

**Report of the
Comptroller and Auditor General of India
on
Revenue Sector**

The Report has been laid on the table of the State Legislature Assembly on 22-07-2014

for the year ended 31st March 2013

**Government of Punjab
Report No. 1 of the year 2014**

TABLE OF CONTENTS

Description	Reference to	
	Paragraphs	Page
Preface		v
Overview		vii
Chapter-1-General		
Trend of revenue receipts	1.1	1
Variation between the budget estimates and actuals	1.2	4
Cost of collection of major revenue receipts	1.3	5
Analysis of arrears of revenue	1.4	6
Arrears in assessment	1.5	8
Evasion of tax	1.6	8
Refunds	1.7	9
Response of the Government/Departments towards audit	1.8	9
Lack of responsiveness to audit	1.8.1	10
Departmental Audit Committee Meetings	1.8.2	11
Response of the Departments to the draft audit paragraphs	1.8.3	12
Follow up on the Audit Reports – summarized position	1.8.4	12
Compliance with the earlier Audit Reports	1.8.5	13
Analysis of the mechanism for dealing with the issues raised by audit	1.9	13
Position of Inspection Reports	1.9.1	13
Assurances given by the Department/Government on the issues highlighted in the Audit Reports	1.9.2	14
Recovery of accepted cases	1.9.2.1	14
Action taken on the recommendations accepted by the Departments/Government	1.9.2.2	15
Audit planning	1.10	15
Results of audit	1.11	15
Position of local audit conducted during the year	1.11.1	15
About this Report	1.11.2	15

Description	Reference to	
	Paragraphs	Page
Chapter-2-Taxes/VAT on Sales, Trade etc.		
Tax administration	2.1	17
Results of audit	2.2	17
Audit of incentive scheme implemented under Deferment and Exemption (D&E) Rules 1991	2.3	18
Excess/inadmissible allowance of refund	2.4.1	20
Non/short/excess/inadmissible allowance of Input Tax Credit	2.4.2	21
Short levy of tax	2.4.3	23
Inadmissible availing of exemption	2.4.4	25
Chapter-3-Stamp Duty		
Tax administration	3.1	27
Results of audit	3.2	27
Short levy of stamp duty and registration fee due to misclassification of properties	3.3	28
Short levy of stamp duty due to application of pre-revised rate of stamp duty	3.4	28
Inadmissible remission of stamp duty and registration fee	3.5	29
Short levy of stamp duty and registration fee	3.6	30
Irregular remission of stamp duty and registration fee	3.7	30
Chapter-4-Taxes on Vehicles, Goods and Passengers		
Tax administration	4.1	33
Results of audit	4.2	33
Non/short realization of Motor Vehicle Tax in respect of stage carriage big buses	4.3	33
Short realisation of one time tax	4.4	34
Non realisation of MVT in respect of tourist buses	4.5	34
Chapter-5-Other Tax and Non Tax Receipts		
Tax administration	5.1	37
Results of audit	5.2	37
Unauthorised retention of royalty and its utilisation	5.3	38
Performance Audit on “Levy and Collection of Electricity Duty”	5.4	40
Introduction	5.4.1	40
Organisational set up of the Department	5.4.2	41
Audit objectives	5.4.3	41
Scope of audit and criteria	5.4.4	42
Acknowledgement	5.4.5	42

Description	Reference to	
	Paragraphs	Page
Trend of revenue	5.4.6	42
Non reconciliation of receipt with the treasury accounts	5.4.7	43
Position of arrears of ED	5.4.8	43
Non formulation and notification of rules	5.4.9	45
Loss of revenue to state exchequer due to inadmissible grant of exemptions to the industrialists	5.4.10.1	46
Irregular adjustment of DSSF towards subsidy payable by the Government	5.4.10.2	46
Inadequate mechanism of inspections by field staff	5.4.11	47
Inadequate monitoring, evaluation and internal control	5.4.12	48
Conclusions	5.4.13	48
Recommendations	5.4.14	49
Annexure "A"		51