

Chapter - II

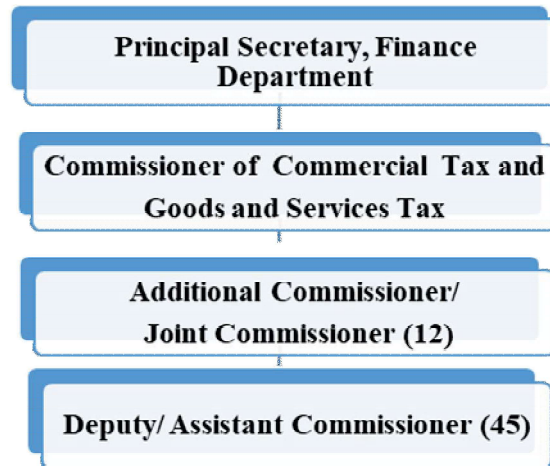
**Value Added Tax,
Entry Tax and Goods
and Services Tax, *etc.***

CHAPTER II

VALUE ADDED TAX, ENTRY TAX AND GOODS AND SERVICES TAX, *etc.*

2.1 Tax Administration

Assessment and collection of Value Added Tax, Entry Tax, Central Sales Tax, Professional Tax, Entertainment Tax and Goods and Services Tax (implemented from 01 July 2017) are regulated under Odisha Value Added Tax (OVAT) Act, 2004, Odisha Entry Tax (OET) Act, 1999, Central Sales Tax (CST) Act, 1956, Professional Tax Act, Entertainment Tax, 2006 and Odisha Goods and Services Tax (OGST) Act, 2017 and Rules framed thereunder, respectively. The organisational setup for administration of Value Added Tax, Entry Tax and Goods and Services Tax is as under:



2.2 Internal Audit

The Internal Audit Wing (IAW) of the Department which is responsible for evaluating the Internal Control measures in the Department has been defunct since 2002-03. The Department had not taken steps to revive IAW despite this deficiency being pointed out in the Audit Reports (Revenue Sector) of the previous years. The Department stated (June 2020) that steps are taken to revive them.

2.3 Audit Methodology and Results of Audit

The Government of Odisha's VATIS (Value Added Tax Information System) provides services for filing returns, apply for refund and payment to the registered dealers (VAT, CST and ET). The Commissioner of Commercial Taxes (CCT) and various Ranges and Circles of Commercial Tax offices are connected to VATIS through dedicated network. The registered dealers access these services through a web based application.

The audit units under CCT are selected based on risk parameters such as number of assessments *etc.*, and based on consolidated data⁸ provided by CCT

⁸ Off-line data containing number of assessments ,revenue generated *etc.*, of all the Circles and Ranges

on an annual basis. During the field audit of the selected audit unit, the audit party placed a requisition for data on the returns of the dealers relating to different tax periods, deposit of tax, gross turnover of the dealers, Registration Certificate of dealers and any other information, the requested data was extracted from the VATIS database by running an SQL query and the data was provided as Excel files. The information collected was used by the audit team to cross verify the selected Assessment Orders and applying audit checks.

Audit was conducted in all the 58 units (100 per cent) in Commercial Tax wing of Finance Department during 2018-19. The total revenue receipts collected in all the 58 units was ₹23,206.90 crore and 100 per cent audit check was made on the total revenue receipts. Test check of assessment and other records showed under assessment of tax and other irregularities involving ₹528.58 crore in 261 cases related to Odisha Goods and Services tax (OGST), Odisha Value Added Tax (OVAT), Central Sales Tax (CST), Odisha Entry Tax (OET), Odisha Entertainment Tax and Professional Tax. Details of category wise audit observations have been given in Table 2.1.

