
Overview

This report contains 49 audit paragraphs including two reviews relating to non/short levy of taxes, duties, interest and penalty etc., involving Rs. 352.33 crore. Some of the major findings are mentioned below:

I. General

The total receipts of the State Government for the year 2007-08 was Rs. 19,237.62 crore. Revenue raised by the Government during the year was Rs. 15,153.14 crore, comprising tax revenue of Rs. 9,899.17 crore and non-tax revenue of Rs. 5,253.97 crore. The State Government also received Rs. 1,974.99 crore as State's share of divisible Union taxes and Rs. 2,109.49 crore as grants-in-aid from the Government of India.

(Paragraph 1.1.1)

Arrears of revenue at the end of the year 2007-08, as reported by some departments were Rs. 2,513.14 crore. Of this, Rs. 2,034.62 crore was recoverable from various dealers on account of sales tax.

(Paragraph 1.6)

Test check of the records of the taxes on sales, trade etc., transport, state excise, stamp duty and registration fee, land revenue, electricity duty, other tax and non-tax receipts conducted during the year 2007-08 revealed under assessments/short/non-levy/loss of revenue aggregating Rs. 362.99 crore in 2,036 cases. During the course of the year 2007-08, the departments accepted under assessment of Rs. 63.50 crore in 912 cases. Of these the department recovered Rs. 3.48 crore.

(Paragraph 1.11)

At the end of June 2008, 8,615 audit observations involving Rs. 2,492.14 crore remained outstanding.

(Paragraph 1.12)

II. Taxes on Sales, Trade etc.

A review of **Computerisation of Value Added Tax Information System** revealed as under:

Out of 19 modules envisaged to be implemented as part of COVIS, five modules could not be implemented at all. Out of the remaining 14 modules that were implemented, only five modules were being used leading to partial utilisation of COVIS despite an overall expenditure of Rs. 43.90 crore.

(Paragraphs 2.2.6 and 2.2.7)

Logical access controls were found deficient. There were no checks on password lengths as 1,360 users were having passwords of inadequate length.

(Paragraph 2.2.8)

There were instances where data of COVIS was altered at a later stage pointing towards possible leakage of revenue. Unexplained alterations were made in 14,681 entries at four information collection centres.

(Paragraph 2.2.9)

Lack of input and validation controls led to data inaccuracies like issue of multiple registration numbers to dealers, non-entry of details of dealers in the master data base, entry of invalid vehicle numbers at various ICCs, and wrong entry of tax payable/due etc. As per the computerised database, there were a large number of cases where same dealer issued two or more bills bearing the same bill number in the same year during 2005-08 pointing towards possible evasion of tax by way of suppression of purchases/sales by the dealers.

(Paragraphs 2.2.10.1 and 2.2.10.2)

Lack of validation controls in the entry tax module resulted into acceptance of wrong figures of leviable entry tax.

(Paragraph 2.2.11.1)

Non-payment of sales tax of Rs. 27.37 crore on rental charges on electric meters collected by Punjab State Electricity Board.

(Paragraph 2.3)

Tax exemption of Rs. 5.71 crore including interest and penalty was not recovered from three units which had closed their business before the expiry of exemption.

(Paragraph 2.4)

Output tax liability calculated at concessional rate on inter state sale without prescribed declaration in C forms resulted in excess allowing of refund of Rs. 62.67 crore.

(Paragraph 2.13)

Incorrect levy of concessional rate without prescribed declaration in C forms/defective C forms resulted in short levy of tax of Rs. 15.18 crore.

(Paragraph 2.14)

Intra state sale of Rs. 303.25 crore were treated as inter state sale which resulted in under assessment of Rs. 8.84 crore.

(Paragraph 2.15)

Incorrect allowing of deduction on stock transfer without/defective and incomplete F forms resulted in short levy of tax of Rs. 5.61 crore.

(Paragraph 2.16)

Irregular grant of exemption of indirect exports without H forms/evidence of exports/defective H forms resulted in under assessment of tax of Rs. 3.04 crore.

(Paragraph 2.17)

III. Taxes on Vehicles

Special road tax amounting to Rs. 3.31 crore and interest of Rs. 1.99 crore on account of delayed payment of special road tax was paid short/not paid by State Roadways/private transport companies/Pepsu Road Transport Corporation (PRTC) during 2006-07.

(Paragraph 3.2)

Special road tax/token tax of Rs. 95.12 lakh including interest and penalty from owners of all India tourist buses/taxis during 2006-07 was not realised.

(Paragraph 3.3)

Token tax amounting to Rs. 78.36 lakh including interest and penalty was paid short by private transport companies/PRTC during 2006-07.

(Paragraph 3.4)

IV. State Excise

Failure to achieve/enforce the norm for yield of spirit from molasses deprived the Government of excise duty of Rs.3.42 crore during 2006-07.

(Paragraph 4.2)

Non-raising of demand resulted in non-realisation of cost of establishment charges of Rs.37.18 lakh.

(Paragraph 4.3)

V. Stamp Duty and Registration Fees

Loss of revenue of Rs. 20.05 crore due to non-execution of lease deeds of tolls, bus terminals and mines.

(Paragraph 5.2)

Stamp duty of Rs. 9.81 crore was not levied on land/properties transferred to the developer due to non-execution of conveyance deed.

(Paragraph 5.3)

Stamp duty amounting to Rs. 1.82 crore was not levied due to non-execution of conveyance deed of industrial units sold by Punjab Financial Corporation.

(Paragraph 5.4)

Stamp duty and registration fee amounting to Rs. 7.41 crore was levied short on sale deeds executed for sale of commercial/residential/agricultural property, built up houses and tourist complex due to undervaluation.

(Paragraph 5.5)

Misclassification of instruments of conveyance deeds resulted in short levy of stamp duty of Rs. 1.34 crore.

(Paragraph 5.7)

Stamp duty of Rs. 95.53 lakh was not levied on general power of attorney executed with consideration.

(Paragraph 5.8)

VI. Other Tax Receipts

A review of '**Levy and collection of electricity duty**' revealed as under:

In the absence of the return having all the requisite information, the Chief Electrical Inspector could not detect incorrect availment of exemption of ED of Rs. 25.29 lakh by a captive power plant.

(Paragraph 6.2.8)

Shortfall in the prescribed number of inspections of electrical installations resulted in loss of revenue amounting to Rs. 8.21 crore.

(Paragraph 6.2.9.1)

Arrears of revenue at the end of the year 2006-07 had accumulated from Rs. 29.75 crore to Rs. 82.28 crore due to non-pursuance by the Chief Electrical Inspector.

(Paragraph 6.2.10)

Failure on the part of the Chief Electrical Inspector to verify the correctness of levy and collection of electricity duty resulted in non-demand/recovery of differential electricity duty of Rs. 140.56 crore.

(Paragraph 6.2.12)

Non-raising of demands of penal rent from unauthorised occupants of Government agricultural land resulted in loss of revenue of Rs. 4.49 crore.

(Paragraph 6.3)

Non-recovery of collection charges resulted in revenue loss of Rs. 3.43 crore.

(Paragraph 6.4)

VII. Non-Tax Receipts

Audit fee of Rs. 4.96 crore has not been realised from various institutions.

(Paragraph 7.2)

License fee of Rs. 1.55 crore from occupants of kutchery compound has not been recovered by seven Deputy Commissioners.

(Paragraph 7.3)

Failure of the department to implement the decision of the Government, deprived the State exchequer of its legitimate dues of Rs. 1.11 crore.

(Paragraph 7.4)