum Agencies 32ADMPR2766H1ZA	STO, Ottappalam, Palakkad		1,51,754
32	Aps Trademart 32CZPPS2139J1ZZ	STO, Pattambi, Palakkad		31,896
33	Aslam Agencies 32AAMFA9689B1ZA	STO, Pattambi, Palakkad		1,97,321
34	Marunnamkattu Paints 32HVLPS4728A1ZI	STO, Pattambi, Palakkad		6,768
35	Jil Farm Products 32AJRPK7734K1ZQ	IAC, Pathanamthitta		1,93,479
36	Kerala State Mineral Development Corporation Ltd 32AAACK9746N1Z3	STO, I Circle, Thiruvananthapuram		1,55,570
37	R S Fertilisers 32BASPA2398L1ZD	STO, Neyyattinkara, Thiruvananthapuram		62,907
38	Francis Diamond 32AAEFF0663N1ZG	STO, I Circle, Thrissur		1,96,906

Sl. No.	Registered Person and GSTIN	Office and District	Amount claimed	
			CGST (₹)	SGST (₹)
39	Avaran Bike House 32ABCFA5882B1ZV	STO, Irinjalakkuda, Thrissur	25,06,036	35,800
40	Aiswarya Book Depot 32ABFFA9001M1ZM	STO, Kunnamkulam, Thrissur	81,496	
Total			3,27,26,260	41,60,246

Appendix – VIII

(Reference: Paragraph 2.4.10.2)

Carry forward of transitional credit in excess of amount reported in TRAN 1 return

Sl. No.	Registered Person and GSTIN	Office and District	Amount in TRAN-1 Return	Amount claimed in Credit ledger	Excess amount claimed	
					CGST (₹)	SGST (₹)
1	Troikaa Pharmaceuticals Ltd 32AABCT6866H1Z7	STO, III Circle, Ernakulam	11,26,065	12,80,065	1,54,000	
2	Aditya Papers 32ABGFA2971H2ZM	STO, IV Circle, Ernakulam	2,82,619	3,39,427		56,808
3	Samco Techno Soutions 32AAICS5656B1ZJ	STO, IV Circle, Ernakulam	41,827	54,015	12,188	
4	Excide 32AAACE6641E1Z4	AC, Special Circle I, Ernakulam	2,31,75,022	2,55,14,374	23,39,352	
5	Poomkandy Agencies 32AABCP4410D1Z7	AC Special Circle I, Ernakulam	15,07,070	17,67,756	2,60,686	
6	Ajanta Pharma 32AAACA5579P1ZA	AC Special Circle II, Ernakulam	21,07,567	25,27,849	4,20,282	
7	Antonat Franklin 32AAAPF6509K1Z0	AC Special Circle II, Ernakulam	60,990	1,77,216	81,206	35,020
8	Chettinad Cement Corporation Pvt Ltd 32AAACC3130A1ZS	AC Special Circle II, Ernakulam	42,29,363	84,58,726	42,29,363	
9	HPL Electric & Power Ltd 32AAACH0165J1ZZ	AC Special Circle II, Ernakulam	40,67,996	42,73,441	2,05,445	
10	Bharati Airtel Ltd 32AAACB2894G1ZW	AC Special Circle III, Ernakulam	3,33,23,849	41,67,90,671	38,34,66,822	
11	Cognizant Technology Solutions India Pvt Ltd 32AAACD3312M1Z2	AC Special Circle III, Ernakulam	24,52,521	45,18,220	20,65,699	
12	F D C Limited 32AAACF0253H1Z9	AC Special Circle III, Ernakulam	1,07,174	1,54,701	47,527	
13	Kag India Pvt Ltd 32AADCK5381Q1Z3	AC Special Circle III, Ernakulam	3,29,905	17,59,464	14,29,559	
14	Omega Motors Pvt Ltd 32AAACO3908N2ZE	AC Special Circle III, Ernakulam	69,80,389	92,88,789	23,08,400	
15	Swiss Time House Retail Pvt Ltd 32AAMCS9965P1ZA	AC Special Circle III, Ernakulam	3,75,646	5,43,241	1,67,595	

Sl. No.	Registered Person and GSTIN	Office and District	Amount in TRAN-1 Return	Amount claimed in Credit ledger	Excess amount claimed	
					CGST (₹)	SGST (₹)
16	Jose & Co 32AALFJ4533G1ZJ	IAC Kottarakkara, Kollam	1,34,699	1,72,152	37,453	
17	Gibson Innovations India Pvt Ltd 32AABCW4074G1ZI	STO, North Paravur, Mattancherry	8,87,978	10,49,552	1,61,574	
18	Bisleri International Pvt Ltd 32AACCA4355K2ZT	IAC, Palakkad	47,827	95,654	47,827	
19	Us Technology International Private Limited 32AAACU5628B1ZT	IAC, Thiruvananthapuram	1,47,55,937	4,15,41,199	2,67,85,262	
20	Asianet Communications Pvt Ltd. 32AAACA2460P1ZS	AC Special Circle, Thiruvananthapuram	9,88,858	14,32,110	4,43,252	
21	TV Sundaram Iyengar & Sons Pvt Ltd 32AABCT0159K1ZI	AC Special Circle, Thiruvananthapuram	22,50,02,535	22,74,48,477		24,45,942
Total					42,46,63,492	25,37,770

Appendix – IX

(Reference: Paragraph 2.4.10.3 (a))

Irregular carry forward of transitional credit (CGST) for stock having no evidence for tax payment by dealers registered under the existing law

Sl. No.	Registered Person and GSTIN	Office and District	Nature of business	CGST(₹)
1	Vishva Electrotech Limited 32AACCV9292L1ZT	STO, II Circle, Thrippunithura, Ernakulam	Supplier of services	4,17,585
2	Prakash Deepak Aswani 32ACXPA6845N1Z1	STO, III Circle, Thrippunithura, Ernakulam	Supplier of services	72,050
3	Aviation Baba 32AAGCA7533H1ZV	AC(WC), Ernakulam	Works contract	1,40,559
4	Ess Dee Projects 32AADCE5699P1ZY	AC(WC), Ernakulam	Works contract	80,554
5	Gilbarco Veeder 32AADCG4992P1Z2	AC(WC), Ernakulam	Works contract and Supplier of services	2,45,475
6	Autocop India Pvt Ltd 32AABCA5282A1ZC	AC, Special Circle I, Ernakulam	Works contract and Supplier of services	8,88,842
7	Exide Industries Limited 32AAACE6641E1Z4	AC, Special Circle I, Ernakulam	Supplier of services	19,23,994
8	Focuz Automobile Services Limited 32AACCF0227B1ZL	AC, Special Circle I, Ernakulam	Works contract and Supplier of services	4,33,715
9	Focuz Corporation Pvt Ltd 32AAACB9529J1ZN	AC, Special Circle I, Ernakulam	Works contract and Supplier of services	7,83,029
10	Focuz Parts Mart Limited 32AACCF6985E1ZM	AC, Special Circle I, Ernakulam	Supplier of services	54,23,366
11	Godrej And Boyce Manufacturing Co Ltd 32AAACG1395D1Z3	AC, Special Circle I, Ernakulam	Works contract and Supplier of services	98,58,727
12	Goodyear India Ltd 32AAACG3511H1Z9	AC, Special Circle I, Ernakulam	Supplier of services	2,61,335
13	Havells India Limited 32AAACH0351E1ZE	AC, Special Circle I, Ernakulam	Supplier of services	1,03,47,836
14	Intex Technologies (India) Limited 32AAACI4265L1ZL	AC, Special Circle I, Ernakulam	Supplier of services	6,44,252
15	Manikandan Motor Private Limited 32AAECM3998G1ZA	AC, Special Circle I Ernakulam	Supplier of services	13,61,720
16	Metalex Agencies 32AAEFM0555A1Z1	AC, Special Circle I Ernakulam	Supplier of services	1,31,986

Sl. No.	Registered Person and GSTIN	Office and District	Nature of business	CGST(₹)
17	Mps Telecom Private Limited 32AAICM6530C1ZW	AC, Special Circle I, Ernakulam	Supplier of services	71,025
18	New Bharath Tyres India Private Limited 32AACCN5160H1ZR	AC, Special Circle I, Ernakulam	Supplier of services	7,69,116
19	Oriental Metals India Private Limited 32AABCO1875H1ZL	AC, Special Circle I, Ernakulam	Supplier of services	3,63,349
20	Osram Lighting Private Limited 32AACCO2671C1ZY	AC, Special Circle I, Ernakulam	Works contract and Supplier of services	3,45,693
21	Poomkudy Agencies Private Limited 32AABCP4410D1Z7	AC, Special Circle I, Ernakulam	Supplier of services	17,25,941
22	Star Traders 32ACDPJ7185J1ZH	AC, Special Circle I, Ernakulam	Supplier of services	14,691
23	Surya Roshni Ltd 32AAACS3558C1ZS	AC, Special Circle I, Ernakulam	Supplier of services	14,27,138
24	Thomson Trading Agencies 32AABFT2118B1Z0	AC, Special Circle I, Ernakulam	Supplier of services	1,48,500
25	Voltas Limited 32AAACV2809D1ZV	AC, Special Circle I, Ernakulam	Works contract and Supplier of services	85,19,004
26	Apollo Tyres Limited 32AAACA6990Q1Z7	AC, Special Circle II Ernakulam	Manufacturer and Supplier of services	7,46,323
27	Blue Star Limited 32AAACB4487D1Z1	AC, Special Circle II, Ernakulam	Works contract and Supplier of services	9,37,948
28	Lulu International Shopping Mall Private Limited 32AABCL0212H1ZB	AC, Special Circle II, Ernakulam	Supplier of services	1,55,06,677
29	Sharp Business Systems (India) Private Limited 32AAECS2980A1ZS	AC, Special Circle II, Ernakulam	Supplier of services	2,66,727
30	Evm Motors & Vehicles India Private Limited 32AACCE0045L1Z1	AC, Special Circle III, Ernakulam	Works contract and Supplier of services	7,84,939
31	Kerala Cars Private Limited 32AABCK4746M2ZD	AC, Special Circle III, Ernakulam	Supplier of services	7,20,746
32	Pon Pure Chemical India Private Limited 32AACCP3026E1Z2	AC, Special Circle III, Ernakulam	Works contract and Supplier of services	77,750