Table 2.1: Category wise details of Audit observations on revenue

(₹ in crore)			
Sl. No.	Categories	No. of cases	Amount
Sales Tax/ OVAT(including CST)			
1	Under-assessment of tax	18	13.36
2	Acceptance of defective statutory forms	10	1.42
3	Irregular/incorrect/ excess allowance of input tax credit	14	3.34
4	Other irregularities ⁹	136	47.23
	Total	178	65.35
Entry Tax			
1	Under-assessment of tax	8	6.18
2	Other irregularities ¹⁰	16	356.47
	Total	24	362.65
Goods and Services tax			
1	Evasion of tax due to suppression of sales/ purchase	1	16.07
2	Irregular/ incorrect/ excess allowance of input tax credit	4	0.10
3	Other irregularities ¹¹	50	83.21
	Total	55	99.38
Professional Tax			
1	Other irregularities ¹²	4	1.20
	Total	4	1.20
	Grand Total	261	528.58

⁹ Non imposition of mandatory penalty, non-levy of interest under section 34 of the OVAT Act, blockage of government revenue due to non-imposition of penalty on unpaid tax, short imposition of penalty, irregular allowance of credit Notes led to excess tax refund, non-levy of purchase tax and penalty, non-levy of tax due to excess labour and service charges under section 12(4) of OST Act etc.

¹⁰ Irregular allowance of excess set off of entry tax, excess refund of ET, Non levy of ET on sale turnover of scheduled goods, Non levy of interest on ET etc.

¹¹ Non verification of accounts of tax payers who had way bill transactions but non-filers, non-initiation of action to recover ITC of cancelled dealers, delay in disposal of refund cases under the GST Act, Entry tax payments and TDS deductions as transitional credits, action taken to recover excess inadmissible TRAN-I credits availed by dealers, etc.

¹² Non levy of interest for delay in deposit of Professional Tax, non-assessment and collection of PT etc.

During 2018-19, the Department accepted audit observations on under assessment worth ₹1.48 crore in 23 cases relating to the current year and realised an amount of ₹1.05 crore in 21 cases pointed out in earlier years.

There are four broad categories of audit observations under Sales Tax/ VAT and CST Act, three broad categories of audit observations under GST Act and two broad categories of audit observations under OET Act. Similar errors/ omissions in other Commercial Taxes and GST units under the Department but not covered in the test audit are required to be internally examined in all the other units with a view to ensure that the taxes are levied as per provisions of the Act and Rules.

2.4 Audit Observations

Audit test checked the assessment records relating to the OVAT, CST and OET Acts in Commercial Tax Range/ Circle offices of the State. Audit observed cases of non-levy and short levy of tax and penalty and recorded in the succeeding paragraphs in this chapter. These cases are illustrative and are based on test checks carried out by Audit.

Odisha Value Added Tax

2.5 Non-observance/compliance of the provisions of the Act and Rules read with Government notifications

The OVAT Act, 2004, the Odisha Value Added Tax Rules, 2005 made there under, OET Act, 1999, CST Act, 1956 and CST Rules, 1957 provide for:

- *completion of the audit assessments by the AAs of the department on the basis of Audit Visit Reports (AVRs);*
- *levy of tax on the correctly assessed Taxable Turnover (TTO) of outputs after giving due credit/ adjustment of admissible Input Tax Credit (ITC) ;*
- *imposition of penalty at prescribed rates in addition to the tax assessed at the audit assessment stage by the AAs;*
- *demand and collection of tax/ interest/ penalty as per the prescribed procedures and*
- *imposition of penalty for non-submission of Certified Annual Audited Accounts (CAAA) within the prescribed date.*

The AAs, while finalising the audit assessments of the dealers did not observe some of the aforesaid provisions as mentioned in the following paragraphs:

2.5.1 Penalty in assessment of Value Added Tax short-levied

Assessing Authorities failed to apply appropriate provision of the Act which resulted in short levy of penalty worth ₹446.74 lakh.

As per Section 42(5) of the Odisha Value Added Tax (OVAT) Act, 2004, without prejudice to any penalty or interest that may have been levied under any provision of the Act, an amount equal to twice the amount of tax assessed under sub-section (3) or sub-section (4) shall be imposed by way of penalty on the tax assessed in respect of any assessment completed under the said sub-sections.

