

## OVERVIEW

This Report contains Compliance Audit on ‘**Department's Oversight on GST Payments and Returns Filing for the year 2017-18**’ and seven paragraphs involving total financial implication of ₹ 1,674.20 crore, of which the concerned Departments accepted audit observations amounting to ₹ 1,250.70 crore and reported recovery of ₹ 16.47 crore. Some of the major findings are mentioned below:

### Chapter-I: General

Total receipts of the Government of Uttar Pradesh for the year 2021-22 were ₹ 3,71,011.44 crore, of which, ₹ 1,58,803.71 crore (42.80 *per cent*) constituted the State’s own receipts. Government of India contributed ₹ 2,12,207.73 crore (57.20 *per cent*), comprising State’s share of divisible Union taxes and duties of ₹ 1,60,358.05 crore (43.22 *per cent* of total receipts) and grants-in-aid of ₹ 51,849.68 crore (13.97 *per cent* of total receipts). The State’s own revenues increased by ₹ 27,060.26 crore during the year 2021-22 over the previous year.

Wide variations between the budget estimates approved by the Finance Department and actual revenues during the year 2021-22 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 ‘**Department's Oversight on GST Payments and Returns Filing for the year 2017-18**’ revealed the following:

In six Sectors, the process of issuing GSTR 3A (notice for defaulters who have not filed GST returns) and following it with ASMT-13 (Best Judgement Assessment order in cases where the taxpayers have not complied with GSTR 3A notices) and DRC-07 (Summary of Demand order as a follow up of ASMT-13) was also not adhered to resulting in non-recovery of ₹ 9.85 crore from defaulters.

(Paragraphs 2.6.1.1)

In cases of scrutiny of returns, in 552 cases Show Cause Notice was issued and in 312 cases proceeding was completed and a recovery of ₹ 33.67 crore was made while 240 cases involving an amount of ₹ 123.57 crore were pending for completion.

(Paragraphs 2.6.1.3)

Due to delay in issuing the Audit manual, department conducted the audit of the financial years 2017-18 during the period 2021-22 to 2022-23. Audit for the financial years 2018-19 to 2020-21 was yet to be commenced. In addition, complete recoveries information was not provided to audit.

**(Paragraphs 2.6.1.4)**

The Department has accepted the audit observations or initiated examination in 214 cases with mismatch of ITC/tax/turnover of ₹ 4,351.03 crore. Out of these cases, the Department has recovered ₹ 12.02 crore in 10 cases, issued notice conveying discrepancies to the taxpayer in Form ASMT-10 in 123 cases for ₹ 3,879.79 crore and issued Show Cause Notice in 81 cases for ₹ 459.22 crore.

**(Paragraphs 2.6.2.3.a)**

Audit observed in 29 cases that taxable persons had either set off their tax liability belatedly or had erroneously utilised excess ITC credits which were paid back, but the interest payments amounting to ₹ 1.76 crore were not discharged.

**(Paragraphs 2.6.3.2.a)**

Audit observed 57 cases of compliance deficiencies amounting to ₹ 92.77 crore out of 80 cases examined. The deficiencies were due to availing ITC irregularly, availing ineligible ITC and non or short reversal of ITC.

**(Paragraphs 2.6.3.3)**

Audit observed compliance deficiencies in two out of 80 cases, amounting to ₹ 4.17 crore, due to taxable persons incorrectly discharging tax liability under Reverse Charge Mechanism leading to short levy of tax.

**(Paragraphs 2.6.3.4.b)**

### **Chapter-III: Stamps and Registration Fees**

Stamp duty and additional stamp duty amounting to ₹ 2.57 crore was short/not levied on mortgage deeds due to non-compliance with the provisions of Indian Stamp Act, 1899 and Uttar Pradesh Urban Planning and Development Act, 1973.

**(Paragraphs 3.4)**

Full/correct particulars of the lands in the documents presented for registration was not declared which resulted in short levy of stamp duty and registration fee amounting to ₹ 2.28 crore.

**(Paragraphs 3.5)**

## **Chapter-IV: Mining Receipts**

Contribution payable to the District Mineral Foundation Trust and/or total amount of royalty was not included in the consideration of four mining lease deeds which resulted in short levy of stamp duty of ₹ 95.09 lakh and registration fees of ₹ 31.95 lakh.

**(Paragraph 4.3)**

Contribution of ₹ 2.27 crore payable to the District Mineral Foundation Trust was not deposited by two lease holders.

**(Paragraph 4.4)**

## **Chapter-V: Other Tax Receipts**

### **Taxes on Vehicles, Goods and Passengers**

Penalty of ₹ 6.43 crore was not imposed on 985 UPSRTC buses for delay in payment of additional tax.

**(Paragraph 5.3)**

Application fees, Permit fees and penalty amounting to ₹ 2.02 crore was not levied on 1,222 vehicles plying without Permit.

**(Paragraph 5.4)**

Additional tax of ₹ 1.97 crore was not levied on 112 JNNURM buses plying outside the designated municipal areas.

**(Paragraph 5.5)**