Sl. No.	Registered Person and GSTIN	Office and District	Nature of business	CGST(₹)
33	Reliance Retail Limited 32AABCR1718E1ZY	AC, Special Circle III, Ernakulam	Supplier of services	1,78,79,257
34	Saint - Gobain India Private Limited 32AABCS4338M1ZA	AC, Special Circle III, Ernakulam	Manufacturer	5,93,503
35	V Guard Industries Ltd 32AAACV5492Q1ZR	AC, Special Circle III, Ernakulam	Supplier of services	1,58,61,924
36	A M Mobikes 32AAKFA7231R1Z5	AC, Special Circle, Malappuram	Supplier of services	1,05,955
37	A M Motors 32AAHFA8699Q1ZK	AC, Special Circle, Malappuram	Supplier of services	41,13,171
38	KVR Autocars (P) Ltd 32AACCK9035G1ZQ	AC, Special Circle, Malappuram	Supplier of services	5,68,845
39	Uniride Honda 32AACFU6335Q1ZS	AC, Special Circle, Malappuram	Supplier of services	2,18,574
40	Innovative Technologies 32AAFFI7526L1Z8	AC, Special Circle, Mattancherry at Aluva	Manufacturer	4,13,110
41	Sri Bhagavathy Traders Private Limited 32AARCS1532M1Z4	AC, Special Circle, Mattancherry at Aluva	Supplier of services	70,09,225
42	Hindustan Coca Cola Beverages Private Limited 32AAACH3005M1Z0	AC, Special Circle, Palakkad	Manufacturer	4,86,626
43	Pepsico India Holdings Pvt Ltd 32AAACP1272G1ZW	AC, Special Circle, Palakkad	Manufacturer	16,39,836
44	Kims Pinnacle Cancer Care & Research Centre 32AADCK4030A1ZG	STO, III Circle, Thiruvananthapuram	Supplier of services	5,18,223
45	Logtech Systems 32AERP1617A1Z0	AC, Special Circle Thiruvananthapuram	Supplier of services	7,16,878
46	Jyothy Laboratories Limited 32AAACJ3213B1ZJ	AC, Special Circle, Thrissur	Manufacturer	1,52,75,735
Total				13,08,41,454

Appendix – X

(Reference: Paragraph 2.4.10.3 (b))

Irregular carry forward of transitional credit without filing return in FORM GST TRAN-2

Sl. No.	Registered Person and GSTIN	Office and District	Amount claimed	
			CGST(₹)	SGST(₹)
1	Cresta Paints India Ltd 32AAFCC1344P1ZO	AC, Special Circle II, Ernakulam	1,99,000	
2	Cyril Thoppil Kurian 32AFVPK1847D1ZG	AC, Special Circle II, Ernakulam	3,90,318	
3	Industrial Distributors Agencies 32AAAFI6080N1ZA	AC, Special Circle II, Ernakulam	11,25,054	
4	Kottakkal Arya Vaidyasala Varapuzha 32BHNPS0620P1Z1	STO, North Paravur, Mattancherry		29,743
5	Kottakkal Arya Vaidya Sala 32AHWPM0103H1ZM	STO, Thiruvalla, Pathanamthitta		72,794
6	Westyle Trading 32AACFW4016A1ZX	STO, I Circle, Thiruvananthapuram	19,512	
Total			17,33,884	1,02,537

Appendix – XI

(Reference: Paragraph 2.4.10.4)

Irregular carry forward of Transitional credit without adhering to the conditions stipulated in provisions

Sl. No.	Registered Person and GSTIN	Office and District	Amount claimed (₹)
1	P.J. Agencies 32ALVPT6628B1ZT	STO, I Circle, Ernakulam	88,972
2	Beta Exim 32AAMFB8239J1Z8	STO, I Circle, Kalamasseri Ernakulam	26,82,892
3	Alappat Traders Private 32AABCA9643H1ZT	STO, II Circle, Ernakulam	5,51,850
4	Kalyan Ram Chamayam 32AAJFK4376L1ZD	STO, II Circle, Thrippunithura, Ernakulam	1,06,575
5	Barath Agencies 32AAMFB9178L1ZW	STO, III Circle, Ernakulam	4,15,579
6	D J Vision 32AAHFD0801F1Z8	STO, III Circle, Ernakulam	4,79,565
7	Auto Mate 32AALFA4887C1ZJ	STO, III Circle, Thrippunithura, Ernakulam	2,91,603
8	International Trading Company 32AACFI6460N1Z8	STO, IV Circle, Ernakulam	1,75,889
9	Siva Vijay Sivadasan 32EGQPS6821D1Z7	STO, IV Circle, Thrippunithura Ernakulam	87,129
10	Aj Motors 32AAJFA8627Q1ZY	AC, Special Circle I, Ernakulam	1,01,037
11	Pai International Electronics Limited 32AADCP8329B1ZR	AC, Special Circle I, Ernakulam	11,91,390
12	Rubber World 32AFMPJ8073K1Z3	AC, Special Circle I, Ernakulam	4,96,282
13	Preethi Kitchen Appliances Private Limited 32AAFPC8830K1Z8	AC, Special Circle II, Ernakulam	20,22,651
14	Shoe Avenue Trades 32AOBPS6287G1ZR	AC, Special Circle II, Ernakulam	4,23,427
15	A M Distributors 32AANFM7361D1ZC	AC, Special Circle III, Ernakulam	8,79,865
16	Kavalackal Distributors 32AAGFK1858E1ZL	AC, Special Circle III, Ernakulam	5,02,348
17	Ushaspot 32ADHPR3085Q1ZY	STO, Karunagappally, Kollam	3,86,532
18	Kurumpelil Computers	STO, Kottarakkara, Kollam	13,621

Sl. No.	Registered Person and GSTIN	Office and District	Amount claimed (₹)
	32BAEPK0839G1Z2		
19	Kurumpelil Electronics 32ABVPT4540L1Z2	STO, Kottarakkara, Kollam	1,28,134
20	Babin Technologies Pvt. Ltd 32AAECB5466E1ZY	IAC, Manjeri, Malappuram	4,11,730
21	Malabar Latex 32A AFFM6124J1ZG	AC, Special Circle, Malappuram	4,69,260
22	Kalliyath Industries 32AKCPS6581Q1ZG	STO, Kottakkal, Malappuram	2,06,258
23	Muthuvadan Ibrahim 32ABTPI9668L1ZS	STO, Kottakkal, Malappuram	35,139
24	Muhammed Ali 32DEWPM9680B1Z1	STO, Manjeri, Malappuram	18,871
25	SR Locks And Ply 32ADIFS6300C1ZM	STO, Manjeri, Malappuram	24,850
26	VH Distributors 32AAK FV9107H1Z2	STO, Manjeri, Malappuram	1,34,996
27	Inside 32AKLPS9690R1ZX	STO, Perinthalmanna, Malappuram	2,08,790
28	Ragam Wood Industries 32AADFR1661F1ZM	STO, Perinthalmanna, Malappuram	1,57,385
29	Unais Kottappulavil 32DBAPK9703E1Z1	STO, Perinthalmanna, Malappuram	1,23,243
30	VH Agencies 32AACFV3261E1ZL	STO, Perinthalmanna, Malappuram	3,40,429
31	Kallingal Mohammed Ismail 32AAEPI3879B1Z1	STO, Ponnani, Malappuram	6,72,279
32	Ktm Traders 32AAOFK9584D1Z0	STO, Tirurangadi, Malappuram	9,15,056
33	Rani Agencies 32AAGFR3553B1ZO	STO, Tirurangadi, Malappuram	15,612
34	Ganesh Tea Trading Co. 32ALKPM3794L1ZL	STO, I Circle, Mattancherry	76,616
35	National Steels & Cements 32AIUPA0676L1Z2	AC, I Circle Perumbavur, Mattancherry	2,05,703
36	Spice Rich Seasonings Pvt Ltd 32AAOCS5895A1Z6	IAC, Muvattupuzha Mattancherry	31,26,905
37	Hemanand Spices 32ACFPK6011J1ZZ	AC, Special Circle Hill Produce, Mattancherry	5,85,139
38	Jayalakshmi Plastics 32ADOPB6243M1ZH	AC, Special Circle Hill Produce, Mattancherry	6,61,852

Sl. No.	Registered Person and GSTIN	Office and District	Amount claimed (₹)
39	Jk Tyre and Industries Limited. 32AAACJ6716F1ZX	AC, Special Circle Hill Produce, Mattancherry	51,99,200
40	Veliyath Steel Agencies 32AACFV2585P1ZP	AC, Special Circle, Mattancherry at Aluva	1,84,404
41	Kdd India Pvt Ltd 32AADCK5691B1ZT	AC, Special Circle, Mattancherry at Aluva	19,096
42	Opti Tech Trading Private Limited 32AABCO5847P1Z0	STO, Aluva, Mattancherry	1,91,346
43	Global Trade Links 32AAHFG9797M1ZL	STO, Angamali, Mattancherry	53,432
44	Lijan Greentech India P Ltd 32AACCL7439F1ZN	STO, Angamali, Mattancherry	79,814
45	VeliyathHardwares 32AACFV3270D1ZM	STO, Muvattupuzha, Mattancherry	49,586
46	Taye Fashions 32AFAPP6928D1ZO	STO, North Paravur, Mattancherry	35,195
47	Malabar Agro Products 32AAWPJ5498D1ZB	STO, I Circle, Palakkad	96,165
48	Narikot Tyres 32AIIPS6097B2Z5	STO, I Circle ,Palakkad	2,06,707
49	Helios 32AAIFH2073C1ZX	STO, II Circle, Palakkad	2,91,809
50	Krishna Enterprises 32AKZPK2079C1Z1	STO, Pattambi, Palakkad	12,20,156
51	The RohiniTyres 32AAHFT7858A1Z7	STO, I Circle, Thiruvananthapuram	3,76,303
52	Rekind Associates 32ANLPB9281G1Z0	STO, III Circle, Thiruvananthapuram	76,848
53	Hilton Hyundai 32ACFP4184J1ZV	AC, Special Circle, Thiruvananthapuram	9,18,919
54	Kerala State Electricity Board 32AAECK2277NBZ1	AC, Special Circle, Thiruvananthapuram	5,67,914
55	Thomson Home Depot 32AAGFT0723M1Z9	AC, Special Circle, Thiruvananthapuram	28,77,534
56	Tomlukes India 32ACJPT9548H1Z3	AC, Special Circle, Thiruvananthapuram	5,32,927
57	Ponnore Marketing 32AAJFP5810G1ZH	STO, I Circle, Thrissur	5,72,178
58	Extra Mall 32AACFE6201F1Z4	STO, II Circle, Thrissur	9,75,925
59	Good Luck Tyres	STO, III Circle, Thrissur	3,26,869