During scrutiny (February 2019) of the assessment records in Nabarangpur Circle, it was noticed that three out of 11 dealers were assessed under Section 42 of the OVAT Act (February 2017 to January 2018) for the tax period from 01 April 2014 to 30 September 2015. The Assessing Authorities (AAs) assessed tax liabilities of those dealers amounting to ₹277.95 lakh on their taxable turnover (TTO) worth ₹4,720.63 lakh. Net tax was assessed at ₹235.66 lakh after allowance of the Input Tax Credit (ITC) worth ₹32.22 lakh and tax worth ₹10.07 lakh paid by the dealers during filing of returns. The AA, however, levied penalty of ₹24.58 lakh on the suppression value of ₹91.07 lakh and not on twice the amount of tax assessed. Penalty equal to twice the amount of tax assessed worked out to ₹471.32 lakh. The AA's failure to apply appropriate provision which prescribes to levy penalty on net tax assessed rather on the suppressed amount resulted in short levy of penalty of ₹446.74 lakh (₹471.32 lakh *minus* ₹24.58 lakh).

In reply, Government stated (October 2019) that on receipt of the audit objection, the AA had passed rectification order (June 2019) under Section 81 of the OVAT Act, imposing total penalty of ₹4,71,83,392 and entered it in the Demand Collection Register.

2.5.2 Short levy of tax and penalty due to less reversal of input tax credit in excess of CST payable

Less reversal of tax led to short levy of tax worth ₹12.74 lakh and a penalty of ₹25.48 lakh.

As per clause (d) of the proviso to Section 20(3) of the Odisha Value Added Tax (OVAT) Act, 2004, read with Rule 11(3)(a) of the OVAT Rules, 2005, Input Tax Credit (ITC) towards tax paid on purchase of goods which are sold in course of inter-State trade shall be allowed only to the extent of the Central Sales Tax (CST) payable. Further, sub-section 5 of Section 42 provides that an amount equal to twice the amount of tax assessed under sub-Section (3) or sub-Section (4) shall be imposed by way of penalty in respect of any assessment completed under the said sub-sections.

Audit test checked 322 cases of assessments under Section 42 pertaining to period from 01 April 2012 to 30 June 2015. Out of this, audit observed (December 2017) that in Barbil Circle, a dealer, during the period from April 2012 to March 2014, had purchased goods worth ₹31.02 crore inside the State and had paid tax worth ₹1.55 crore at the rate of five *per cent*. During this period, the dealer sold goods worth ₹41.32 crore. The entire sales included an inter-State sale of ₹24.90 crore, for which Central Sales Tax at the rate of two *per cent i.e.*, ₹49.81 lakh was collected by dealer. The purchase value of such goods sold in course of inter-State trade in proportion to the sale value was ₹18.69 crore¹³ which involved ITC worth ₹93.47 lakh. Hence, the dealer was entitled to avail ITC worth ₹49.81 lakh only as per Rule 11(3) (a) of the OVAT Rules *i.e.*, to the extent of CST payable. The remaining ITC of ₹35.68 lakh (₹43.66 lakh *minus* ₹7.98 lakh of ITC carried forward) was available for reversal. However, it was observed that the Assessing Authority, while finalising the assessment of the dealer under the OVAT Act in

¹³ Purchase value of goods sold in course of interstate sale = ₹31,02,26,244 ÷ ₹41,32,54,921 × ₹24,90,40,132 = ₹18,69,51,880 (Total VAT purchase ÷ Total VAT sale × Value of inter-state sale)

August 2015 for the above period, allowed reversal of tax worth ₹22.94 lakh. Thus, there was a less reversal which ultimately led to short levy of tax worth ₹12.74 lakh (₹35.68 lakh *minus* ₹22.94 lakh). Besides, penalty of ₹25.48 lakh was also leviable under Section 42(5) of the Act.

In reply, Government stated (October 2019) that on receipt of the audit objection, the AA took up the assessment under Section 43 of the OVAT Act and passed orders (July 2018) raising an extra demand of ₹1.33 crore including penalty.

2.5.3 Non-initiation of action against dealers for non-submission of Certified Annual Audited Accounts

Penalty of ₹6.80 crore was not levied for delay in submission of Certified Annual Audited Accounts.

Under Section 65(1) of the OVAT Act, 2004 read with Commissioner of Commercial Taxes (CCT)'s Notification¹⁴ (February 2015), if in respect of any particular year the gross turnover (GTO) of a dealer exceeds rupees one crore, then such dealer shall get his accounts audited by an Accountant¹⁵ within a period of six months from the date of expiry of that year. The dealer should also furnish a true copy of the Certified Annual Audited Accounts (CAAA) duly certified by such Accountant along with the statement of closing stock held at the end of the year to the concerned AA by the end of the month following the expiry of the said period of six months.

