

OVERVIEW

The report contains 34 paragraphs involving ₹ 1236.88 crore relating to non/short levy of taxes, interest, penalty, etc., and a performance audit on “Public service delivery including functioning of IT services (CFST) in Transport Department” involving ₹ 749.52 crore with total financial impact of ₹ 1986.40 crore. Some of the significant Audit findings are mentioned below.

1 GENERAL

- The total revenue receipts of the State Government for the year 2013-14 amounted to ₹ 110718.83 crore against ₹ 103830.28 crore for the previous year. State tax and non-tax revenue accounted for 72 *per cent* of this (₹ 64123.53 crore and ₹ 15472.86 crore respectively). The remaining 28 *per cent* was received from Government of India as State share of divisible Union taxes (₹ 22131.89 crore) and Grants-in-aid (₹ 8990.55 crore).

(Paragraph 1.1.1)

- Test check of 279 units of VAT, Land revenue, State excise, Motor vehicles, Stamp duty and Registration fees and other departmental offices conducted during 2013-14 revealed preliminary audit findings involving non levy/short levy of taxes, duties etc., amounting to ₹ 2314.38 crore in 1784 cases.

(Paragraph 1.10.1)

2 TAXES / VAT ON SALES, TRADE etc.

Audit noticed that

- in three offices of CTOs, incorrect exemption on goods worth ₹ 765.04 crore purchased from outside the State and incorporated in works led to short levy of tax of ₹ 92.60 crore.

(Paragraph 2.4.4)

- in five offices, tax of ₹ 30.88 crore collected in excess of liability from works contractors was not forfeited to Government account.

(Paragraph 2.4.5)

- there was short levy of tax of ₹ 5.22 crore on 27 works contractors due to incorrect determination of their taxable turnovers.

(Paragraphs 2.4.6 and 2.10.1.1)

- failure to file appeal in High Court on time against an order of STAT lead to opportunity lost of safeguarding revenue of ₹ 4.21 crore.

(Paragraph 2.4.7)

- refund of ₹ 62 lakh was made to an unregistered works contractor in contravention to the provisions of the APVAT Act.

(Paragraph 2.4.8)

- sales tax arrears of ₹ 9.29 crore were incorrectly written off though the dealers were not qualified for such exemption.

(Paragraph 2.5.5)

- in 38 offices of Commercial Taxes Department, 50 dealers claimed excess ITC of ₹ 8.73 crore.

(Paragraph 2.6)

- incorrect computation of turnovers/application of incorrect rates of tax for the assessment years 2009-10 to 2012-13 resulted in short levy of tax of ₹ 8.08 crore by 21 CTOs on 67 dealers.

(Paragraph 2.7)

- in 20 offices, interest of ₹ 9.07 crore was not levied on 31 dealers for belated payment of tax/deferred tax.

(Paragraphs 2.8 and 2.9)

- in 24 cases, tax of ₹ 1.82 crore was short levied on interstate sales not covered by “C” forms.

(Paragraph 2.11)

- in eight cases, purchase tax of ₹ 1.33 crore was not levied on goods.

(Paragraph 2.12)

- penalty of ₹ 1.17 crore was not levied on 27 dealers for failure to file returns/belated payment of tax/using invalid invoices.

(Paragraph 2.13)

- export sales/high sea sales reported by 10 dealers were exempted without documentary evidence, leading to short levy of tax of ₹ 89.91 lakh.

(Paragraphs 2.14 and 2.18)

- there was non-levy of penalty of ₹ 60.20 lakh on misuse of “C” declaration forms for interstate purchase of commodities not included in the certificate of registration.

(Paragraph 2.15)

- incorrect computation of taxable turnover led to short levy of tax of ₹ 48.06 lakh.

(Paragraphs 2.17)

3 STATE EXCISE DUTIES

- In six offices of Prohibition and Excise, Additional Licence Fee of ₹ 55 lakh was not levied on eight bars and restaurants.

