

OVERVIEW

This Report contains 34 paragraphs involving ₹ 228.02 crore, including two Performance Audits on ‘**Levy and Collection of Value Added Tax on Works Contract**’ and ‘**Receipts from Minor Minerals**’. Some of the significant audit findings are mentioned below:

I. General

The total revenue receipts of the Government of Rajasthan during 2013-14 were ₹ 74,470.37 crore as against ₹ 66,913.01 crore for the year 2012-13. The revenue raised by the Government amounted to ₹ 47,052.95 crore comprising tax revenue of ₹ 33,477.70 crore and non-tax revenue of ₹ 13,575.25 crore. The receipts from the Government of India were ₹ 27,417.42 crore (State’s share of divisible Union taxes of ₹ 18,673.07 crore and grants-in-aid of ₹ 8,744.35 crore).

(Paragraph 1.1)

Inspection Reports (IRs) issued upto December 2013 disclosed that 9,477 paragraphs involving ₹ 4,592.63 crore relating to 2,896 IRs remained outstanding at the end of June 2014.

(Paragraph 1.6)

II. Taxes/VAT on Sales, Trade, etc.

A Performance Audit of ‘**Levy and Collection of Value Added Tax (VAT) on Works Contract**’ disclosed the following:

- There was no separate sub-head for classifying the works contract receipts as such the performance of the Department relating to the total receipts on account of works contract could not be ascertained.

(Paragraph 2.4.7)

- Analysis of data of returns revealed that during the last three years on an average 66 *per cent* dealers had either not filed their returns or had filed their returns with nil turnovers. No attempt was made by the Department to ascertain the reasons for non-filing or filing of returns with nil turnovers.
- Audit found that four dealers were assessed with nil turnover though their turnover was ₹ 91.20 crore, involving tax liability of ₹ 1.57 crore.

(Paragraph 2.4.8)

- No system existed for watching the receipt of the Form VAT-40 received from the awarders and for utilising the information, wherever received in the registration and assessment of the concerned dealers. Twelve works contractors involving a tax liability of ₹ 93.80 lakh were not found registered with the Department.

(Paragraph 2.4.9)

- The Assessing Authorities of five WT circles issued 41,767 VAT-41 forms during 2008-09 to 2012-13 to 527 awarders, though they were not authorised to issue the same. In five cases interest and penalty of ₹ 32.97 lakh were not levied on the awarders for delay in depositing the tax deducted at source (TDS) by them while in another case TDS was deposited short by ₹ 39.12 lakh.

(Paragraphs 2.4.10 & 2.4.11)

- In nine cases deductions of turnover of ₹ 79.76 crore from the taxable turnover was allowed to sub-contractors, without ascertaining that the payment of tax was made by the principal contractors.
- Nine principal contractors did not deduct TDS amount of ₹ 2.39 crore while making payment to sub-contractors. There was nothing on record to indicate that the principal contractors had paid the tax on this turnover.

(Paragraph 2.4.12)

- The Assessing Authorities did not follow the correct procedure laid down in the RVAT Rules for determination of taxable turnover. This resulted in underassessment of taxable turnover and consequently short levy of tax of ₹ 2.39 crore, including interest of ₹ 0.63 crore.

(Paragraph 2.4.13.1)

- Application of incorrect rate of exemption fee resulted in short levy of exemption fee and interest of ₹ 12.85 crore.

(Paragraph 2.4.14)

Inadmissible benefit of concessional tax was allowed on motor vehicles sold to works contractors in the course of inter-State sale which resulted in short levy of tax and interest amounting to ₹ 1.99 crore.

(Paragraph 2.7)

Non-levy of entry tax on the goods purchased from other States for consumption or use in the business resulted in non-recovery of tax of ₹ 4.72 crore and interest of ₹ 1.69 crore.

(Paragraph 2.9)

III. Taxes on Vehicles, Goods and Passengers

Motor vehicle tax and special road tax of ₹ 12.37 crore in respect of 4,054 vehicles for the period between April 2010 and March 2013 were either not paid or paid short.

(Paragraph 3.4)

Short realisation of special road tax, surcharge and penalty aggregating to ₹ 2.81 crore was noticed against a fleet owner Rajasthan State Road Transport Corporation.

(Paragraph 3.5)

IV. Land Revenue

In two cases the Department applied incorrect District Level Committee rates in working out the cost of lands allotted to a religious body of Barmer and to Rajasthan Housing Board. This resulted in short realisation of revenue of ₹ 4.81 crore.