Further, Section 65(2) of the Act provides that if a dealer, liable to get his accounts audited, fails to furnish a true copy of the CAAA accompanied with a statement showing the closing stock in trade held at the end of the year in the prescribed manner, the AA shall, after giving such dealer a reasonable opportunity of being heard, impose on him a penalty of rupees one hundred for each day of default subject to a maximum limit of rupees ten thousand.

Audit scrutinised (between April 2018 and April 2019) the information furnished to audit in shape of physical form relating to receipt of CAAA in 45 circles¹⁶ and observed that 20,761 dealers had GTO exceeding rupees one crore each for the year 2016-17. Out of these, 6,802 dealers (32.78 *per cent*) had not submitted the copies of CAAA for that year within the prescribed period. The delay in submission of CAAAs ranged from 178 to 508 days for which penalty of ₹6.80 crore was leviable after giving such dealers reasonable opportunities of being heard. The AAs did not initiate action against these dealers for non-submission of CAAA including levy of penalty.

In reply, the Government stated (June 2020) that in 19 circles, penalty amounting to ₹54.84 lakh had been imposed in 1,287 cases, out of which,

¹⁴ Notification No. III (III) 14/2012/2250/CT, dated 11 February 2015

¹⁵ The expression "Accountant" means a chartered accountant within the meaning of the Chartered Accountants Act, 1949 (38 of 1949) or a cost accountant within the meaning of the Cost and Works Accountants Act, 1959 (23 of 1959) and includes a person who is entitled to be appointed to act as an auditor of companies under sub-section (2) of section 226 of the Companies Act, 1956 (1 of 1956)

¹⁶ Angul, Balangir, Balasore, Barbil, Bargarh, Bhadrak, Bhanjanagar, Bhubaneswar-I, Bhubaneswar-II, Bhubaneswar-III, Bhubaneswar-IV, Boudh, Cuttack-I (Central), Cuttack-I (City), Cuttack I (East), Cuttack-I (West), Cuttack-II, Deogarh, Dhenkanal, Gajapati, Ganjam-I, Ganjam-II, Jagatsinghpur, Jajpur, Jatni, Jharsuguda, Kalahandi, Kantabanji, Kendrapara, Keonjhar, Koraput, Malkangiri, Mayurbhanj, Nabarangapur, Nayagarh, Nuapada, Phulbani, Puri, Rayagada, Rourkela-I, Rourkela-II, Sambalpur-I, Sambalpur-II, Subarnapur and Sundargarh

₹6.30 lakh has been collected in 49 cases so far. Further, it was also stated that, the dealers prefer revision which exert tremendous workload on the Revisional Authorities and causes process delays. The Circle officers at the time of review meetings, were instructed to ensure timely submission of CAAs by the dealers so as to avoid litigations.

However, action for collecting the penalty from the remaining dealers concerned in other 26 circles need to be expedited.

Entry Tax

2.6 Non-observance/ non-compliance of the provisions of Odisha Entry Tax Act/ Rules read with Government notifications

The Odisha Entry Tax (OET) Act, 1999 and Rules thereunder read with Government notifications issued from time to time provide for levy of tax under Section 3 of the Act at the prescribed rates under Rule 3 of the OET Rules, 1999 on the entry of scheduled goods and imposition of penalty under Section 9C of the Act in audit assessment.

Audit observed that while finalising the assessments, the AAs did not observe the above provisions in some cases as mentioned in the following paragraph.

2.6.1 Penalty in assessment of Entry Tax short levied

Failure of Assessing Authority to apply appropriate provision of the Act resulted in short levy of penalty of ₹20.22 lakh.

As per Section 9C(5) of the Odisha Entry Tax (OET) Act, 1999, without prejudice to any penalty or interest that may have been levied under any provision of the Act, an amount equal to twice the amount of tax assessed shall be imposed by way of penalty in respect of any assessment completed.

