

OVERVIEW

This Report contains 16 illustrative audit paragraphs, relating to non/short levy of taxes, interest, non/short levy of excise duty, stamp duty, etc., one Subject Specific Compliance Audit (SSCA) on Department's oversight on GST payments and Return Filing and one IT Audit of Integrated Financial Management System (IFMS) with revenue implications of ₹ 724.46 crore.

1. Chapter-I

General

The total revenue receipts of the State Government for the year 2021-22 were ₹ 78,091.69 crore as compared to ₹ 67,561.01 crore during the year 2020-21. Out of this, 77.82 *per cent* was raised through tax revenue (₹ 53,377.16 crore) and non-tax revenue (₹ 7,394.13 crore). The balance 22.18 *per cent* was received from the Government of India as State's share of divisible Union taxes (₹ 9,722.16 crore) and Grants-in-aid (₹ 7,598.24 crore). There was an increase in revenue receipts over the previous year by ₹ 10,530.68 crore (15.59 *per cent*).

(Paragraph 1.1.1)

Test check of the records of 104 units pertaining to Sales Tax/Value Added Tax, State Excise duty, Stamp Duty and Registration fees conducted during the year 2021-22 revealed under assessment/short levy/loss of revenue aggregating to ₹ 1,103.94 crore in 2,552 cases. During the course of the year, the Departments concerned accepted under-assessment and other deficiencies of ₹ 643.07 crore involved in 1,077 cases. The Departments recovered ₹ 3.52 crore in 64 cases during the year 2021-22 of which 39 cases amounting to ₹ 3.35 crore pertains to earlier years.

(Paragraph 1.10)

2. Chapter-II

Taxes/Value Added Tax on sales, trade

Assessing Authorities, while finalising the assessments, allowed the deductions as tax free sales instead of commodities liable to be taxed, resulting in under assessment of tax of ₹ 4.99 crore. In addition, interest of ₹ 4.77 crore was also leviable.

(Paragraph 2.3)

Assessing Authorities, while finalising the assessments, assessed the cases on Gross Turnover/Taxable Turnover of ₹ 27.97 crore instead of ₹ 36.61 crore. This resulted in under assessment of tax of ₹ 0.94 crore.

(Paragraph 2.4)

Assessing Authorities, while finalising the assessments, reversed input tax credit on stock transfer/consignment sale incorrectly resulting in short reversal of input tax credit ₹ 28.04 lakh.

(Paragraph 2.5)

The Assessing Authority, while finalising the assessment, did not reverse input tax credit on account of inter-State sales resulting in allowing excess benefit of ₹ 10.91 lakh.

(Paragraph 2.6)

The Assessing Authorities did not verify details of sales with reference to opening and closing stock which resulted in evasion of tax of ₹ 73.11 lakh.

(Paragraph 2.7)

The Assessing Authorities, failed to levy interest on late/non-payment of tax resulting in short/non-levy of interest of ₹ 96.40 lakh.

(Paragraph 2.8)

The Department had not established proper mechanism to verify GST payments and return filing due to which there had been deviation and non-compliance to provisions of GST Act/rules in mismatch of ITC, mismatch in liabilities discharged and mismatch in turnover, resulting in inconsistencies/compliance deficiencies of ₹ 678.22 crore.

(Paragraph 2.9)

3. Chapter-III

State Excise

The Department had not initiated steps to recover penalty from the offenders for illicit liquor and to recover the license fee and interest from the allottees resulting in short-realisation of Government revenue of ₹ 7.46 crore.

(Paragraph 3.3)

4. Chapter-IV

Stamp Duty

Registering Authorities misclassified sale deeds as release deeds resulting in short levy of stamp duty and registration fee of ₹ 19.91 lakh.

(Paragraph 4.3)

Irregular remission of stamp duty in 20 instruments of transfer deeds in favour of persons other than blood relations resulted in loss of revenue of ₹ 32.05 lakh to the State exchequer.

(Paragraph 4.4)

Registering Authorities assessed nine conveyance deeds less than what had been agreed between the parties. Undervaluation of immovable properties in the conveyance deeds resulted in short levy of stamp duty and registration fee of ₹ 12.27 lakh.

(Paragraph 4.5)

Registering Authorities allowed irregular exemption from payment of stamp duty and registration fee of ₹ 3.11 crore to Market Committee, Gurugram Metropolitan Development Authority (GMDA) and Uttar Haryana Vidyut Prasaran Nigam Limited (UHVPNL) treating them as Government entities.

(Paragraph 4.6)

Registering Authorities incorrectly assessed 14 sale deeds of plots with area less than 1,000 square yards falling within Municipal limits at rates fixed for agricultural land instead of residential land resulting in short levy of stamp duty and registration fee of ₹ 0.57 crore.

(Paragraph 4.7)

Exemption of stamp duty in 50 cases was allowed to farmers, though they purchased residential/commercial land from compensation received, which was not permitted as per Government's order issued in November 2010, resulting in non/short levy of stamp duty and registration fee of ₹ 1.61 crore.

(Paragraph 4.8)

Registering Authorities incorrectly assessed prime khasra land at normal rates fixed for agricultural land, resulting in short levy of stamp duty of ₹ 64.28 lakh.

(Paragraph 4.9)

Registering Authorities registered 176 sale deeds in areas of Gram Panchayat and Zila Parishad without charging duty at the rate of two *per cent* on transaction value in addition to stamp duty under Haryana Panchayati Raj Act 1994 resulting into short levy of stamp duty of ₹ 68.17 lakh.

(Paragraph 4.10)

142 deeds were registered on the rates fixed by the Collector for agricultural land on which stamp duty and registration fee of ₹ 18.22 crore was levied instead of ₹ 36.97 crore leviable as per land record (*Jamabandis*), resulting in short levy of stamp duty and registration fee of ₹ 18.75 crore.

(Paragraph 4.11)

5. Chapter-V

Finance Department

Even after more than eight years of implementation of the Integrated Financial Management System (IFMS), benchmarks to measure the achievements of various IT objectives were not defined. Inadequate validation controls led to processing of bills in contravention to the prescribed process flow. Absence of adequate input controls during the generation of Unique Code of Payee (UCP) led to acceptance of invalid PANs and compromising the uniqueness of UCPs. Complete audit trail was not maintained for tracking the history of transactions. Cases of payment of gratuity in excess of the ceiling limit, double drawal of pension and double drawal of LTC were noticed due to absence of adequate controls.