Sl. No.	Registered Person and GSTIN	Office and District	Amount claimed (₹)
	32ALQPB3111N1ZB		
60	Alathukattil Associates 32ACKPR7101H1ZR	AC, Special Circle, Thrissur	2,60,871
61	Alpha Steels 32AANFA9680M1ZV	AC, Special Circle, Thrissur	1,06,477
62	M C P Motors India Private Limited 32AAFPM9364F1ZF	AC, Special Circle, Thrissur	2,42,051
63	Ponoore Jose Saji 32AJGPS8300J1Z7	AC, Special Circle, Thrissur	5,02,385
64	Pulikottil Jacob Benny 32ALQPB3160P1ZY	AC, Special Circle, Thrissur	6,73,585
65	Varna Glass and Plywoods Trading Private Limited 32AACCV8487B1ZB	AC, Special Circle, Thrissur	4,13,626
66	Poothokaren Agencies 32AENPP9405K1Z4	AC, Special Circle, Thrissur	9,01,868
67	Akkaraparambil Chathanath Gopalakrishnan 32AZXPG6681K1ZO	STO, Wadakkancheri, Thrissur	55,380
68	Deepa 32AXVPD0284F1ZL	STO, Wadakkancheri, Thrissur	3,54,845
69	Kallazhi Anandapadmanabhan 32AJEPA5503D1Z5	STO, Wadakkancheri, Thrissur	9,910
70	Kizhakkiveetil Muralimohanam 32AFYPM4699E1ZT	STO, Wadakkancheri, Thrissur	2,48,942
71	Koomullam parambil Khalid Abdulgafoor 32ADYPA2577K1Z7	STO, Wadakkancheri, Thrissur	2,10,976
72	Naraynan Murali 32AOWPM1903Q1ZE	STO, Wadakkancheri, Thrissur	1,02,609
73	Nariyampully Abdulrahiman Kasim 32BBUPK4544H1ZG	STO, Wadakkancheri, Thrissur	99,993
74	Pooppampil Raveendran 32ACCPR1846F1ZV	STO, Wadakkancheri, Thrissur	1,31,733
75	Shahina Maqbool 32AUQPM1308M1ZH	STO, Wadakkancheri, Thrissur	4,90,876
76	Sp Traders & Wire Products 32ADFFS7644L1ZP	STO, Wadakkancheri, Thrissur	30,710
77	Newline Builders & Developers 32AALFN5071B2ZL	STO(Works Contract), Thrissur	7,78,064
Total			3,98,82,682

Appendix – XII

(Reference: Paragraph 2.4.10.5)

Irregular carry forward of transitional credit on capital goods

Sl. No.	Registered Person and GSTIN	Office and District	ITC due as per VAT return	ITC claimed as per TRAN-1 return	Excess amount claimed (₹)
1	HIL India Ltd 32AAACH0905Q1ZP	AC, Special Circle II, Ernakulam	NIL	2,37,996	2,37,996
2	Pipefield India Ltd 32AAHCP9150E1ZK	AC, Special Circle II, Ernakulam	NIL	10,42,925	10,42,925
3	Thiruvathira Indane Services 32ALJPL1761D1ZH	STO, Anchal, Kollam	67,052	1,34,104	67,052
4	Rajadhani Minerals 32AAHCR4013J1ZN	IAC, Manjeri, Malappuram	NIL	10,43,619	10,43,619
5	Kalliyath Steel 32AADFK0174A1Z5	AC, Special Circle, Malappuram	NIL	4,26,559	4,26,559
6	Malabar Latex 32AAFFM6124J1ZG	AC, Special Circle, Malappuram	1,44,228	2,31,547	87,319
7	Arafa Business 32DBAPK9703E1Z1	STO, Perinthalmanna, Malappuram	NIL	7,45,642	7,45,642
8	Foregon Polymers 32AAEFF0734G1ZZ	STO, Tirurangadi, Malappuram	NIL	2,54,360	2,54,360
9	VT Store 32ANCPV3240N1ZV	STO, Tirurangadi, Malappuram	NIL	1,30,313	1,30,313
10	Mohanan Bhaskaran Thozhali 32ADJPT7374E1ZB	STO, Muvattupuzha, Mattancherry	20,020	1,03,736	83,716
11	Rajesh Nedumthadathil 32ANGPV5131J1ZX	STO, Muvattupuzha, Mattancherry	NIL	1,16,491	1,16,491
12	Grand Hyundai 32AAKFG8115G1ZL	AC, Special Circle, Palakkad	NIL	2,04,945	2,04,945
13	Harvika Apparels Private Ltd 32AADCH9463N1Z5	AC, Special Circle, Palakkad	NIL	55,145	55,145
14	Gala Ice creams Pvt Ltd 32AABCG4282A1Z8	IAC, Pathanamthitta	1,98,210	2,12,820	14,610
15	Panachiyil Industries 32AAFFP5319J1ZA	IAC, Pathanamthitta	NIL	3,34,774	3,34,774
16	Al-Fas Laminations Pvt Ltd 32AAOCA5579K1Z6	STO, III Circle, Thiruvananthapuram	NIL	3,76,550	3,76,550
17	Excel Marketers 32AAEFE4638G1ZP	STO, III Circle, Thiruvananthapuram	NIL	1,21,763	1,21,763

Sl. No.	Registered Person and GSTIN	Office and District	ITC due as per VAT return	ITC claimed as per TRAN-1 return	Excess amount claimed (₹)
18	Goodwill Extrusions 32AAJFG8783H1Z2	STO, III Circle, Thiruvananthapuram	2,47,594	6,58,418	4,10,824
19	Rima Medicals 32BEKPK2839G1ZK	STO (WC <), Thiruvananthapuram	NIL	43,379	43,379
20	Mm Associates 32AAIFM0712H1ZS	AC, Special Circle, Thiruvananthapuram	NIL	93,294	93,294
21	Style Plus 32ACYPG2011M1ZM	AC, Special Circle, Thiruvananthapuram	NIL	81,751	81,751
22	Choice Food Products 32AWQPS0682L1ZY	STO, Chalakkudy, Thrissur	NIL	4,06,681	4,06,681
23	Olattupurathu Agencies 32AADFO6111D1ZY	STO, Kodungallur, Thrissur	1,52,453	1,68,233	15,780
24	Shakthi Hardwares 32AFNPR0209J1ZI	STO, Wadakkancheri, Thrissur	NIL	1,45,633	1,45,633
Total					65,41,121

Appendix – XIII

(Reference: Paragraph 2.4.11.1)

Ineligible refund in respect of zero rated supply of goods or services or both without payment of tax

Sl. No.	Registered Person and GSTIN	Office and District	Period of Refund	Ineligible refund	
				IGST(₹)	CGST(₹)
1	Sumi Mercantile Co Pvt Ltd 32AAECS0934N1ZB	STO, IV Circle, Ernakulam	Sep-17	43,075	79,901
2	Gemwood 32AABFG8896R2ZI	AC, Special Circle II, Ernakulam	Aug-17	56,489	56,489
3	Autofit Car Interiors (P) Ltd. 32AAHCA7294E1ZQ	AC, Special Circle III, Ernakulam	Aug-17	76,675	
4	Haridas Nanji & Sons 32AABFH45581ZS	STO, I Circle, Mattancherry	July-17		27,730
5	Wincom Trading 32AAACW2624H1ZP	STO, I Circle, Mattancherry	Aug-17	1,20,298	189
6	Sh Marine Exim 32ACMFS1676E1Z3	STO, II Circle, Mattancherry	July-17		1,67,501
7	Sh Marine Exim 32ACMFS1676E1Z3	STO, II Circle, Mattancherry	Aug-17		2,85,133
8	Bos Natural Flavours(P) Ltd. 32AABCH6957R1ZY	AC, Special Circle, Perumbavoor, Mattancherry	July-17	1,15,437	42,016
9	Bloom Exports 32AAFFB5336H1ZS	STO, I Circle, Palakkad	Aug-17		43,996
10	Bloom Exports 32AAFFB5336H1ZS	STO, I Circle, Palakkad	Sep-17		22,557
11	DSR International 32ACLPV2935N1Z1	STO, II Circle, Palakkad	July-17		1,67,601
12	DSR International 32ACLPV2935N1Z1	STO, II Circle, Palakkad	Aug-17	34,193	1,15,884
13	DSR International 32ACLPV2935N1Z1	STO, II Circle, Palakkad	Sep-17		1,51,405
14	Star Global Exports 32BAYPM4721M2Z5	STO, Pattambi, Palakkad	Aug-17 to Jan-18	2,01,312	
15	Krishna Traders 32AACFK9847P1ZP	STO, I Circle, Thiruvananthapuram	Aug-17		1,63,731
16	Daliya Exporters 32AAFFD4603F1Z2	STO, Attingal, Thiruvananthapuram	July-17		22,914
17	Daliya Exporters 32AAFFD4603F1Z2	STO, Attingal, Thiruvananthapuram	Aug-17		37,189

