

## OVERVIEW

This Report contains 25 paragraphs including one Performance Audit relating to non/short levy of taxes, duties, interest and penalty, etc., involving ₹ 105.44 crore and non-realisation of Value Added Tax arrears amounting to ₹ 529.48 crore. Some of the major findings are mentioned below:

### I Tax Administration

The total revenue receipts of the State during the year 2015-16 were ₹ 1,84,920.19 crore, of which the revenue raised by the State Government was ₹ 1,39,915.63 crore and receipts from Government of India was ₹ 45,004.56 crore. The revenue raised by the State Government constituted 76 *per cent* of the total net receipts of the State. The receipts from Government of India included ₹ 28,105.95 crore on account of the State's share of divisible Union taxes which registered an increase of 59 *per cent* over the previous year and ₹ 16,898.61 crore received as grants-in-aid.

(Paragraph 1.1.1)

### II Taxes on Sales, Trade, etc.

Audit of “**Mechanism in the State for Collection of Arrears of VAT (Sales Tax Department)**” revealed the following:

- The Department did not effectively monitor the recovery of arrears of taxes since the Recovery Module was not developed in the Maharashtra Vikrikar Automation System (MAHAVIKAS).

(Paragraph 2.4.2)

- During the years 2013-14 and 2014-15, the recovery of dues from short filers was very meagre being less than eight *per cent* of the dues.

(Paragraph 2.4.3)

- Scrutiny of recovery cases under Maharashtra Value Added Tax Act, 2002 (MVAT Act) in the Recovery Branch of Mumbai, Nashik, Pune and Thane Division revealed that the arrears aggregating ₹ 342.35 crore were pending for recovery in 581 cases due to inaction at different stages.

(Paragraph 2.4.6)

- In eight cases involving VAT arrears of ₹ 326.44 crore, the dealers either did not file their VAT returns or did not pay the tax in accordance with the turnover mentioned in their returns. There was delay in finalization of these cases resulting in delay/non-recovery of the demands raised by the Department.

(Paragraph 2.4.7)

- In three cases involving arrears of ₹ 23.23 crore, the Department did not attach the properties of the defaulting dealers in time, the properties were attached by the banks and VAT arrears remained unpaid.

(Paragraph 2.4.8)

- In two cases involving arrears of ₹ 21.48 crore, the properties of the dealers were sold by the banks for recovery of their dues; however, VAT dues were not recovered by the Department.

**(Paragraph 2.4.9)**

Audit of “**Departmental Mechanism for information sharing and co-ordination with other Government Departments/Bodies**” revealed the following:

- Various Municipal Corporations/Government bodies paid ₹ 470.99 crore to 455 contractors whose taxable turnover exceeded the threshold limit for the year but these dealers were not registered with the Sales Tax Department.

**(Paragraph 2.5.1)**

- Fifty three contractors who had executed contracts valued at ₹ 156.14 crore in three Municipal Corporations, had either not disclosed the works contracts turnover in their periodical returns to the Department or had not filed their returns or were dealers whose Registration Certificates had been cancelled.

**(Paragraph 2.5.2)**

Set-off of ₹ 18.75 lakh was allowed without proper verification of taxable local purchases transferred to branches outside the State.

**(Paragraph 2.6.1)**

Incorrect adjustment of amount paid as interest against tax dues resulted in underassessment of dues by ₹ 24.13 lakh.

**(Paragraph 2.6.3)**

### **III Stamp Duty and Registration Fee**

Audit of “**Remission in Stamp Duty**” revealed the following:

- Audit observed that scheme wise data base of remission of stamp duty was neither maintained in the Information Technology (IT) system nor was it maintained manually. As a result monitoring of terms and conditions mentioned in the remission order of the schemes relating to grant of remission of stamp duty could not be watched.

**(Paragraph 3.4.1)**

- Audit observed that in 44 cases in three districts Industry, Energy and Labour Department (IELD) issued stamp duty and exemption certificates (SDEC) under remission order for Package Scheme of Incentives (PSI) 2013. All these units were Information Technology Enabled Services (ITES) units and were not covered in PSI 2013. This resulted in incorrect grant of remission of stamp duty of ₹ 6.51 crore.

**(Paragraph 3.4.2.3)**

- The IELD issued SDEC for grant of remission in favour of a relocated unit despite the fact that exemption was admissible to only new Information Technology/Information Technology Enabled Services

units. This resulted in incorrect remission of stamp duty of ₹ 4.91 crore.

**(Paragraph 3.4.3)**

- The remission of stamp duty and penalty amounting to ₹ 26.73 crore on total land area of 1,605.62 hectares not put to use for Special Economic Zone (SEZ) was required to be recovered but Joint District Registrar (JDR) recovered ₹ 22.04 crore only. This resulted in short recovery of ₹ 4.69 crore.

**(Paragraph 3.4.4.1)**

- Audit cross verified 33 of 59 SDECs made available by the RSD with records of MTDC and found one of these SDECs was fake. The remission of stamp duty allowed on this fake SDEC was ₹ 57.88 lakh.

**(Paragraph 3.4.5.1)**

- Eight tourism units availed remission of stamp duty of ₹ 2.42 crore but did not start the activities within the stipulated period. Hence remission of stamp duty was required to be recovered along with penalty.

**(Paragraph 3.4.5.2)**

Non-consideration of License fees, Security Deposits, etc. in Lease Agreement resulted in short levy of stamp duty of ₹ 19.61 crore.