During scrutiny (February 2019) of assessment records under Nabarangpur Circle, it was noticed that a dealer engaged in execution of works as a works contractor was assessed for Entry Tax (ET) on 01 August 2018 for the tax period from April 2014 to September 2015. During assessment, the AA determined ET of ₹43.32 lakh on Taxable Turnover of ₹18.99 crore. The dealer had declared and paid ET worth ₹33.06 lakh. Therefore, the balance of ₹10.26 lakh¹⁷ of the determined ET was payable by the dealer. A penalty of ₹0.30 lakh¹⁸ was, however, levied on the tax payable on purchase suppression amount of ₹77.58 lakh and not on twice the amount of tax assessed. Penalty leviable worked out to ₹20.52 lakh, twice the amount of tax of ₹10.26 lakh assessed. This resulted in short levy of penalty worth ₹20.22 lakh (₹20.52 lakh *minus* ₹0.30 lakh). Hence, the AA failed to apply appropriate provision to levy penalty on net tax assessed rather on the suppressed amount.

In reply, the Government stated (October 2019) that the AA issued rectification orders under Section 20 of the OET Act, 1999 imposing penalty worth ₹20.22 lakh and entered in the Demand Collection Register.

¹⁷ Tax assessed ₹43,31,803 - Tax paid ₹33,05,505 = Balance tax due ₹10,26,298

¹⁸ Tax payable on @ two per cent on ₹77.58 lakh erroneously taken as ₹0.15 lakh (instead of ₹1.55 lakh) and penalty levied ₹0.30 lakh (instead of ₹3.10 lakh)

Goods and Services Tax

2.7 Introduction

Goods and Services Tax (GST) was implemented with effect from 01 July 2017. GST¹⁹ is being levied on intra-State supply of goods and services (except alcohol for human consumption and five petroleum products²⁰), separately but concurrently by the Union (CGST) and the States (SGST)/ Union Territories (UTGST). Further, Integrated GST (IGST) is being levied on inter-State supply of goods or services (including imports) and the Central Government has exclusive powers to levy IGST. Prior to the implementation of GST, Value Added Tax (VAT) was being levied on intra-State sale of goods in the series of sales by successive dealers as per Odisha VAT Act, 2004 and Central Sales Tax (CST) was being levied on sale of goods in course of inter-State trade or commerce as per CST Act, 1956.

The State Government was empowered to regulate the provisions of OVAT Act whereas provisions relating to GST are being regulated by Centre and State on the recommendation of Goods and Services Tax Council (GSTC) which was constituted with representation from Centre and all the States to recommend on the matters related to GST. The State Government notified (June 2017) the Odisha Goods and Services Tax (OGST) Act, 2017 and the Odisha Goods and Services Tax Rules, 2017 in lieu of various taxes²¹ which were subsumed.

Goods and Services Tax Network (GSTN) was set up by the Government of India as a private company to provide IT services. It provides Front-end IT services to taxpayers namely registration, payment of tax and filing of returns. Back-end IT services, *i.e.*, registration, approval, taxpayer detail viewer, refund processing, MIS reports, *etc.*, are also being provided by GSTN to Model-II²² States. Odisha has opted for Model-II.

Since Odisha had opted Model-II for implementation of GST, back-end applications like registration, return scrutiny, audit, assessment, appeal, enforcement, MIS reports, *etc.*, for GST administration were developed by GSTN. As per information provided (March 2019) by the Department, all these modules have been developed by GSTN. For access to the back-end applications, leased line connectivity has been provided by GSTN from their Data Centre to Odisha State Data Centre. All the field offices are connected to the Odisha State Data Centre through State-wide Multi-Protocol Level Switching (MPLS) Network.

2.7.1 Trend of Revenue

The total receipts under GST for the period 2018-19 were ₹15,332.59 crore, which include GST worth ₹11,942.59 crore and compensation received worth ₹3,390.00 crore. Against target of ₹12,000 crore, the State achieved ₹11,942.59 crore in the year 2018-19. The actual receipts during 2017-18 and 2018-19 are given in Table 2.2.