Sl. No.	Registered Person and GSTIN	Office and District	Period of Refund	Ineligible refund	
				IGST(₹)	CGST(₹)
18	Daliya Exporters 32AAFFD4603F1Z2	STO, Attingal, Thiruvananthapuram	Sep-17		1,11,909
19	Nandana Exports 32CUNPS5515H1ZE	STO, Attingal, Thiruvananthapuram	July-17		44,962
20	Nandana Exports 32CUNPS5515H1ZE	STO, Attingal, Thiruvananthapuram	Aug-17		44,364
21	Nandana Exports 32CUNPS5515H1ZE	STO, Attingal, Thiruvananthapuram	Sep-17		39,367
22	Rajeeb Enterprises 32ACSPR1381F1ZH	STO, Attingal, Thiruvananthapuram	July-17	21,151	2,00,847
23	Rajeeb Enterprises 32ACSPR1381F1ZH	STO, Attingal, Thiruvananthapuram	Aug-17		3,82,631
24	Rajeeb Enterprises 32ACSPR1381F1ZH	STO, Attingal, Thiruvananthapuram	Sep-17		40,139
25	Agro Pharma Exports 32ABAF9083E1ZQ	STO, Nedumangad, Thiruvananthapuram	July-17	78,186	
26	Agro Pharma Exports 32ABAF9083E1ZQ	STO, Nedumangad, Thiruvananthapuram	Aug-17	1,28,969	
27	Agro Pharma Exports 32ABAF9083E1ZQ	STO, Nedumangad, Thiruvananthapuram	Sep-17	1,03,498	
28	Elite Green (P) Ltd. 32AABCE9775A1ZU	STO, IV Circle, Thrissur	Aug-17	2,17,034	8,57,745
29	Elite Green (P) Ltd. 32AABCE9775A1ZU	STO, IV Circle, Thrissur	Sep-17	71,740	4,20,451
30	Jayalakshmi Enterprises 32AAPP2720K1ZU	AC, Special Circle, Thrissur	July-17	34,472	1,23,525
31	Jayalakshmi Enterprises 32AAPP2720K1ZU	AC, Special Circle, Thrissur	Aug-17	1,66,728	26,292
32	Jayalakshmi Enterprises 32AAPP2720K1ZU	AC, Special Circle, Thrissur	Sep-17	2,54,092	
33	Gee Kay International 32AAYPN7840F1ZB	STO, Chalakkudy, Thrissur	Aug-17		49,444
34	Gee Kay International 32AAYPN7840F1ZB	STO, Chalakkudy, Thrissur	Sep-17		1,52,871
35	Ontides Exports 32APQPD3411H1ZB	STO, Chavakkad, Thrissur	Aug-17	1,47,894	
36	Silver Exim 32ACIFS2395C1Z9	STO, Chavakkad, Thrissur	July-17		64,960
37	Silver Exim 32ACIFS2395C1Z9	STO, Chavakkad, Thrissur	Aug-17		93,091
38	Silver Exim	STO, Chavakkad, Thrissur	Sep-17		1,18,970

Sl. No.	Registered Person and GSTIN	Office and District	Period of Refund	Ineligible refund	
				IGST(₹)	CGST(₹)
	32ACIFS2395C1Z9				
39	Varsha And Varna Exporters 32AMPPS7837L1Z8	STO, Kodungallur, Thrissur	July-17		2,54,600
40	Varsha And Varna Exporters 32AMPPS7837L1Z8	STO, Kodungallur, Thrissur	Aug-17		5,37,367
41	Varsha And Varna Exporters 32AMPPS7837L1Z8	STO, Kodungallur, Thrissur	Sep-17	92,623	7,28,169
Total				19,63,866	56,75,940

Appendix – XIV

(Reference: Paragraph 2.4.11.2)

Excess refund due to erroneous application of formula

Sl. No.	Registered Person and GSTIN	Office and District	Period of Refund	Excess amount claimed		
				IGST(₹)	CGST(₹)	SGST(₹)
1	Elcko Mould Centre 32AIYPC4327N1ZW	STO, I Circle, Thripunithura, Ernakulam	Nov-17	30,852		
2	Baby Marine Eastern Exports 32AADFB7648A1ZX	STO, II Circle, Thripunithura, Ernakulam	July-17			48,979
3	Temproze Commodities Marketing 32AAMPJ0953F1ZZ	STO, II Circle, Thripunithura, Ernakulam	Nov-17			59,704
4	AMK Exports 32BGXPS2038G1Z4	AC, Special Circle, Kollam	July-17		69,586	59,586
5	Royal Food Exports 32ABRPN7526Q1ZU	AC, Special Circle, Kollam	Oct-17	44,967	5,63,283	5,63,283
6	Beffi Cashew Company 32AGBPG3085C1Z2	AC, Special Circle, Kottarakkara Kollam	July-17		2,80,060	2,80,060
7	Chemmaruthil Cashew Co. Ltd. 32AAFFC8071J1ZG	AC, Special Circle, Kottarakkara Kollam	Aug-17	2,45,548	43,856	43,856
8	St. Johns Cashew 32AAUPY0755G1ZA	AC, Special Circle, Kottarakkara Kollam	July-17	1,57,729	4,849	4,849
9	Safil Industries 32AAAQCS9178Q1Z7	STO, Kundara, Kollam	July-17		9,852	
10	Everest Wood Industries 32AAAAFE5857B1ZW	STO, I Circle, Perumbavoor, Mattancherry	July-17		5,998	5,998
11	LMJ International 32AAACL4483H1ZN	STO, II Circle, Mattancherry	July to Aug-17	1,04,108	4,31,579	4,31,579
12	Genlite Engineering 32AACCG7920Q1ZB	AC, Special Circle, Perumbavoor, Mattancherry	July-17			61,038
13	World Wide Medical Equipment 32AQBPB5648Q1ZO	STO, Ottappalam, Palakkad	Mar-18	3,63,310		
14	Spectra Labs 32AYCPS9738H1Z2	STO, I Circle, Thiruvananthapuram	July 17 to March 18			30,832
15	Hive Solar 32AADFC7267L1ZA	STO III Circle, Thiruvananthapuram	July-17	9,053	18,092	18,092
16	IBS Software Services Pvt Ltd 32AAACI6825N1ZF	AC, Special Circle, Thiruvananthapuram	Dec-17 to Jan-18	91,804	24,924	24,924

Sl. No.	Registered Person and GSTIN	Office and District	Period of Refund	Excess amount claimed		
				IGST(₹)	CGST(₹)	SGST(₹)
17	IBS Software Services(P) Ltd. 32AAACI6825N1ZF	AC, Special Circle, Thiruvananthapuram	Aug-17	3,55,680	1,33,968	1,33,968
18	DC Exports 32AMAPP4149H1Z8	STO, IV Circle, Thrissur	Aug-17 to Mar-18	5,99,782		
19	Varsha And Varna Exporters 32AMPPS7837L1Z8	STO, Kodungallur, Thrissur	Nov-17	20,099	55,008	55,008
20	Mechelec 32AATFM9616R1ZB	STO, Kunnamkulam, Thrissur	Apr-18	49,799		
21	Mechelec 32AATFM9616R1ZB	STO, Kunnamkulam, Thrissur	Jan to Mar-18	42,767		
22	Mechelec 32AATFM9616R1ZB	STO, Kunnamkulam, Thrissur	May to Dec-18	1,40,631	3,600	
Total				22,56,129	16,44,655	18,21,756

Appendix – XV

(Reference: Paragraph 2.4.11.3)

Excess allowance of refund due to erroneous inclusion of credit on ‘Capital goods’ in net ITC

Sl. No.	Registered Person and GSTIN	Office and District	Period of Refund	Sanctioned (₹)	Eligible (₹)	Excess (₹)
1	Oximus Ventures 32AAFFO5197F1Z8	STO, I Circle, Tripunithura, Ernakulam	Nov-17 to Dec-17	3,70,580	33,398	3,37,182
2	Alamy Images India Pvt Ltd 32AAECA6167D1Z1	STO, I Circle, Thiruvananthapuram	Sep-17 to Dec-17	12,32,656	6,53,826	5,78,830
3	Trenor Technology Solutions Pvt Ltd 32AAGCT2025H1ZR	STO, I Circle, Thiruvananthapuram	Aug-17	62,862	20,662	42,200
4	Trenor Technology Solutions Pvt Ltd 32AAGCT2025H1ZR	STO, I Circle, Thiruvananthapuram	Sep-17	65,114	33,228	31,886
5	Trenor Technology Solutions Pvt Ltd 32AAGCT2025H1ZR	STO, I Circle, Thiruvananthapuram	Oct-17	69,659	43,220	26,439
6	Trenor Technology Solutions Pvt Ltd 32AAGCT2025H1ZR	STO, I Circle, Thiruvananthapuram	Nov-17	54,189	46,314	7,875
7	Trenor Technology Solutions Pvt Ltd 32AAGCT2025H1ZR	STO, I Circle, Thiruvananthapuram	Dec-17	1,34,113	87,858	46,255
8	Trenor Technology Solutions Pvt Ltd 32AAGCT2025H1ZR	STO, I Circle, Thiruvananthapuram	Jan-18	80,957	44,791	36,166
9	Trenor Technology Solutions Pvt Ltd 32AAGCT2025H1ZR	STO, I Circle, Thiruvananthapuram	Mar-18	2,81,901	73,374	2,08,527
Total				23,52,031	10,36,671	13,15,360

Appendix – XVI

(Reference: Paragraph 2.4.11.4)

Sanction of refund by ineligible jurisdictional authority

Sl. No.	Registered Person and GSTIN	Office and District	Period of Refund	Amount sanctioned		
				IGST(₹)	CGST(₹)	SGST(₹)
1	Impals Exports And Imports 32EUEPS2820E1ZX	STO, Ponnani, Malappuram	Dec-17	32,965		7,092
2	Wincom Trading 32AAACW2624H1ZP	STO, I Circle, Mattancherry	Mar-18	1,40,472		
3	Vysali Pharmaceuticals Ltd 32AAACV5491P1ZU	STO, II Circle, Perumbavoor, Mattancherry	Mar-18	1,17,474		
4	Overseas Arabian Suppliers 32AACFO4915C1ZT	STO, North Paravur, Mattancherry	Nov-17	75,846		
5	Overseas Arabian Suppliers 32AACFO4915C1ZT	STO, North Paravur, Mattancherry	Dec-17	71,181		
6	Overseas Arabian Suppliers 32AACFO4915C1ZT	STO, North Paravur, Mattancherry	Jan-18	20,000	55,000	55,000
7	Anand International 32AEQPB3957B1ZT	STO, III Circle, Thiruvananthapuram	July-17, Sep-17 & Nov-17	7,210	6,386	6,386
8	Agro Pharma Exports 32ABAF9083E1ZQ	STO, Nedumangad, Thiruvananthapuram	July-17	19,975		
Total				4,85,123	61,386	68,478

