

OVERVIEW

This Report contains 30 paragraphs including one Performance audit on 'Levy and Collection of Passenger and Goods Tax', involving ₹781.44 crore relating to underassessment of tax, non / short levy of state excise, non / short levy of stamp duty and registration fee, non / short levy of passenger and goods tax, non / short levy of royalty etc. Some of the major findings are mentioned below:

1. General

The total revenue receipts of the Government for the year 2012-13 were ₹15,598.14 crore as compared to ₹14,542.86 crore of the previous year. Out of this, 38 per cent was raised through tax revenue (₹4,626.17 crore) and non-tax revenue (₹1,376.88 crore). The balance 62 per cent was received from the Government of India as States' share of divisible Union taxes (₹2,282.02 crore) and Grants-in-aid (₹7,313.07 crore).

(Paragraph 1.1)

Test check of the records of 241 units of Sales tax / VAT, State excise, Stamp and Registration fee, Motor Vehicles, Goods and Passenger tax, Forest receipts and other non-tax receipt conducted during the year 2012-13 showed underassessment, short levy of revenue aggregating ₹1023.30 crore in 780 cases. During the course of the year, the concerned departments accepted underassessment and other deficiencies of ₹779.17 crore in 516 cases. The departments collected ₹266.53 crore in 183 cases during 2012-13, pertaining to the findings of previous year.

(Paragraph 1.11)

II. Taxes / VAT on Sales, Trade etc.

Incorrect allowance of ITC of ₹1.41 crore by the AAs on closing stock by applying different methods had deferred the tax liability of 119 assesseees which was otherwise recoverable on the date of assessment and resulted in excess allowance of ITC of ₹2.13 crore including interest of ₹72.30 lakh.

(Paragraph 2.3.2)

In 53 cases, acceptance of returns without list of purchases and allowance of ITC by four AETCs on such incomplete returns for the tax periods from 2006-07 to 2010-11 resulted in irregular allowance of ₹4.01 crore.

(Paragraph 2.3.4)

In one case, the AA had allowed ITC without tax invoices and mandatory Indemnity Bond in the case of invoices stated as burnt two years ago. This resulted in irregular allowance of ITC of ₹3.19 crore including interest.

(Paragraph 2.3.6)

In three AETCs, a deduction of ₹28.53 crore from the GTO was allowed on account of material supplied by the Departments to contractors for the execution of the works

in contravention of the provisions of the Act / decision of the Hon'ble Supreme Court, resulting in underassessment of the tax of ₹2.25 crore including interest.

(Paragraph 2.4)

In two AETCs, assessment of the sales of ₹16.69 crore in respect of 10 dealers at the rate of four or five *per cent* instead of correct rate of 12.50 *per cent* resulted in short finalisation of tax of ₹2.48 crore including interest for the tax periods from 2005-06 to 2010-11.

(Paragraph 2.5.1)

Two AETCs had applied concessional rate of tax of one *per cent* on inter-state sale of ₹279.40 crore to 10 industrial units located in industrially backward areas who had not employed mandatory 80 *per cent* bonafide Himachalis in their units as per provisions of Act. This resulted in underassessment of the tax of ₹11.50 crore including interest.

(Paragraph 2.7)

Acceptance of defective / incomplete / duplicates statutory forms 'C' and 'F' by the five assessing authorities and allowing exemption / concessional rate of tax to 23 dealers resulted in short levy of tax of ₹1.95 crore including interest.

(Paragraphs 2.9 and 2.12)

III. State Excise

Low yield of spirit from molasses in one distillery in resulted in short collection of excise duty of ₹24.81 lakh.

(Paragraph 3.3.4.2)

In five AETCs, salaries of ₹1.53 crore of excise establishment posted in three distilleries and 10 bonded warehouses had not been paid by the licensees for the period between 2008-09 and 2011-12 and resulted in non-recovery of dues to that extent.