¹⁹ Central GST: CGST and State/ Union Territory GST: SGST/ UTGST

²⁰ Petroleum products : petrol, high speed diesel, crude oil, natural gas and aviation turbine fuel

²¹ Value Added Tax, Central Sales Tax, Entry Tax, Luxury Tax and Entertainment Tax

²² Model-I States: only front-end services provided by GSTN, Model-II States: both Front-end and Back-end services provided by GSTN

Table 2.2: Actual receipts during 2017-18 and 2018-19

(₹ in crore)

Year	Budget Estimate	Receipts under GST	Compensation Received	Total Receipts under GST
2017-18	22,956	13462.03	2,264.00	15,726.03 [#]
2018-19	12,000	11,942.59	3,390.00*	15,332.59

Total Receipts under GST includes receipts under pre-GST taxes and GST for the year 2017-18

* Including ₹245 crore compensation for the month of March 2018, received in May 2018

2.7.2 Migration and new tax payers

As per Rule 24 of the OGST Rules, 2017, every person registered under any of the existing laws and having a valid PAN shall enrol on the common portal by validating his email address and mobile number, either directly or through a Facilitation Centre notified by the Commissioner. Upon enrolment, the said person shall be granted registration on a provisional basis. The final certificate of registration shall be made available to the registered person electronically, if the information and the particulars furnished in the application are found to be correct and complete.

The jurisdiction of newly registered taxpayers is being allotted to the State and Centre by GST portal electronically during submission of application for registration by the tax payers.

As per information furnished to Audit (July 2019) by the Department, a total of 1,25,976 (15,851 are under composition scheme) out of 1,84,455 dealers (1,74,761 TIN dealers) registered under the OVAT Act had migrated to GST as on 7 December 2018. The newly registered dealers under the GST Act as on 01 November 2020 was 72,007 (including 8,099 dealers under composition scheme).

2.7.3 Assessment pending under the subsumed Acts

As per the provisions of the OVAT Act, 2005, every dealer shall be deemed to have been assessed to tax based on the returns filed by him if no assessment is made within a period of seven years from the date of filing the return. Assessment under the Central Sales Tax (CST) Act are to be completed within five years.

As per the information furnished (August 2019) by the Commissioner of Commercial Tax and GST, 2,438 assessments under the subsumed Acts were pending at the end of the year 2018-19 as shown in the Table 2.3.

Table 2.3: Assessments pending under the subsumed Acts

Head of revenue	Opening balance	Addition during 2018-19	Total number of Assessments due	Assessments finalised during 2018-19	Balance at the end of the year	Percentage of disposal
0040- Taxes on Sales, Trade, etc., (which includes OVAT, CST).	3,117	1,405	4,522	2,392	2,130	52.89
0042- Taxes on Goods and Passengers (which includes OET).	74	620	694	388	308	55.91
Total	3,191	2,025	5,216	2,780	2,438	-

(Source: Commissioner of Commercial Taxes and GST)

It can be seen from the above table that the disposal of assessments under the OVAT and CST Acts was 52.89 *per cent* and 55.91 *per cent* of the total cases pending for assessment under OET Act.

This indicated that the Department did not take effective steps to achieve the targets²³ set vide Circular No 45831 CT/Dt.20.03.2018 for completion of assessments by 31 October 2018.

2.7.4 Pendency of refund cases

As per Section 54 of the OGST Act, 2017, any person claiming refund of any tax and interest, if any, paid on such tax or any other amount paid by him, may make an application before expiry of two years from the relevant date in such form and manner as may be prescribed.

As per Section 142 (3) of the GST Act, 2017, every claim for refund filed by any person before, on or after the appointed day for refund of any amount of input tax credit, tax, interest or any other amount paid under the existing law, shall be disposed of in accordance with the provisions of existing law and any amount eventually accruing to him shall be refunded to him in cash in accordance with the provisions of the said law.

As per information furnished (August 2019) by the Commissioner of Commercial Tax and GST, 2,600 claims for refunds worth ₹545.30 crore were received during 2018-19. Out of 2,600 cases, refunds were allowed in 2,161 cases involving ₹479.92 crore. The details are given in the Table 2.4.