Appendix – XVII

(Reference: Paragraph 2.5.1)

Short levy of tax due to incorrect assessment

Sl No	Office/ Name of Assessee	Provision of the Act/ Rule	Nature of objection	Department reply
1	STO Special Circle, Palakkad M/s Pepsico India Holdings (P) Ltd, Palakkad	Section 6A of CST Act, Rule 66 (6)(ba) of KVAT Rules, 2005	The assessment for the year 2010-11 was completed in September 2017 allowing exemption for turnover of ₹ 57.76 crore as interstate stock transfer (out). But on verification of the assessment records it is revealed that the assessee had proved interstate movement of goods covering invoice value of ₹ 43.37 crore only for which exemption is allowable. However, the assessing authority admitted exemption for the entire turnover of ₹ 57.76 crore resulting in turnover escaped assessment of ₹ 14.39 crore and subsequent short levy of tax and interest of ₹ 5.14 crore.	On this being pointed out (May 2020), the Government stated that the movement of goods for ₹ 53.46 crore were reflected in KVATIS check post transaction and is to be accepted. The balance turnover of ₹ 4.29 crore is not proved with documents and is to be assessed. The audit objection is accepted to that extent and initiated action under section 56 of the KVAT Act 2003 read with Section 9(2) of the CST Act 1956 and notice issued to the assessee. Further progress is awaited.
2	STO (Special Circle), Mattancherry M/s Binani Zinc Limited, Kochi	Section 25(1) of KVAT Act, Section 6(A) of CST Act, 1956	Scrutiny of the assessment records of the assessee for the period 2011-12 revealed that the interstate stock transfer (out) reported by the assessee in his Annual Return in Form 10 was ₹ 378.16 crore and as per Certified Accounts in Form 13A was ₹ 382.53 crore. While finalising the assessment for the year 2011-12 in May 2017, the assessing authority did not consider the turnover of interstate stock transfer (out) of ₹ 382.53 crore which was certified by the Chartered Accountant and irregularly assessed the turnover of interstate stock transfer (out) as ₹ 378.16 crore resulting in escape of turnover of ₹ 5.02 crore. This resulted in short levy of tax and interest of ₹ 37.13 lakh.	On this being pointed out (February 2020), the Government stated that the assessment was completed creating an additional demand of ₹ 36.92 lakh. It was advised for revenue recovery and is pending with the Revenue authorities, Paravoor Taluk. Further progress is awaited.
3	STO (WC <) Ernakulam M/s IOT Anwasha Engineering and Construction Limited, Ernakulam	Section 25(1) and Section 6(1)(f) of KVAT Act 2003	Verification of the assessment records of the assessee revealed that while completing the assessment for the period 2014-15 in August 2017, the Assessing Authority irregularly assessed the turnover of ₹ 24.10 crore at the rate of 13.50 <i>per cent</i> instead of at the correct	On this being pointed out (November 2019), the Government stated that the assessment was rectified creating an additional demand of ₹ 34.22 lakh. The assessee filed appeal to Deputy Commissioner and as per the

Sl No	Office/ Name of Assessee	Provision of the Act/ Rule	Nature of objection	Department reply
			rate of 14.50 <i>per cent</i> . This resulted in short levy of tax and interest of ₹ 35.43 lakh	modified order, the demand of tax was ₹ 2.73 crore inclusive of the amount noticed in audit and the demand is under revenue recovery.
4	STO (WC<), Kalpetta, Wayanad Aravali Infrapower Ltd, Wayanad	Section 8(a)(i) of KVAT Act	Scrutiny of the assessment records of the assessee for the year 2015-16 revealed that the assessee had a contract receipt of ₹ 3.25 crore relating to works awarded by Kerala State Electricity Board Ltd. Even though the contract receipt was taxable at the rate of 7 <i>per cent</i> , the assessing authority while completing the assessment in November 2018, levied tax at the rate of 3 <i>per cent</i> . This resulted in short levy of tax and interest of ₹ 17.57 lakh.	On this being pointed out (February 2020), the Government stated that the original order was modified creating an additional demand of ₹ 17.05 lakh. The short levy was advised for revenue recovery to District Collector. Further progress of recovery is awaited.
5	STO, Adoor M/s S B Agencies, Pathanamthitta	Explanation V to Section 2(lii) of KVAT Act, 2003, Rule 10 (1) of KVAT Rules, 2005	Scrutiny of the assessment records of the assessee for the period 2018-19 revealed that as directed in appellate order the assessment order in respect of the assessee was modified in January 2019. The assessing officer exempted the turnover of price difference of ₹ 63.54 lakh received by the assessee during 2013-14 instead of including it as deemed turnover relating to the return period in which such amount is received. The irregular exemption of price difference resulted short levy of tax and interest amounting to ₹ 14.65 lakh.	On this being pointed out (February 2020), the Government stated (April 2020) that explanation V of Section 2(lii) is related to the assessment of price variation in respect of sales effected by the dealer and that price difference as mentioned in the accounts is 'other income' received from the supplier on the basis of credit notes relating to their purchase. As such, explanation V is not applicable. The reply is not acceptable, as in explanation V of Section 2(lii) where a dealer receives any amount due to price variation in respect of any sale effected during the return period, such amount shall be deemed to be turnover relating to the return period in which such amount is received. Key documents to prove that the price difference relate to purchase of the assessee is not furnished. Further progress is awaited.
6	STO, I Circle, Kalamassery M/s Leetha Press &	Section 11(5)(e) and Section 6 of	The scrutiny of assessment records during the period 2014-2015 and 2015-16 revealed that the assessee	On this being pointed out (February 2020), Government stated that the assessment has

SI No	Office/ Name of Assessee	Provision of the Act/ Rule	Nature of objection	Department reply
	Process (P) Ltd, Kalamassery	KVAT Act 2003 (as amended by Kerala Finance Act, 2017), Rule 12A of KVAT Rules 2005.	had ₹ 34.31 lakh and ₹ 16.46 lakh of exempted sales which is 39.91 <i>per cent</i> and 13.88 <i>per cent</i> of total sales. IPT credit is to be disallowed in proportion to exempted sale. The irregular claim of IPT against the exempted sales was accepted by the assessing authority in January 2019 and adjusted against the CST which resulted in short levy of tax and interest of ₹ 10.77 lakh.	been completed creating an additional demand of ₹ 7.80 lakh and ₹ 3.35 lakh for the years 2014-2015 and 2015-16 respectively including interest. The dealer has opted for Amnesty scheme and remitted ₹ one lakh for the year 2014-15.
7	STO Chengannur P.V.Mathew & Company, Anicadu	SRO 753/2011	The assessee is a dealer in Rubber sheets of all kind. The interstate sale of rubber sheets to registered dealers are exempted from tax under CST Act, subject to the condition that the purchase turnover of such rubber should have suffered tax under Kerala value Added Tax Act, 2003 within the state. The CST assessment of the dealer for the year 2015-16 was completed in December 2017 levying tax at the rate of two <i>per cent</i> instead of applying the correct rate of zero <i>per cent</i> on interstate sale of rubber sheet supported with C form which should have suffered the tax within the state for the turnover of ₹ 58.77 lakh. The assessing officer had recorded that this purchase is conceded as made from unregistered dealer and hence not suffered tax under VAT Act. As the assessing officer had levied tax at the rate of two <i>per cent</i> instead of the correct rate of zero <i>per cent</i> for the 'C' form supported interstate sale of rubber, purchased from agriculturist which resulted in short levy of tax and interest of ₹ 3.57 lakh under VAT Act.	On this being pointed out (April 2020), Government stated that the assessment under section 25(A) is completed demanding tax and interest of ₹ 3.57 lakh. The dealer opted for Amnesty scheme.

Appendix – XVIII

(Reference: Paragraph 3.4)

Short levy of one time tax due to incorrect computation of purchase price

Sl No	Name of Office		No of cases	Amount (₹)
1	RTO	Attingal	318	8,87,820
2	RTO	Ernakulam	205	11,01,325
3	RTO	Idukki	68	1,39,813
4	RTO	Kannur	466	24,12,526
5	RTO	Kasargod	289	16,56,245
6	RTO	Kollam	30	57,855
7	RTO	Kottayam	581	21,55,317
8	RTO	Kozhikode	848	41,00,472
9	RTO	Muvattupuzha	362	16,68,589
10	RTO	Thiruvananthapuram	1395	63,53,041
11	RTO	Vadakara	324	12,54,467
12	SRTO	Aluva	28	64,319
13	SRTO	Angamaly	185	7,91,407
14	SRTO	Changanassery	15	36,219
15	SRTO	Chittur	86	4,80,346
16	SRTO	Kanhangad	276	13,62,092
17	SRTO	Karunagappally	34	3,63,195
18	SRTO	Koduvally	286	11,47,219
19	SRTO	Nedumangad	173	3,49,275
20	SRTO	Neyyattinkara	130	5,19,840
21	SRTO	Pattambi	188	7,57,734
22	SRTO	Sulthan bathery	24	67,778
23	SRTO	Thalassery	439	30,90,075
24	SRTO	Thirurangadi	301	12,83,174
25	SRTO	Thodupuzha	185	11,70,559
26	SRTO	Tirur	338	18,67,601
27	SRTO	Vaikom	97	5,00,425
Total			7,671	3,56,38,728

Appendix – XIX

(Reference: Paragraph 3.5)

Non/short levy of One Time Tax in respect of vehicles reclassified from transport vehicles