(Paragraph 3.3.6)

IV. Stamp Duty

In 22 sub registrars, incorrect preparation of valuation reports by Patwaris and incorrect determination of the market value of property in 355 cases resulted in short realisation of stamp duty and registration fee of ₹2.56 crore.

(Paragraphs 4.3 and 4.4)

In two sub registrars, non-valuation of property by Collector / District Valuation Committee and due to change of classification of land in 20 cases resulted in short realisation of stamp duty and registration fee of ₹24.12 lakh.

(Paragraph 4.5 and 4.6)

V. Taxes on Vehicles, Goods and Passengers

A Performance audit on 'Levy and collection of Passenger and Goods Tax' was conducted. Some major findings are given below:

Lack of co-ordination between the concerned RLAs / RTOs and AETCs to ensure the registration of all vehicles with them resulted in non-registration of 13,314 commercial vehicles for the period 2007-08 to 2011-12 and non-realisation of Passenger and Goods Tax amounting to ₹14.52 crore.

(Paragraph 5.3.8.2)

Non-registration of contractors under HPPGT Act resulted in non-levy of additional goods tax of ₹1.01 crore including penalty on supply of 4,79,986.75 metric tonnes of shale to ACC Burmana.

(Paragraph 5.3.9.2)

Non-establishment of barriers / check-posts between mining area and manufacturing units resulted in evasion of additional goods tax of ₹6.77 crore on the transportation of 50,95,231.45 metric tonnes of limestone and 1,694.71 metric tonnes of barytes.

(Paragraph 5.3.9.3)

Delay in authorisation of cement companies for collection of additional goods tax resulted in loss of revenue of ₹189.08 crore on transportation of 6,85,26,412.51 metric tonnes of limestone and 51,86,582.43 metric tonnes of shale from mining areas to cement plants for manufacturing of cement.

(Paragraph 5.3.9.4)

Laxity on the part of the Excise and Taxation Department in registration of 451 goods vehicles during the period between 2001-02 and 2008-09 resulted in non-recovery of goods tax of ₹1.06 crore.

(Paragraphs 5.3.10.2 and 5.3.10.3)

Not devising any system to recover the pending arrears in a time bound manner resulted in non-recovery of passenger tax of ₹6.49 crore in respect of 403 cases after their transfer from excise department to State Transport Authority.

(Paragraph 5.3.11)

In nine regional transport authorities, non / short payment of special road tax resulted in non-recovery of Government dues of ₹14.88 crore.

(Paragraph 5.4.1 and 5.5)

Token tax and entry tax of ₹1.70 crore for the years 2010-11 and 2011-12 was neither paid by 4,031 vehicle owners nor recovered by 19 registering and licensing authorities and nine regional transport authorities.

(Paragraph 5.6)

VI. Forest Receipts

In four forest divisions, laxity in timely detection of forest offences on the part of the field staff resulted in short seizure 333.497 cu.m of standing volume of timber involving loss of revenue of ₹94.69 lakh.

(Paragraph 6.3)

In two forest divisions, six roads were constructed without prior approval of MoEF / GoI during the years 2006-07 to 2011-12 on 14.57 *hectare* of forest land, which was not detected by the field functionaries of forest department and resulted in enormous environmental loss, breakage of forest land and destruction of plantation. The offence involved a loss of revenue of ₹1.23 crore on account of Net Present Value which otherwise was payable to the department in all the cases of transfer of forest land for non-forestry purpose and departmental charges.

(Paragraph 6.6)

VII. Other Tax and Non-Tax Receipts

Non-deposit of electricity duty of ₹493.40 crore by the Himachal Pradesh State Electricity Board resulted in non-recovery of revenue to that extent and minimum interest liability of ₹34.06 crore on loans raised by the Government, could have been saved if the Board made payments on due dates.

(Paragraph 7.3)

Non-credit of lapsed deposits to the Government revenue account of ₹1.08 crore by eight Buildings and Roads divisions resulted in understatement of revenue to that extent.

(Paragraph 7.5)