

OVERVIEW

This Report contains Compliance Audits on ‘**Transitional Credits under Goods and Services Tax**’, ‘**Processing of refund claims under Goods and Services Tax**’, ‘**Levy and collection of stamp and additional stamp duty on mortgage deeds**’ and 11 paragraphs involving total financial implication of ₹ 1,551.08 crore, of which the Commercial Tax Department and Stamps and Registration Department accepted audit observations amounting to ₹ 80.87 crore. Replies of other Departments have not been received. Some of the major findings are mentioned below:

Chapter-I: General

Total receipts of the Government of Uttar Pradesh for the year 2020-21 were ₹ 2,96,176.33 crore, of which, ₹ 1,31,743.45 crore (44.48 *per cent*) constituted the State’s own receipts. Government of India contributed ₹ 1,64,432.88 crore (55.52 *per cent*), comprising State’s share of divisible Union taxes and duties of ₹ 1,06,687.01 crore (36.02 *per cent* of total receipts) and grants-in-aid of ₹ 57,745.87 crore (19.50 *per cent* of total receipts). The State’s own tax revenues decreased by ₹ 72,787.46 crore during the year 2020-21 over the previous year.

Wide variations between the budget estimates approved by the Finance Department and actual revenues during the year 2020-21 under the different heads of revenue (refer Table 1.2 and 1.3) indicated that the budget was not prepared on a realistic basis.

(Paragraph 1.2)

Chapter-II: State Goods and Services Tax

Compliance Audit on ‘**Transitional Credits under Goods and Services Tax**’ revealed the following:

60 tax payers availed excess Input Tax Credit of ₹ 19.50 crore through TRAN-1 (table 5c) carried over from assessment orders.

(Paragraphs 2.1.8.1)

44 tax payers availed excess Input Tax Credit of ₹ 10.09 crore carried over from last legacy returns.

(Paragraphs 2.1.8.2)

Input Tax Credit amounting to ₹ 1.45 crore wrongly claimed in TRAN-1 was not recovered.

(Paragraphs 2.1.8.6)

12 tax payers availed of non-verified Input Tax Credit of ₹ 5.09 crore of capital goods due to details not furnished in TRAN-1.

(Paragraphs 2.1.9.3)

Input Tax Credit of ₹ 4.73 crore was irregularly allowed in the Table 7c of TRAN-1 on capital goods.

(Paragraphs 2.1.11)

Compliance Audit on ‘**Processing of refund claims under GST**’ revealed the following:

Input Tax Credit of ₹ 51.97 crore in table 11 of TRAN-1 of 11 tax payers was not verified.

(Paragraphs 2.1.12)

Refund was sanctioned by tax authority after relevant period of two years.

(Paragraphs 2.2.13)

Excess allowance of refund to three tax payers due to non-consideration of documentary evidences resulted in excess/irregular refund of ₹ 72.80 lakh.

(Paragraphs 2.2.14)

Excess allowance of refund of Integrated Goods and Services Tax payment to a tax payer resulted in excess refund of ₹ 67.22 lakh recoverable with interest of ₹ 35.40 lakh.

(Paragraphs 2.2.15)

Excess allowance of refund to two tax payers due to wrongly claimed amount of services resulted in excess refund of ₹ 58.57 lakh, recoverable with interest of ₹ 26.56 lakh.

(Paragraphs 2.2.21)

Chapter-III: Stamps and Registration Fees

Compliance Audit on ‘**Levy and collection of stamp and additional stamp duty on mortgage deeds**’ revealed the following:

Additional stamp duty of ₹ 4.01 crore was not levied on mortgage deeds (without possession) having secured amount ranging between ₹ two and ten crore.

(Paragraphs 3.4.5.1)

Stamp and additional stamp duty of ₹ 225.31 crore was short/not levied on mortgage deeds having secured amount above ₹ 10 crore.

(Paragraphs 3.4.5.2)

Stamp duty at the rate of ₹ five for every one thousand rupees or part thereof on the amount secured by mortgage deed is chargeable. However, the sub-registrars limited the amount of stamp duty to ₹ 5 lakh which resulted in short levy of stamp duty of ₹ 32.95 crore.

(Paragraphs 3.4.5.3)

Documents were registered as deposit of title deeds in place of mortgage deeds, which resulted in short levy of stamp duty of ₹ 36.87 crore.

(Paragraphs 3.4.6)

Documents were registered as security bond instead of mortgage deed, which resulted in the short levy of stamp duty, additional stamp duty and registration fee amounting to ₹ 1.44 crore.

(Paragraphs 3.4.7)

No separate sub-head has been opened by the State Government for segregated accounting of the additional stamp duty which is collected under Uttar Pradesh Urban Planning and Development Act, 1973. Hence, the Department was not in a position to ascertain specifically how much money was received with respect to additional stamp duty.

(Paragraphs 3.4.8.1)

Other Compliance Audit Paragraphs

The executants did not disclose full/correct particulars of the lands in the documents presented for registration which resulted in short levy of stamp duty and registration fees amounting to ₹ 6.57 crore.

(Paragraphs 3.5)

Potentiality of land and its location of segment/main road was not taken into cognizance by the registering authorities which resulted in short levy of stamp duty and registration fees amounting to ₹ 1.26 crore.

(Paragraphs 3.6)

Chapter-IV: Mining Receipts

The Department did not promptly cancel the lease on account of royalty and other dues not paid by lessee leading to loss of revenue amounting to ₹ 14.18 crore.

(Paragraph 4.3)

Under existing regulatory framework, as the price of mineral is not defined in cases of mining areas leased out through auction, it is left to the discretion of the district authorities to adopt either Chapter III rates of royalty or rates discovered through auction to work out the price of mineral. As a result, the lessee sometimes paid lower penalty for illegal extraction as against the amount payable for legal extraction, thus encouraging illegal mining.

(Paragraph 4.4)

Price of minerals amounting to ₹ 11.92 crore was not imposed and realised in cases of illegal transportation of mineral without Form MM-11 by lessees.

(Paragraph 4.5)

District Mines Officers did not forfeit pre-bid earnest money of ₹ 3.51 crore for delay in payment of royalty and security deposit.

(Paragraph 4.6)

Contribution payable to the District Mineral Foundation Trust was not included in the consideration of 39 mining lease deeds which resulted in short levy of stamp duty of ₹ 4.85 crore and registration fees of ₹ 1.10 crore.

(Paragraph 4.7)

Royalty of ₹ 1.73 crore was not deposited by nine lessees in two District Mining Offices.

(Paragraph 4.8)

Chapter-V: Other Tax Receipts

(A) Taxes on Vehicles, Goods and Passengers

Additional tax of ₹ 6.27 crore was not recovered from 174 buses operated by UPSRTC.

(Paragraph 5.3)

(B) State Excise

Failure of the Assistant Excise Commissioner, Radico Khaitan Limited, Rampur to monitor consumption of input excise material shown in excise records *vis-à-vis* returns filed in Income Tax Department resulted in not detecting understatement of consumption of input excise material involving excise revenue of ₹ 1,078.09 crore (including interest of ₹ 482.34 crore) during the period 2013-14 to 2019-20.

(Paragraph 5.6)

The Department failed to ensure timely deposit of the basic license fee, license fee and security deposit on settlement of shops. It did not initiate any action for cancellation of settlement and forfeiture of renewal fee, license fee/basic license fee and security deposit totalling to ₹ 11.05 crore.

(Paragraph 5.7)