Sl No	Name of Office		Non-levy of tax		Short-levy tax	
			No of cases	Amount (₹)	No of cases	Amount (₹)
1	RTO	Alappuzha	8	1,77,605	16	2,68,443
2	RTO	Attingal	10	1,18,278	36	2,63,799
3	RTO	Ernakulam	21	4,72,717	46	6,04,045
4	RTO	Idukki	3	62,839	5	46,782
5	RTO	Kannur	18	2,28,546	40	4,83,092
6	RTO	Kasargod	4	21,669	13	1,08,107
7	RTO	Kottayam	27	1,53,475	50	12,53,675
8	RTO	Kozhikode	26	4,22,415	25	3,30,694
9	RTO	Muvattupuzha	7	95,088	17	1,37,275
10	RTO	Thrissur	35	2,27,441	114	13,63,432
11	RTO	Thiruvananthapuram	6	69,169	136	29,48,488
12	RTO	Vadakara	5	53,315	4	1,20,958
13	RTO	Wayanad	4	18,741	11	70,205
14	SRTO	Adoor	15	2,73,872	9	1,95,736
15	SRTO	Aluva	23	4,90,262	15	81,401
16	SRTO	Angamaly	8	1,93,171	7	1,14,789
17	SRTO	Chalakyudy	1	7,446	41	4,82,842
18	SRTO	Chittur	3	18,867	9	75,858
19	SRTO	Irinjalakuda	6	40,142	53	5,83,527
20	SRTO	Kanhangad	17	2,34,789	27	1,73,674
21	SRTO	Karunagappally	6	70,265	24	1,86,499
22	SRTO	Kayamkulam	12	1,62,135	28	2,68,948
23	SRTO	Koduvally	8	1,36,864	29	1,79,493
24	SRTO	Kunnathur	4	38,152	5	59,724
25	SRTO	Nedumangad	11	2,52,951	26	1,83,495
26	SRTO	Neyyattinkara	0	0	31	1,31,255
27	SRTO	Pattambi	9	5,84,405	10	1,06,384
28	SRTO	Sulthan bathery	0	0	5	19,996
29	SRTO	Thalassery	60	6,09,476	4	30,807
30	SRTO	Thirurangadi	34	2,91,377	67	3,57,785
31	SRTO	Thiruvalla	11	2,86,829	23	2,99,201
32	SRTO	Thodupuzha	4	19,488	13	1,11,879
33	SRTO	Tirur	26	1,62,296	57	3,68,141
34	SRTO	Vaikom	2	9,403	27	2,43,133
Total			434	60,03,488	1,023	1,22,53,562

Appendix – XX
(Reference: Paragraph 3.6)
Non levy of Green Tax

SI No	Name of Office		No of cases	Amount (₹)
1	RTO	Alappuzha	481	1,42,500
2	RTO	Attingal	496	1,44,800
3	RTO	Ernakulam	1,563	4,97,100
4	RTO	Idukki	448	1,45,400
5	RTO	Kannur	891	2,69,900
6	RTO	Kasargod	767	2,22,200
7	RTO	Kozhikode	941	2,81,000
8	RTO	Muvattupuzha	753	2,77,200
9	RTO	Thiruvananthapuram	894	2,87,000
10	RTO	Vadakara	403	1,25,000
11	RTO	Wayanad	97	38,800
12	RTO	Pathanamthitta	66	26,400
13	SRTO	Adoor	417	1,13,200
14	SRTO	Aluva	658	1,93,300
15	SRTO	Angamaly	346	91,900
16	SRTO	Chittur	686	1,96,100
17	SRTO	Kanhangad	579	1,78,600
18	SRTO	Kayamkulam	533	1,45,000
19	SRTO	Koduvally	711	2,03,900
20	SRTO	Nedumangad	802	2,52,600
21	SRTO	Pattambi	507	1,29,700
22	SRTO	Sulthan bathery	712	1,93,200
23	SRTO	Thalassery	1,270	3,44,200
24	SRTO	Thirurangadi	807	2,06,300
25	SRTO	Thiruvalla	357	96,600
26	SRTO	Thodupuzha	1,061	3,53,800
27	SRTO	Tirur	487	1,94,900
28	SRTO	Vaikom	172	52,500
Total			17,905	54,03,100

Appendix – XXI

(Reference: Paragraph 4.4.3)

Department wise Trend of arrears

(₹ in crore)

Year	Opening Balance of arrears	Addition during the year	Total arrears	Recovery/ Adjustment of arrears	Percentage recovery of arrears	Closing balance of arrears
State Goods & Services Tax department						
2014-15	6,565.84	1,371.00	7,936.84	1,538.53	19.38	6,398.31
2015-16	6,398.31	1,028.01	7,426.32	542.34	7.30	6,883.98
2016-17	6,883.98	3,412.97	10,296.95	1,511.37	14.68	8,785.58
2017-18	8,785.58	2,419.15	11,204.73	1,247.82	11.14	9,956.91
2018-19	9,956.91	3,965.28	13,922.19	616.32	4.43	13,305.87
Transport department						
2014-15	1,001.50	335.09	1,336.59	57.13	4.27	1,279.46
2015-16	1,279.46	345.33	1,624.80	88.06	5.42	1,536.74
2016-17	1,536.74	304.88	1,841.62	76.04	4.13	1,765.58
2017-18	1,765.58	429.51	2,195.09	77.31	3.52	2,117.78
2018-19	2,117.78	412.31	2,530.09	72.92	2.88	2,457.16
Revenue & Disaster Management department						
2014-15	113.27	43.84	157.11	47.18	30.03	109.93
2015-16	109.93	66.16	176.09	43.48	24.69	132.61
2016-17	132.61	85.47	218.08	49.47	22.68	168.61
2017-18	168.61	253.96	422.57	44.00	10.41	378.57
2018-19	378.57	127.27	505.84	55.12	10.90	450.72
Forest & Wildlife department						
2014-15	215.40	76.57	291.97	0.28	0.10	291.69
2015-16	291.69	23.52	315.21	0.34	0.11	314.87
2016-17	314.87	29.96	344.83	4.80	1.39	340.03
2017-18	340.03	31.38	371.40	1.78	0.48	369.62
2018-19	369.62	37.86	407.48	0.36	0.09	407.12
Registration department						
2014-15	425.87	225.87	651.73	58.07	8.91	593.66
2015-16	593.66	287.53	881.19	73.77	8.37	807.42
2016-17	807.42	289.54	1,096.96	78.15	7.12	1,018.81
2017-18	1,018.81	236.54	1,255.35	46.65	3.72	1,208.70
2018-19	1,208.70	228.93	1,437.62	36.01	2.50	1,401.62

Appendix – XXII

(Reference: Paragraph 4.4.5 and 4.4.5.1)

Office wise pendency of arrear cases and amount in RR action non initiated cases
as on 31 March 2019

(₹ in crore)

Sl. No.	District	Office	Para 4.4.5 No. of Arrear cases	Para 4.4.5 Amount of Arrears	Para 4.4.5.1 No. of cases not reported for RR	Para 4.4.5.1 Amount of arrears not reported for RR
Forest and Wild Life department						
1	Ernakulam	DFO Kothamangalam	51	1.06	29	0.67
2		DFO Malayattur	31	11.39	3	10.63
3		DFO TSD Perumbavur	46	0.47	24	0.15
4	Idukki	DFO Mankulam	2	0.05	2	0.05
5		DFO Marayur	8	1.13	2	1.02
6		DFO Munnar	15	1.12	3	0.70
7		DFO PTR East Division	1	0.03	1	0.03
8		DFO PTR West Division	0	0.00	0	0.00
9	Malappuram	DFO Nilambur North	18	0.97	6	0.88
10		DFO Nilambur South	16	0.28	0	0.00
11	Thiruvananthapuram	DFO Thiruvananthapuram	23	5.20	6	4.61
12		DFO TSD Thiruvananthapuram	26	0.83	6	0.03
13	Thrissur	DFO Chalakudy	21	70.51	0	0.00
14		DFO Thrissur	19	2.52	7	2.21
15		DFO Vazhachal	18	0.48	3	0.08
	Total Forest and Wild Life		295	96.04	92	21.05
R&DM department						
16	Ernakulam	Taluk Office Aluva	631	3.07	568	0.70
17		Taluk Office Fort Kochi	802	4.45	703	0.15
18		Taluk Office Kanayannur	6,594	148.43	5,886	2.60
19		Taluk Office Kothamangalam	1,354	0.48	67	0.13
20		Taluk Office Kunnathunadu	20,887	2.24	20,842	0.22
21		Taluk Office Muvattupuzha	3,663	1.17	3,621	0.05
22		Taluk Office North Paravur	76	1.17	29	0.02
23		Idukki	Taluk Office Devikulam	13,512	2.50	12,407
24	Taluk Office Idukki		59	0.45	36	0.06

Sl. No.	District	Office	Para 4.4.5 No. of Arrear cases	Para 4.4.5 Amount of Arrears	Para 4.4.5.1 No. of cases not reported for RR	Para 4.4.5.1 Amount of arrears not reported for RR
25		Taluk Office Udumbanchola	7,443	0.28	7,038	0.08
26		Taluk Office Peermedu	11,892	1.77	4,835	0.58
27		Taluk Office Thodupuzha	177	0.76	67	0.04
28	Malappuram	Taluk Office Eranad	47	0.28	0	0.00
29		Taluk Office Kondotty	57	0.13	16	0.01
30		Taluk Office Nilambur	55	0.18	0	0.00
31		Taluk Office Perinthalmanna	7	0.27	0	0.00
32		Taluk Office Ponnani	214	0.23	0	0.00
33		Taluk Office Thirurangadi	51	0.12	0	0.00
34		Taluk Office Tirur	2,114	0.57	12	0.01
35		Thiruvananthapuram	Taluk Office Chirayinkeezhu	298	3.38	259
36	Taluk Office Kattakada		7,786	0.22	7,783	0.12
37	Taluk Office Nedumangad		3,303	0.33	3,281	0.16
38	Taluk Office Neyyattinkara		34,942	0.33	34,889	0.13
39	Taluk Office Thiruvananthapuram		35,178	55.92	34,911	11.96
40	Taluk Office Varkala		7,089	0.80	7052	0.57
41	Thrissur	Taluk Office Chalakudy	122	166.81	86	0.21
42		Taluk Office Chavakkad	163	1.29	0	0.00
43		Taluk Office Kodungallur	16	0.14	3	0.00
44		Taluk Office Kunnankulam	333	0.16	326	0.04
45		Taluk Office Mukundapuram	26	0.39	7	0.03
46		Taluk Office Thalappilly	112	0.18	105	0.02
47		Taluk Office Thrissur	1,013	1.07	980	0.12
	Total R&DM		1,60,016	399.59	1,45,809	18.67
Mining & Geology department						
48	Ernakulam	M&G Ernakulam	117	18.30	75	17.16
49	Idukki	M&G Idukki	19	2.63	6	0.15
50	Malappuram	M&G Malappuram	10	1.09	1	0.04
51	Thiruvananthapuram	M&G Squad Thiruvananthapuram	0	0.00	0	0.00