Table 2.4 : Pendency of refund cases

Sl. No.	Particulars	GST/Sales tax/VAT		Entry Tax	
		No. of cases	Amount	No. of Cases	Amount
1	Claims outstanding at the beginning of the year	675	190.80	99	40.89
2	Claims received during the year	2,392	494.48	208	50.82
	Total(1+2)	3,067	685.28	307	91.71
3	Refunds made during the year				
	(a)Refunds granted	1,995	449.8	166	30.12
	(b)Refunds rejected/adjusted	764	176.57	85	47.39
	Total (a+b)	2,759	626.37	251	77.51
4	Balance outstanding at the end of the year	308	58.91	56	14.20

(₹in crore)

(Source: Commissioner of CT and GST)

The CCT&GST had directed (March 2018) to complete refund claims within three months from the date of receipt of application vide Circular No 45831 CT/ Dt.20.03.2018. The concerned AAs did not take effective steps in clearing refund claims (August 2019) received during the year 2018-19.

There were arrear in assessments and disposal of claims of refunds under the subsumed Acts which were also in arrears, as mentioned in Table 2.3 and Table 2.4 respectively.

²³

For the set-aside cases pending as on and after 01.10.2015, re-assessment was to be completed by 30.09.2015 and within a period of three years from the date of order. Pending audit assessments arising out of tax audit taken up in 2017-18 or prior years must be completed by 30.06.2018. Audit assessment of the dealers selected by the CCT&GST in March 2018 for tax audit must be completed by 31.03.2019

2.7.5 Status of GST data sharing

Odisha is a Model-II State and the access to data is received only through GSTN. All Range/ Circle offices of Commissioner of CT & GST, Odisha are connected to Odisha State Data Centre through State-wide MPLS Network. Audit scrutiny *i.e.*, return scrutiny, details of dealers regarding composite levy scheme, tax payment details, ITC claims by the dealers requires data analysis. This office had requested Commissioner of CT&GST, Odisha to provide the GST data relating to Odisha. The Commissioner of CT&GST, Odisha conveyed no objection to GSTN for sharing GST related data of Odisha with Comptroller and Auditor General of India. In this regard, GSTN informed that the matter was under active consideration of Department of Revenue, Ministry of Finance to evolve a uniform protocol for Central Board of Indirect taxes and Customs (CBIC) and all States.

2.7.6. Status of access to GSTN data by the Department

- The data relating to GST is accessed through a common back-office application developed by GSTN for all Model-II States. The application is accessible through a user group network to all the offices in the State of Odisha.
- In order to access the data, all Officers from the Commissioner of CT&GST, Odisha up to Assistant Commercial Tax Officers are provided with a User ID and Password.
- Using the assigned User ID and password, the officers access the GST Back-office application to view the data, based on the jurisdiction and role assigned to them.
- The statutory functions have been assigned to each of the Officers to the extent authorised under law and accordingly they get access to the assigned statutory functions.
- Data relating to registration and return are provided by the GSTN through SFTP Server to all States. The bulk data shared through SFTP servers are pulled by the States.

Though the Commissioner of CT&GST had conveyed his no objection in sharing of GST data relating to Odisha State by GSTN to C&AG of India, GSTN has asked the Government of Odisha to wait till further orders of GST Council. However, no communique was received until March 2019.

With automation of the collection of Goods and Services Tax (GST) having taken place, it is essential for Audit to transition from sample checks to a comprehensive check of all transactions, to fulfil the CAG's Constitutional mandate. Section 18 of the CAG's Duties, Powers and Conditions of Service (DPC) Act, 1971 provides CAG with the mandate to access any record, accounts and other documents that are relevant to his inquiry. Further, as per Section 16 of the DPC Act, it shall be the duty of the CAG to audit all receipts which are payable into the Consolidated Fund of India and that of the State. Thus, not having access to the data pertaining to all GST transactions has come in way of comprehensively auditing the GST receipts during the year.

Recommendations:

- 1. The Department needs to finalise the assessments timely under the subsumed Acts in order to focus on the administration of GST only.**
- 2. The Department may take effective steps for clearance of all the pending refund cases under the subsumed Acts to focus on the GST administration only.**
- 3. The Government needs to improve the internal control system including strengthening of internal audit to avoid occurrence of such cases.**

Conclusion

Audit points out similar omissions by Assessing Authorities (AAs) every year. However, many of the irregularities persisted and remained undetected till next audit was conducted. This indicated that the internal control system in the Department was required to be strengthened.