**(Paragraph 3.5.1)**

Department did not consider the charge on the property in the form of 'Unearned Income' in consideration of property. This resulted in short levy of stamp duty of ₹ 11.60 crore.

**(Paragraph 3.5.2.1)**

Non-consideration of revenue sharing aspect between Owners and Purchasers mentioned in the recitals of the document, resulted in short levy of stamp duty of ₹ 10.87 crore.

**(Paragraph 3.5.3)**

## **IV Land Revenue**

Audit of "Utilisation of Government land allotted for Educational Purpose" revealed the following

- Incorrect determination of lease rent resulted in short levy of lease rent of ₹ 59.34 lakh.

**(Paragraph 4.3.1)**

- In 15 cases, the land admeasuring 2,13,023 sqm was allotted to the education societies. Though the utilisation period stipulated in the allotment orders had expired in all these cases, no action was taken by concerned Collectors to cancel the allotments and resumption of land to the Government.

**(Paragraph 4.3.4.1)**

- In 42 cases, the lease period of land allotted for playground to educational institutes had expired between June 1966 and August

2016. The lessees neither applied for renewals nor did the Department take any action for resumption of the land.

**(Paragraph 4.3.4.3)**

Application of incorrect valuation of land and incorrect slab rates for calculation of occupancy price resulted in short levy of ₹ 33.58 lakh.

**(Paragraph 4.4.1)**

Non-working of market value as per Annual Statement of Rates resulted in short recovery of un-earned income amounting to ₹ 57.69 lakh.

**(Paragraph 4.4.3)**

## **V Taxes on Vehicles**

Performance Audit on “**Assessment and Collection of Tax on Motor Vehicles and Financial Controls in the Department**” revealed the following:

- Computerised application system for registration of vehicles, i.e. VAHAN in respect of transport vehicles was not implemented in 40 out of 50 offices, whereas in case of non-transport vehicles, it was implemented in 49 offices. Fitness Module and Enforcement Module had not been implemented in any office.

**(Paragraph 5.3.1.1)**

- Local databases of the different Regional Transport Offices (RTOs) were not interlinked, the data between different wings of the same RTO were also not interlinked.

**(Paragraph 5.3.1.2)**

- There was no co-ordination between the Enforcement wing and the Driving license wing within the same RTO offices, resulting in issue of duplicate licenses, against seized driving licenses.

**(Paragraph 5.3.2)**

- In five offices, entries relating to issue of fitness certificates in respect of 35,535 transport vehicles registered during the years 2010-11 and 2011-12 were not found.

**(Paragraph 5.3.3)**

- It was noticed that 92,682 omnibuses were not registered under “transport category”. This was in contravention of the notification of the Government of India. It also resulted in non-realization of minimum revenue on account of fitness fees of ₹ 4.63 crore during the last five years.

**(Paragraph 5.3.4)**

- Registrations of 95,283 non-transport vehicles, registered prior to March 2002, were not renewed. Neither the vehicle owners had applied for renewal nor had the Department taken any action for the same.

**(Paragraph 5.3.5)**

- The Government of Maharashtra had not implemented the High Security Registration Plate Order 2001, notified by the Government of India, despite clarifications/instructions of the Supreme Court/ Ministry of Road Transport and Highways in this regard, even after a lapse of 15 years.

**(Paragraph 5.3.6)**

- The Motor Vehicle Department recovered ₹ 199.89 crore on account of Environment Tax during the period 2010-16 but it had neither asked for budgetary provision out of the fund nor had the Government of Maharashtra allocated any amount for the purpose for which the fund was created.

**(Paragraph 5.3.7)**

- The Department had not forwarded 1,52,709 offence cases relating to overloading, violation of traffic norms, incomplete documents, etc., to the court for prosecution of offenders, within the specified period of six months from the date on which the offences were committed resulting in the offenders being let free, besides non-realisation of minimum revenue in the shape of fines aggregating ₹ 1.53 crore.

**(Paragraph 5.3.10)**

- The Department had not recovered Passenger Tax and Child Nutrition Surcharge of ₹ 388.04 crore and ₹ 22.98 crore respectively up to March 2015 from the stage carriage operators (fleet owners).

**(Paragraph 5.3.11.2)**

Tax exemption meant for school buses was granted to the vehicles of an advance study institution, resulting in short levy of Motor Vehicle Tax of ₹ 16.65 lakh.

**(Paragraph 5.4)**

## **VI Other Tax and Non-Tax Receipts**

Audit of “**Receipts from Co-operative Societies**” revealed the following

- The Societies had not created a Share Capital Refund Fund for depositing 1/15<sup>th</sup> of the amount of share capital every year and the Department had not taken any action for enforcing the conditions for creation of the fund.

**(Paragraph 6.3.2)**

- Due to absence of provision in the Maharashtra Co-operative Societies Act for sharing of dividend on profits, the Government was deprived of revenue of ₹ 28.56 lakh from profit making societies.

**(Paragraph 6.3.3)**

- There was no mechanism for verification of proper remittance of surcharge into Government account, resulting in short credit of ₹ 1.64 crore into the Government treasury.

**(Paragraph 6.3.4)**

Non-recovery of Entertainments Duty amounting to ₹ 98.33 lakh was noticed from 161 cases of cable operators and discotheques.

**(Paragraphs 6.4 and 6.5)**

There was short remittance of ₹ 11.70 crore to the Government account of Education Cess and Employment Guarantee Cess collected by two Municipal Corporations.

**(Paragraph 6.7)**