Sl. No.	District	Office	Para 4.4.5 No. of Arrear cases	Para 4.4.5 Amount of Arrears	Para 4.4.5.1 No. of cases not reported for RR	Para 4.4.5.1 Amount of arrears not reported for RR
52		M&G Thiruvananthapuram	33	9.26	32	9.00
53	Thrissur	M&G Squad Thrissur	6	2.80	3	0.30
54		M&G Thrissur	48	8.31	20	0.71
Total Mining & Geology			233	42.39	137	27.36
Registration department						
55	Ernakulam	DR Ernakulam	13,235	49.27	13,233	49.18
56	Idukki	DR Idukki	17,974	32.48	17,648	28.60
57	Malappuram	DR Malappuram	71,283	94.55	49,658	55.22
58	Thiruvananthapuram	DR Thiruvananthapuram	69,815	265.17	69,796	264.71
59	Thrissur	DR Thrissur	56,113	187.04	56,068	185.94
Total Registration			2,28,420	628.51	2,06,403	583.64
State Goods & Services tax department						
60	Ernakulam	STO Aluva	1,526	46.76	0	0.00
61		STO Angamali	1,193	29.26	372	9.49
62		STO Special Circle I Ernakulam	1,084	544.73	98	93.05
63		STO Special Circle II Ernakulam	1,412	1,670.35	0	0.00
64		STO Special Circle III Ernakulam	1,506	480.33	675	26.11
65		STO Circle I Ernakulam	618	26.70	5	1.59
66		STO Circle II Ernakulam	273	13.16	0	0.00
67		STO Circle III Ernakulam	880	59.55	11	8.69
68		STO Circle IV Ernakulam	610	94.24	51	11.26
69		STO WC Circle Ernakulam	2,608	855.14	644	73.97
70		STO Circle I Kalamassery	1,142	175.47	17	9.17
71		STO Circle II Kalamassery	2,943	322.41	0	0.00
72		STO Kothamangalam	515	26.66	0	0.00
73		STO LT Circle Mattanchery	352	8.38	0	0.00
74		STO Special Circle Mattanchery (Produce)	374	134.08	0	0.00
75		STO Special Circle Mattanchery at Aluva	738	301.00	166	57.73
76	STO Circle I Mattanchery	447	10.83	154	0.86	

Sl. No.	District	Office	Para 4.4.5 No. of Arrear cases	Para 4.4.5 Amount of Arrears	Para 4.4.5.1 No. of cases not reported for RR	Para 4.4.5.1 Amount of arrears not reported for RR
77		STO Circle II Mattanchery	1,745	49.46	795	9.51
78		STO WC Circle Mattanchery	837	194.92	172	26.85
79		STO Muvattupuzha	1,770	26.95	777	5.36
80		STO North Paravur	724	12.66	0	0.00
81		STO Special Circle Perumbavoor	715	101.25	0	0.00
82		STO Circle I Perumbavur	885	81.16	0	0.00
83		STO Circle II Perumbavur	2,224	116.16	0	0.00
84		STO Circle I Thripunithura	1,048	21.45	50	0.87
85		STO Circle II Thripunithura	1,029	129.11	129	44.49
86	Idukki	STO Adimali	340	8.91	90	1.80
87		STO Cheruthony	201	2.31	56	0.12
88		STO Devikulam	668	5.25	573	3.45
89		STO LT Circle Kattappana	757	61.26	474	45.38
90		STO Kattappana	504	4.42	282	0.76
91		STO WC Circle Kattappana	152	26.86	40	10.85
92		STO Nedumkandam	223	6.35	92	1.61
93		STO Peerumade	189	3.57	71	0.13
94		STO Circle I Thodupuzha	480	26.30	315	1.91
95		STO Circle II Thodupuzha	316	7.29	118	0.77
96		STO Special Circle Thodupuzha	240	9.37	111	1.30
97	STO Vandiperiyar	550	6.58	0	0.00	
98	Malappuram	STO Kottakkal	214	5.69	137	1.72
99		STO Special Circle Malappuram	496	105.18	256	26.48
100		STO WC< Circle Malappuram	136	4.26	95	1.19
101		STO Manjeri	584	17.53	269	4.96
102		STO Nilambur	631	25.47	510	21.89
103		STO Perinthalmanna	773	10.13	338	3.47
104		STO Ponnani	215	21.45	113	2.29

Sl. No.	District	Office	Para 4.4.5 No. of Arrear cases	Para 4.4.5 Amount of Arrears	Para 4.4.5.1 No. of cases not reported for RR	Para 4.4.5.1 Amount of arrears not reported for RR
105		STO Tirur	213	17.50	56	1.84
106		STO Tirurangadi	260	8.75	93	0.87
107	Thiruvananthapuram	STO LT Circle Trivandrum	0	0.00	0	0.00
108		STO Special Circle Trivandrum	1,271	524.08	55	0.54
109		STO Circle 1 Trivandrum	611	152.27	0	0.00
110		STO Circle 2 Trivandrum	1,041	41.36	0	0.00
111		STO Circle 3 Trivandrum	1,221	39.90	0	0.00
112		STO Attingal	318	24.56	0	0.00
113		STO Nedumangad	583	31.78	17	0.08
114		STO Neyyattinkara	1,797	37.69	395	5.94
115		STO WC Circle Trivandrum	1,512	403.11	20	14.95
116		Thrissur	STO Chalakudy	519	20.50	141
117	STO Chavakkad		528	29.06	155	4.99
118	STO Circle I Thrissur		433	41.16	100	2.13
119	STO Circle II Thrissur		203	18.00	68	1.29
120	STO Circle III Thrissur		562	53.71	153	2.74
121	STO Circle IV Thrissur		510	41.76	0	0.00
122	STO Irinjalakkuda		865	30.14	81	2.15
123	STO Kodungallur		419	16.38	81	1.34
124	STO Kunnankulam		340	31.49	80	1.50
125	STO Special Circle Thrissur		801	496.88	130	175.32
126	STO WC< Circle Thrissur		355	73.50	25	6.54
127	STO Wadakkanchery	376	15.52	0	0.00	
	Total SGST		51,605	8,039.45	9,706	735.55
Transport department						
128	Ernakulam	RTO Aluva	1,916	4.37	1,422	2.30
129		RTO Angamali	1,728	3.97	672	1.04
130		RTO Ernakulam	2,978	43.11	2,724	42.83
131		RTO Kothamangalam	1,311	1.57	957	0.73
132		RTO Mattanchery	3,287	13.22	3,185	12.82
133		RTO Muvattupuzha	3,453	3.45	2,903	2.21
134		RTO North Paravur	3,131	6.52	2,799	5.51
135		RTO Perumbavur	6,534	16.29	5,589	13.41

Sl. No.	District	Office	Para 4.4.5 No. of Arrear cases	Para 4.4.5 Amount of Arrears	Para 4.4.5.1 No. of cases not reported for RR	Para 4.4.5.1 Amount of arrears not reported for RR
136		RTO Thripunithura	2,730	5.75	2,220	3.58
137	Idukki	RTO Devikulam	1,678	2.19	932	1.36
138		RTO Idukki	869	4.76	561	2.32
139		RTO Thodupuzha	2,489	2.20	2,277	1.80
140		RTO Udumbanchola	1,088	1.06	403	0.16
141		RTO Vandiperiyar	2,714	2.56	2018	1.54
142		Malappuram	RTO Malappuram	13,482	28.12	13,104
143	RTO Nilambur		3,871	3.39	3,766	3.19
144	RTO Perinthalmanna		2,237	6.91	1,436	5.16
145	RTO Ponnani		3,663	8.28	2,673	3.53
146	RTO Thirurangadi		2,872	3.56	2,534	2.48
147	RTO Tirur		13,230	19.14	13,086	18.43
148	Thiruvananthapuram	RTO Attingal	5,860	19.47	3,918	15.26
149		RTO Kattakada	96	0.04	96	0.04
150		RTO Kazhakuttam	3,395	6.50	2,723	4.59
151		RTO KL 15	29,439	1,796.75	29,439	1,796.75
152		RTO Nedumangad	9,215	16.71	5,964	12.16
153		RTO Neyyattinkara	3,348	6.31	2,710	5.74
154		RTO Parassala	4,256	9.09	3,398	5.87
155		RTO Thiruvananthapuram	10,108	29.83	6,212	19.47
156		Thrissur	RTO Chalakudy	1,850	4.10	1,794
157	RTO Guruvayur		3,353	8.69	2,978	7.52
158	RTO Irinjalakuda		8,624	15.87	7,934	14.76
159	RTO Kodungallur		2,856	9.80	2,373	8.40
160	RTO Thrissur		6,046	43.94	5,857	40.91
161	RTO Wadakkanchery		4,138	12.85	3,997	12.32
	Total Transport		1,67,845	2,160.37	1,44,654	2,098.70
	Grand Total		6,08,414	11,366.35	5,06,801	3,484.97

Source: Information furnished by the field offices

Appendix – XXIII

(Reference: Paragraph 4.4.5.1)

Age wise pendency in RR action non initiated arrear cases in the selected Departments

(₹ in crore)