(Paragraph 3.4)

- In case of 25 liquor shops, permit room licence fee was not/short levied by ₹ 24.49 lakh.

(Paragraph 3.5)

4 STAMP DUTY AND REGISTRATION FEES

- Misclassification of 18 PPP lease agreements led to non-levy of stamp duty of ₹ 665.38 crore.

(Paragraph 4.4.3)

- Non registration of 33 BOT lease agreements led to non-levy of stamp duty and registration fees of ₹ 43.77 crore.

(Paragraph 4.4.4)

- In 69 documents executed between March 2011 and March 2013, stamp duty and registration fees of ₹ 2.52 crore was short levied due to non-verification of facts.

(Paragraph 4.6.1)

- Under valuation of properties in 15 documents registered during 2011-12 to 2013-14 resulted in short levy of stamp duty, transfer duty and registration fees of ₹ 47.93 lakh.

(Paragraph 4.7)

- 24 lease deeds involved in issue of bar licences were not registered which led to non-levy of stamp duty and registration fees of ₹ 55.49 lakh.

(Paragraph 4.8)

5 TAXES ON MOTOR VEHICLES

A Performance Audit on ‘**Public service delivery including functioning of IT services (CFST) in Transport Department**’ with money value of ₹ 749.52 crore revealed the following:

- Absence of time limit in AP Motor Vehicle Taxation Act/ Rules led to non-initiation of action for issue of final demands leading to non-realisation of revenue of ₹ 461.32 crore.

(Paragraph 5.4.8)

- There is no provision in the AP Motor Vehicle Rules, prescribing time limit for permanent registration of motor vehicles on account of which due date for renewal gets extended, impacting tax revenue.

(Paragraph 5.4.9)

- Ineffective monitoring resulted in non-realisation of quarterly tax and penalty amounting to ₹ 23.22 crore.

(Paragraph 5.4.11.2)

- Belated adjustment of demand drafts with delay ranging from 11 to 80 days, resulted in loss of interest amounting to ₹ 1.96 crore.

(Paragraph 5.4.12.4)

IT Services

- Ad hoc approach was adopted in capacity planning while implementing three-tier architecture for the software package called Citizen Friendly Services in Transport department (CFST).

(Paragraph 5.4.15.2)

- No provision was made in CFST to identify vehicles which were issued No Objection Certificates (NOC) for transfer to other States. In the absence of this, risk of vehicles re-entering and plying within the State without payment of life-tax remains.

(Paragraph 5.4.16.1)

- DCB statements generated through systems had shown incorrect figures of revenue earned, balance due and arrears to be realised.

(Paragraph 5.4.16.3)

- Scrutiny of data revealed that vehicles remained in active status though validity of their registration had expired.

(Paragraph 5.4.17.1)

- There were no documented plans for disaster recovery and business continuity.

(Paragraph 5.4.20.2)

6 LAND REVENUE

- Conversion tax of ₹ 85.96 lakh was not levied on the Government land of 752.40 acres alienated to eight allottees in four RDOs.

(Paragraph 6.4.3)

- In 32 Revenue divisions, conversion tax of ₹ 170.01 crore and penalty of ₹ 85 crore were not levied on 13,782.62 acres irregularly converted for non-agricultural purposes.

(Paragraph 6.4.4.1)

- On 2041 mining leases executed during 2008-2013, conversion tax of ₹ 40.11 crore and penalty of ₹ 20.06 crore were not levied.

(Paragraph 6.4.4.2)

- Non-finalisation of alienation proposals for advance possession of Government land resulted in non-realisation of revenue of ₹ 25.45 crore.

(Paragraph 6.5)

7 OTHER TAX AND NON-TAX RECEIPTS

- In six Mandals, there was short-levy of water tax of ₹ 96.86 lakh due to incorrect finalisation of demand.

(Paragraph 7.2.6)

- In 20 Tahsildar offices, there was non/short levy of road cess of ₹ 55.37 lakh in command areas of Irrigation Projects.

(Paragraph 7.2.9)