

OVERVIEW

This Report contains 31 paragraphs and one Performance Audit relating to under assessments/non-realisation/short realisation of penalties, taxes, duties *etc.* The total money value involved is ₹ 444.93 crore. Some of the major findings are mentioned below:

I. GENERAL

➤ During the year 2011-12, the total revenue raised by the State Government (₹ 1065.78 crore) was 22.90 *per cent* of the total revenue receipts (₹ 4,654.47 crore). The balance 77.10 *per cent* of receipts during 2011-12 comprised of State's share of divisible taxes and duties amounting to ₹ 1,044.19 crore and grants-in-aid amounting to ₹ 2,544.50 crore. The revenue raised by the State Government in 2011-12 as compared to 2010-11 was 22.06 *per cent* higher.

(Paragraph 1.1)

➤ Test check of the records of taxes on sale, trade *etc.*, state excise, motor vehicles tax, forest receipts and other non-tax receipts conducted during the year 2011-12 revealed under assessments/short/non-levy/loss of revenue amounting to ₹ 856.79 crore in 222 cases. During the year, the departments accepted under assessments/short/non levy/loss of revenue of ₹ 187.59 crore in 47 cases pointed out in 2011-12, and recovered ₹ 0.62 crore.

(Paragraph 1.5.1)

II. TAXES ON SALE, TRADE *etc.*

PERFORMANCE AUDIT

A Performance audit on “Assessment, Levy and Collection of Tax under the Meghalaya Value Added Tax Act” revealed the following irregularities:

Due to lack of clarity on the term ‘manufacture’ four industrial units claimed exemption/remission of ₹ 2.82 crore.

(Para 2.8.7.3)

There was loss of revenue of ₹ 9.53 crore on sale of coal between October 2010 and March 2012 due to non-inclusion of royalty in the sale price of coal.

(Para 2.8.7.4)

Four cement manufacturers purchased 5.44 lakh MT of coal valued at ₹ 165.09 crore on which VAT amounting to ₹ 6.62 crore was neither paid by the sellers nor by the purchasers.

(Para 2.8.8.2(B))

Against 6,015 commercial trucks registered by 5,205 transporters with the Regional Transport Offices in Meghalaya, there were only 85 transporters (1.6 *per cent*) registered by the Enforcement Branch under the MVAT Act.

(Para 2.8.8.7)

Penalty amounting to ₹ 2.82 crore was not levied by the STs for non submission of prescribed reports and returns by the defaulting dealers.

(Para 2.8.9.1)

The percentage of scrutiny of returns by the STs varied between zero and 17 *per cent*.

(Para 2.8.9.3)

Twelve dealers irregularly claimed input tax credit of ₹ 1.69 crore which was accepted by the department.

(Para 2.8.9.5(A))

Not a single audit assessment was conducted by the department.

(Para 2.8.9.6(B))

Enforcement branch failed to carry out a single investigation or enquiry between 2007-08 and 2011-12.

(Para 2.8.10.4)

Six Government departments collected VAT amounting to ₹ 2.42 crore but failed to deposit the same.

(Para 2.8.11.1)

Four industrial units irregularly claimed remission of VAT of ₹ 4.75 crore on sale of manufactured goods not approved by the SWA.

(Para 2.8.11.4)

TRANSACTION AUDIT

➤ The Directorate of Technical Education failed to deduct tax at source which enabled a dealer to conceal turnover of ₹ 90.03 lakh and evade tax of ₹ 11.25 lakh on which interest of ₹ 14.63 lakh and penalty of ₹ 22.50 lakh was leviable.

(Paragraph 2.9)

➤ A bonded warehouse disclosed liquor sales of ₹ 73.63 crore on which it claimed exemption from payment of tax which was irregularly accepted by the ST resulting in non-levy of tax of ₹ 14.72 crore.

(Paragraph 2.10)

➤ A cement manufacturer collected excess tax of ₹ 17.17 crore which it was liable to forfeit besides paying a penalty of ₹ 34.34 crore. Two other cement manufacturers irregularly claimed subsidy of ₹ 4.45 crore which they were liable to forfeit besides paying penalty of ₹ 8.90 crore.

(Paragraph 2.11)

➤ Ten coal dealers under-reported to the ST, sales of coal to the extent of 1.54 lakh MT valued at ₹ 46.98 crore, thereby evading tax of ₹ 1.88 crore. Besides penalty of ₹ 3.76 crore was also leviable.

(Paragraph 2.16)

III. STATE EXCISE

➤ 1,47,99,848 bottles of IMFL and beer were sold by bonded warehouses without holograms resulting in revenue loss of ₹ 17.76 lakh.

(Paragraph 3.7)

IV. MOTOR VEHICLES

➤ The Transport Department did not renew leases of three weighbridges resulting in a revenue loss of ₹ 1.10 crore

(Paragraph 4.7)

➤ Three departmental check posts failed to detect overloading by coal trucks to the extent of 6,59,099 MT leading to non-imposition of fines amounting to ₹ 118.50 crore.

(Paragraph 4.8)

V. STAMP DUTY AND REGISTRATION FEES

➤ Three cement manufacturing companies purchased 26 plots of land on payment of 50 *per cent* stamp duty amounting to ₹ 0.84 crore instead of ₹ 1.68 crore resulting in short realisation of ₹ 0.84 crore as stamp duty.

(Paragraph 5.6)

VI. OTHER TAXES

➤ 102 bookmakers' licences were cancelled without realisation of licence fees resulting in loss of revenue of ₹ 66.20 lakh.

(Paragraph 6.4)

VII. FOREST RECEIPTS

➤ Forest royalty amounting to ₹ 1.84 crore was not deposited into the Department's account.

(Paragraph 7.7)

VIII. MINING RECEIPTS

➤ The Department failed to regain control of Borsora and Cherragaon checkposts which were taken over by miscreants resulting in loss of revenue of ₹ 1.35 crore.

(Paragraph 8.6.1)

➤ Issue of irregular order by the DMR led to non-realisation of royalty of ₹ 3.35 crore.

(Paragraph 8.6.2)

➤ The Department failed to detect transport of excess load of coal resulting in loss of revenue of ₹ 14.60 crore.

(Paragraph 8.7)