Name of Department	Age wise pendency	No. of cases	Percentage of cases	Amount	Percentage of arrears
Forest & Wildlife	Less than one year	7	7.61	1.09	5.18
	One year to less than two years	4	4.35	1.63	7.75
	Two years to less than five years	6	6.52	0.05	0.23
	Five years to less than 10 years	2	2.17	4.03	19.16
	Ten years and above	73	79.35	14.25	67.68
	Total	92	100.00	21.05	100.00
R&DM	Less than one year	92,997	63.78	8.12	43.49
	One year to less than two years	15,788	10.83	3.87	20.70
	Two years to less than five years	18,090	12.41	2.96	15.83
	Five years to less than 10 years	15,118	10.37	2.37	12.71
	Ten years and above	3,816	2.62	1.36	7.27
	Total	145,809	100.00	18.67	100.00
Mining & Geology	Less than one year	30	21.90	1.06	3.88
	One year to less than two years	27	19.71	13.06	47.71
	Two years to less than five years	61	44.53	10.32	37.72
	Five years to less than 10 years	19	13.87	2.92	10.68
	Ten years and above	0	0.00	0.00	0.00
	Total	137	100.00	27.36	100.00
Registration	Less than one year	5,539	2.68	28.71	4.92
	One year to less than two years	7,244	3.51	27.49	4.71
	Two years to less than five years	12,812	6.21	46.52	7.97
	Five years to less than 10 years	28,987	14.04	80.69	13.83
	Ten years and above	1,51,821	73.56	400.23	68.57
	Total	2,06,403	100.00	583.64	100.00
SGST	Less than one year	3,659	37.70	397.95	54.10
	One year to less than two years	2,034	20.96	188.48	25.62
	Two years to less than five years	2,570	26.48	69.18	9.41
	Five years to less than 10 years	1,249	12.87	64.48	8.77
	Ten years and above	194	2.00	15.46	2.10
	Total	9,706	100.00	735.55	100.00

Name of Department	Age wise pendency	No. of cases	Percentage of cases	Amount	Percentage of arrears
Transport	Less than one year	37,223	25.73	283.47	13.51
	One year to less than two years	34,942	24.16	257.88	12.29
	Two years to less than five years	34,786	24.05	512.53	24.42
	Five years to less than 10 years	27,631	19.10	888.76	42.35
	Ten years and above	10,072	6.96	156.06	7.44
	Total		1,44,654	100.00	2,098.70
	Grand Total	5,06,801		3,484.97	

Source: Information furnished by the field offices

Appendix – XXIV

(Reference: Paragraph 4.4.7)

Non disposal of attached property

Sl No	Name of Taluk Office	No. of cases attached under RR	No. of cases auctioned after attachment	No. of cases under stay after attachment	No. of cases not auctioned after attachment
1	Aluva	3	0	0	3
2	Chalakydy	9	1	0	8
3	Chavakkad	20	5	3	12
4	Chirayinkeezhu	53	3	33	17
5	Eranad	4	0	0	4
6	Fort Kochi	13	7	0	6
7	Kanayannur	14	4	7	3
8	Kattakada	17	1	3	13
9	Kodungallur	13	0	2	11
10	Kothamangalam	13	4	4	5
11	Kunnamkulam	9	0	2	7
12	Kunnathunadu	27	0	27	0
13	Mukundapuram	48	14	14	20
14	Muvattupuzha	44	1	4	39
15	Nedumangad	57	39	2	16
16	Neyyattinkara	274	253	21	0
17	Nilambur	12	6	0	6
18	North Paravur	2	0	0	2
19	Peermade	6	0	2	4
20	Perinthalmanna	14	5	0	9
21	Ponnani	18	13	1	4
22	Thalappilly	42	13	24	5
23	Thirurangadi	14	2	2	10
24	Thiruvananthapuram	25	7	4	14
25	Thodupuzha	11	0	11	0
26	Thrissur	24	5	7	12
27	Tirur	7	0	7	0
28	Udumbanchola	32	31	1	0
29	Varkala	9	0	0	9
	Total	834	414	181	239

Source: Information furnished by the *Tahsildars* (RR)

Appendix – XXV

(Reference: Paragraph 4.5)

Non assessment of Building tax in cases reported by the Village Officers

Sl. No.	Name of Taluk Office	No. of cases	BT leviable (₹)
1	Ambalapuzha	70	37,56,600
2	Chengannur	33	3,34,800
3	Cherthala	21	84,900
4	Chirayinkeezhu	20	17,55,900
5	Ernad	111	52,89,300
6	Idukki	7	12,67,800
7	Iritty	47	8,38,500
8	Kodungallur	22	8,21,100
9	Kollam	77	9,88,200
10	Kondotty	9	10,95,300
11	Kottarakara	60	15,62,850
12	Kottayam	287	1,93,40,250
13	Kozhenchery	99	27,87,000
14	Kozhikode	211	4,07,64,750
15	Mallappally	13	9,74,400
16	Mananthawady	29	5,10,300
17	Mannarkadu	30	78,84,900
18	Nedumangadu	46	29,74,800
19	Neyyatinkara	9	4,75,350
20	Pattambi	186	24,24,150
21	Punalur	21	4,45,500
22	Sulthan Bathery	6	1,78,200
23	Thiruvalla	170	71,12,700
24	Tirur	345	1,00,27,950
25	Tirurangadi	462	1,52,46,750
26	Udumbanchola	34	5,63,700
27	Varkala	16	2,55,900
28	Vellarikundu	12	1,89,000
	Total	2,453	12,99,50,850

Appendix – XXVI

(Reference: Paragraph 4.6)

Non levy of building tax due to buildings escaping assessment

Sl No.	Name of Taluk Office	Name of the local body	No. of cases	BT leviable (₹)
1	Ambalapuzha	Alappuzha (M)	20	7,27,200
2	Chalakydy	Chalakydy (M) Kodakara (SGP)	75	14,04,600
3	Chengannur	Mulakuzha (P) Budhanoor (P)	17	3,49,800
4	Cherthala	Cherthala (M)	1	13,200
5	Idukki	Kattapana (M)	3	42,000
6	Iritty	Ayyankunnu (P)	15	36,000
7	Kondotty	Kondotty (M) Pallickal (P)	28	22,58,700
8	Kottarakara	Kottarakara (M)	5	6,49,200
9	Kottayam	Kottayam (M)	66	1,30,28,400
10	Kozhenchery	Pathanamthitta (M)	82	34,27,200
11	Kozhikode	Kozhikode (C)	83	3,55,62,600
12	Mananthavady	Mananthavady (M)	4	5,58,000
13	Mannarkad	Mannarkad (M)	3	1,35,300
14	Neyyatinkara	Neyyatinkara (M)	33	14,82,000
15	Pattambi	Pattambi (M) Nagalassery(P) Ongallur(P)	295	16,92,150
16	Sultan Bathery	Sultan Bathery (M)	19	17,82,000
17	Thirurangadi	Thirurangadi (M) Vengara (P)	48	9,03,900
18	Thiruvalla	Thiruvalla (M)	14	8,96,400
19	Varkala	Varkala (M)	43	21,10,800
20	Vellarikundu	Panathady (P)	44	1,32,000
		Total	898	6,71,91,450

Appendix – XXVII

(Reference: Paragraph 4.7)

Short/Non levy of Basic/Land Tax

(₹ in lakh)

SI No	Name of Taluk Office	No. of cases of Land tax due on extent above 2 ha of land	No. of cases in which Land tax not levied	Land Tax due
1	Aluva	450	76	1.66
2	Chalakudy	315	12	0.48
3	Chavakkad	109	5	5.61
4	Chirayinkeezhu	54	3	0.12
5	Devikulam	534	95	6.34
6	Ernad	1,044	96	2.44
7	Fort Kochi	45	5	0.25
8	Idukki	253	29	2.11
9	Kanayannur	294	34	7.31
10	Kattakada	114	13	0.36
11	Kodungallur	55	4	0.14
12	Kondotty	166	0	0
13	Kothamangalam	852	137	4.9
14	Kunnankulam	167	6	0.14
15	Kunnathunadu	695	78	56.58
16	Mukundapuram	419	9	0.36
17	Muvattupuzha	1,423	61	1.65
18	Nedumangad	132	12	0.37
19	Neyyattinkara	66	4	0.29
20	Nilambur	914	0	0
21	Paravur	315	88	4.81
22	Peermade	541	68	55.16
23	Perinthalmanna	1,298	25	0.45
24	Ponnani	50	0	0
25	Talappilly	745	63	2.61
26	Thirurangadi	286	5	0.5
27	Thiruvananthapuram	100	6	37.91
28	Thodupuzha	773	117	8.24
29	Thrissur	342	14	0.78
30	Tirur	20	0	0
31	Udumbanchola	111	89	35.07
32	Varkala	34	8	0.31
Total		12,716	1,162	236.95

Glossary

Glossary of Abbreviations

1.	AC	Assistant Commissioner
2.	ACST	Assistant Commissioners of State Taxes
3.	CA	Compliance Audit
4.	CLR	Commissioner of Land Revenue
5.	CST	Central Sales Tax
6.	CMV	Central Motor Vehicles
7.	DC	Deputy Commissioner
8.	DEC	Deputy Excise Commissioner
9.	DCB	Demand Collection and Balance
10.	DFO	Divisional Forest office
11.	EC	Excise Commissioner
12.	ECI	Excise Circle Inspector
13.	EI	Excise Inspector
14.	ECL	Electronic Credit Ledger
15.	GST	Goods and Services Tax
16.	IAW	Internal Audit Wing
17.	ITC	Input Tax Credit
18.	IPT	Input Tax
19.	IGST	Integrated Goods and Services Tax
20.	JEC	Joint Excise Commissioner
21.	KBT Rules	Kerala Building Tax Rules
22.	KSGST	Kerala State Goods and Services Tax
23.	KGST	Kerala General Sales Tax
24.	KLT Act	Kerala Land Tax Act
25.	KRR Act	Kerala Revenue Recovery Act
26.	KSRTC	Kerala State Road Transport Corporation
27.	KMVT	Kerala Motor Vehicles Taxation
28.	KVAT Act	Kerala Value Added Tax Act
29.	KVATIS	Kerala Value Added Tax Information System
30.	OPEN PEARL	Open Source Based Package for Effective Administration of Registration Laws
31.	PA	Performance Audit
32.	PAC	Public Accounts Committee
33.	RR	Revenue Recovery
34.	R&DM	Revenue & Disaster Management

35.	RRC	Revenue Recovery Certificate
36.	RTO	Regional Transport Office
37.	RDO	Revenue Divisional Office
38.	SGST	State Goods and Services Tax
39.	SGSTD	State Goods and Services Tax Department
40.	SRTO	Sub Regional Transport Office
41.	STO	State Tax Office
42.	TC	Transport Commissioner
43.	TO	<i>Taluk</i> Office
44.	VO	Village Office

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