

OVERVIEW

This Report contains 20 paragraphs including three reviews relating to non/short levy of tax, penalty, interest etc. involving ₹ 69.51 crore. Some of the major findings are mentioned below:

I. General

The total receipts of the Government of Uttar Pradesh for the year 2009-10 were ₹ 96,420.95 crore against ₹ 77,830.73 crore during 2008-09. The revenue raised by the State Government amounted to ₹ 47,478.69 crore comprising tax revenue of ₹ 33,877.60 crore and non-tax revenue of ₹ 13,601.09 crore. The receipts from the Government of India were ₹ 48,942.26 crore (State's share of divisible Union taxes: ₹ 31,796.67 crore and grants-in-aid: ₹ 17,145.59 crore). Thus, the State Government could raise only 49 *per cent* of the total revenue. Taxes on sales, trade, etc. (₹ 20,825.18 crore) and miscellaneous general services (₹ 8,075.13 crore) were the major source of tax and non-tax revenue respectively during the year 2009-10.

(Paragraph 1.1)

Inspection reports numbering 9,287 issued upto 31 December 2009 containing 22,484 audit observations with money value of ₹ 3,757.81 crore had not been settled upto June 2010.

(Paragraph 1.2)

Test check of the records of 1,340 units of Trade Tax, State excise, Motor vehicles, Forest and other departmental offices conducted during the year 2009-10 revealed under assessments/short levy/loss of revenue aggregating ₹ 662.66 crore in 4,137 cases. During the course of the year, the departments concerned accepted under assessments and other deficiencies of ₹ 12.78 crore involved in 660 cases of which 34 cases involving ₹ 14.92 lakh were pointed out in audit during 2009-10 and the rest in the earlier years. The departments collected ₹ 6.01 crore in 213 cases during 2009-10.

(Paragraph 1.5.1)

II. Trade Tax/VAT

A performance review on **Transition from Trade Tax to VAT** revealed :

- Tax Audit wing of the Department is not functional even after the lapse of three years of VAT implementation.

(Paragraph 2.9.9)

- Dealers, having turnover of ` one crore and above are required to submit the Annual Audited Accounts whereas according to provisions of the Income Tax Act, all the dealers, having turnover of ` 40 lakh and above keep an audited annual accounts.

(Paragraph 2.9.12.2)

- Abolition of all the 83 check posts, working at strategic points, round the clock resulted in non confirmation of the delivery of the Transit passes at the exit point of the check posts by the vehicles coming from outside the states and bound for any other place outside the state.

(Paragraph 2.9.13)

- The State Legislature introduced levy of additional tax under the Uttar Pradesh Value Added Tax Act, 2008 with effect from 1 June 2009, though the White Paper on Value Added Tax (VAT) specifically discouraged levy of additional tax.

(Paragraph 2.9.15)

- Verification of deposits by the dealers is still being done by the Deputy Commissioner (Administration) whereas as per VAT rules it is to be done by the concerned Assessing Authorities.

(Paragraph 2.9.17)

Other audit observations

- Non/short levy of tax due to application of incorrect rate of tax and misclassification of goods resulted in non/short levy of tax of ` 1.40 crore.

(Paragraph 2.11.1)

- Non-imposition of penalty and non-charging of interest amounting to ` 1.97 crore.

(Paragraph 2.11.2)

- Irregular grant of exemption to the dealer by the department resulted in undue financial benefit of ` 1.30 crore.

(Paragraph 2.14)

III. State Excise

128 licensees of country liquor, who had short lifted 27.92 lakh bulk litre of minimum guaranteed quota, were liable to pay excise duty of ` 1.31 crore.

(Paragraph 3.8)

Due to loss of Total Reducing Sugar (TRS) in transit, Government suffered loss of ` 2.92 crore.

(Paragraph 3.10)

IV. Taxes on Vehicles, Goods and Passengers

A review on **Working of Transport Department** revealed :

- There was short levy of additional tax of ` four crore on passenger vehicles of other States.

(Paragraph 4.5.14)

- Short assessment of additional tax on stage carriages resulted in short realisation of ` 8.72 crore.

(Paragraph 4.5.15)

- Non-levy of tax on laden weight of vehicles resulted in non-realisation of tax of ` 2.18 crore and penalty of ` 54.53 lakh.

(Paragraph 4.5.16)

- Non-issue of certificate of fitness resulted in non-realisation of fitness fee of ` 2.95 crore and penalty of ` 5.77 crore.

(Paragraph 4.5.17)

- Non-creation of Accident Relief Fund (ARF) resulted in non-credit of a sum of ` 78.24 crore.

(Paragraph 4.5.22)

V. Stamp Duty and Registration Fee

Short levy of stamp duty of ` 59.95 lakh due to incorrect valuation in 10 cases.

(Paragraph 5.8)

VI. Other Tax and Non-tax Receipts

A review on **Receipts from Forest Department** revealed :

- The volume factor of the Eucalyptus trees having diameter of more than 45 cm was not decided simultaneously with the change of felling cycle. This resulted in short levy of royalty of ` 4.94 crore.

(Paragraph 6.2.10)

- Lack of coordination between Forest and Mining Departments resulted in loss of transit fees amounting to ` 238.53 crore.

(Paragraph 6.2.12)

- Loss of revenue due to removal/closure of barriers amounting to ` 42.84 crore.

(Paragraph 6.2.14)

- Non-levy of transit fee by the divisions on the minerals used in construction of roads by the National Highway Authority of India resulted in loss of revenue of ` 29.62 crore.

(Paragraph 6.2.16)

Other audit observations

- Non-levy of centage charges on deposit works resulted in short realisation of revenue of ` 92.54 lakh.

(Paragraph 6.4)

- The levy of user charges at the pre-enhanced rates rather than the revised rate resulted in short levy of user charges of ` 86.69 lakh.

(Paragraph 6.6)