

OVERVIEW

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This Report contains 17 illustrative audit paragraphs including three Subject Specific Compliance Audits relating to non/short levy of taxes, interest, GST refunds, Transitional Credit, penalty, non/short levy and internal control of excise duty, stamp duty etc. with revenue implications of ₹ 613.67 crore.

1. Chapter-I

General

The total revenue receipts of the State Government for the year 2020-21 were ₹ 67,561.01 crore as compared to ₹ 67,858.13 crore during the year 2019-20. Out of this, 72.34 *per cent* was raised through tax revenue (₹ 41,913.80 crore) and non-tax revenue (₹ 6,961.49 crore). The balance 27.66 *per cent* was received from the Government of India as State's share of divisible Union taxes (₹ 6,437.59 crore) and Grants-in-aid (₹ 12,248.13 crore). There was a decrease in revenue receipts over the previous year by ₹ 297.12 crore (0.44 *per cent*).

(Paragraph 1.1.1)

Test check of the records of 83 units pertaining to Sales Tax/Value Added Tax, State Excise duty and Stamp Duty and Registration fee conducted during the year 2020-21, showed under assessment/short levy/loss of revenue aggregating to ₹ 734.50 crore in 1,359 cases. During the course of the year, the departments concerned, accepted under assessment and other deficiencies of ₹ 91.86 crore involved in 564 cases. The departments recovered ₹ 2.62 crore (2.85 *per cent*) in 54 cases during the year 2020-21. Out of this, ₹ 1.65 crore recovered in seven cases pertain to this year and the rest to earlier years.

(Paragraph 1.10)

2. Chapter-II

Taxes/Value Added Tax on sales, trade

The Assessing Authorities did not verify/cross verify sale/purchase, which resulted in evasion of tax of ₹ 1.52 crore. In addition, penalty of ₹ 4.56 crore was also leviable.

(Paragraph 2.3)

Assessing Authority allowed benefit of Input Tax Credit without verification of purchases from selling dealers, resulting in incorrect grant of Input Tax Credit of ₹ 9.06 crore. In addition, penalty of ₹ 26.53 crore was also leviable.

(Paragraph 2.4)

Assessing Authorities, disallowed inadmissible Input Tax Credit for bogus purchases/inter State sales to five dealers but did not levy prescribed penalty of ₹ 24.66 crore.

(Paragraph 2.5)

Assessing Authorities, while finalising the assessments, allowed incorrect exemption of branch transfers/consignments worth ₹ 70.05 crore to 17 dealers, resulting in non-levy of tax of ₹ 3.94 crore. In addition, penalty of ₹ 11.82 crore was also leviable.

(Paragraph 2.6)

Assessing Authorities, while finalising the assessments, did not reverse the Input Tax Credit on account of tax free/inter-State Sales, resulting in excess benefit of ₹ 4.68 crore.

(Paragraph 2.7)

Assessing Authorities, allowed incorrect rate of tax to five dealers, which resulted in under assessment of tax of ₹ 1.44 crore. In addition, interest of ₹ 1.05 crore was also leviable.

(Paragraph 2.8)

Assessing Authorities, while finalising assessments, assessed the Gross Turnover less by ₹ 8.59 crore resulting in under assessment of tax of ₹ 51.58 lakh.

(Paragraph 2.9)

The Department had sanctioned the irregular refund without obtaining Bank Realisation Certificates/Foreign Invoice Remittance Certificates and sanctioned excess refund by not restricting the Input Tax Credit. The Department had also failed to restrict the value of zero rated supplies to the extent of Free On Board (FOB) value given in export documents, resulting in irregular grant of refund of ₹ 3.98 crore.

(Paragraph 2.10)

The department had not established robust mechanism to verify genuineness of the transitional credits indicating deficient internal control of the Department, due to which, there have been deviations and non-compliance to provisions of the GST Acts/Rules resulting in excess carried forward of VAT credit/transitional credit of ₹ 382.94 crore.

(Paragraph 2.11)

3. Chapter-III

State Excise

Deputy Excise and Taxation Commissioners (Excise) neither initiated any action to seal the vends for non-deposit of monthly instalment of license fee in time nor levied interest, resulting in short levy of license fee and interest for delayed payment of license fee of ₹ 6.56 crore.

(Paragraph 3.3)

The processes of Internal Controls protect the Government Departments from fraud, corruption, waste and abuse. The need for stricter enforcement of the provision of the Excise Act and Distillery Rules and more effective monitoring is evidenced by non/short recovery by ₹ 116.76 crore.

(Paragraph 3.4)

4. Chapter-IV

Stamp Duty

Irregular remission of stamp duty in 23 instruments of transfer deeds in favour of persons other than blood relations resulted in loss of revenue of ₹ 23.64 lakh to the State exchequer.

(Paragraph 4.3)

Registering Authorities registered 197 Sale Deeds in areas of Municipal Corporations/Gram Panchayats without charging/levies at the rate of two *per cent* on transaction value, in addition to, Stamp duty under Haryana Municipal Corporation Act, 1994 resulting into short levy of Stamp Duty of ₹ 5.71 crore.

(Paragraph 4.4)

Eighty three deeds were registered on the rates fixed by the Collector for agricultural land on which stamp duty and registration fee of ₹ 2.36 crore was levied instead of leviable at ₹ 7.29 crore as per land records (Jamabandis), resulting in short levy of stamp duty and registration fee of ₹ 4.93 crore.

(Paragraph 4.5)

Registering Authorities assessed 18 sale deeds of plots falling within municipal limits, with an area less than 1,000 square yards, at rates fixed for agricultural land instead of residential land, resulting in short levy of stamp duty and registration fee of ₹ 0.53 crore.

(Paragraph 4.6)

Registering Authorities incorrectly assessed prime khasra land at normal rates fixed for agricultural land, resulting in short levy of stamp duty of ₹ 0.50 crore.

(Paragraph 4.7)

Thirteen compromise decrees, which were not bonafide, were registered without charging any stamp duty and charging nominal registration fee of ₹ 650 on total consideration of ₹ 3.73 crore. This resulted in irregular exemption of stamp duty and registration fee of ₹ 21.84 lakh.

(Paragraph 4.8)