(Paragraph 4.5)

Agricultural Land was used for non-agricultural purposes without conversion of land use resulting in either non-recovery or short recovery of conversion charges of ₹ 1.87 crore.

(Paragraph 4.6)

In three cases, 421.165 *bigha* land was allotted in excess of limit prescribed for allotment of land to Solar Power Producers at concessional rate of 10 *per cent* of District Level Committee rates resulting in short realisation of ₹ 95.90 lakh.

(Paragraph 4.8)

V. Stamp Duty and Registration Fee

Three Sub-Registrars (SRs) determined the value of the properties purchased by educational institutions at agricultural rate instead of 1.5 times of the residential rate (RR). This resulted in short levy of Stamp Duty (SD) and Registration Fee (RF) amounting to ₹ 59.34 lakh.

(Paragraph 5.4)

Benefit of lower rate of SD, available to Power of Attorney holders under Article 44 (ee) (ii) to the Schedule of the Rajasthan Stamp Act, 1998, was irregularly extended to ineligible persons. This resulted in short levy of SD of ₹ 60.54 lakh.

(Paragraph 5.6)

The recitals of 42 documents of sale of plots/flats/shops disclosed that developers were entitled to retain and dispose of developed property. These were to be classified as conveyance deeds instead were treated as development agreements. This resulted in short-levy of SD and RF of ₹ 13.91 crore.

(Paragraph 5.7.1)

Mis-classification of development agreements and undervaluation of property resulted in short levy of SD and RF amounting to ₹ 26.48 crore.

(Paragraph 5.7.2)

The SR allowed rebate in SD treating the property as heritage property in contravention of notification dated 24 March 2005 as the property was neither a heritage property nor was declared so by Tourism Department. The SR also undervalued the part of the property treating it partly as industrial and partly as residential resulting in short recovery of SD of ₹ 4.39 crore.

(Paragraph 5.8)

VI. State Excise

Special Vend Fee (SVF) of ₹ 3.69 crore on IMFL and beer were neither deposited by the CSD nor demanded by the Department. This resulted in non-levy of SVF amounting to ₹ 3.69 crore.

(Paragraph 6.5)

In District Excise Officer (DEO), Alwar 1.55 lakh bulk litres (19,851 cartons) of beer involving excise duty of ₹ 66.66 lakh exported by five breweries were either not or short delivered. Duty was neither paid by the Breweries nor was it demanded by the Department. This resulted in non-levy of State Excise Duty of ₹ 66.66 lakh.

(Paragraph 6.6)

In DEO, Behror it was found that 7,609 cartons of beer became non-potable in the bonded warehouses as these remained unsold for a period over six months from the date of their manufacture. The department neither recovered the duty nor referred the case to the Commissioner, State Excise for decision. This resulted in non-levy of excise duty of ₹ 29.41 lakh.

(Paragraph 6.7)

DEO Alwar in the month of July 2012 had accounted for production of 40.06 lakh BL strong beer in monthly statement instead of 41.01 lakh BL resulting in excess wastage of 0.81 lakh BL beer beyond the permissible limit. This resulted in non-levy of state excise duty of ₹ 36.92 lakh.

(Paragraph 6.9)

VII. Non-Tax Receipts

A Performance Audit of 'Receipts from minor minerals' disclosed the following irregularities/deficiencies.

- Audit scrutiny of records of 10 AME/ ME disclosed that the Environment Management Fund ₹ 6.53 crore was not collected from 289 lessees, permit holder and contractors

(Paragraph 7.4.10)

- Nine committees/Joint Inspection Teams were formed for investigating the illegal extraction and allotment of leases of minor mineral in five cases. Of these, in one case of *Moda Pahar* four committees/JIT were formed while in another case two committees were formed without any fruitful results. The amount involved in the illegal extraction aggregated to revenue of ₹ 177.08 crore.

(Paragraph 7.4.11)

- During test check of records revealed that in 11 selected ME/AME offices, Out of 5,250 appeal cases, 4,588 appeal cases were disposed of and 662 cases were pending with the Department.

(Paragraph 7.4.12)

- Grant of leases of mineral masonry stone in the area reserved for the noble metals in Sikar district.

(Paragraph 7.4.13)

- In seven ME/AME offices, out of 10,751 assessment cases, 8,177 assessment cases were finalised leaving 2,574 assessment cases pending as on 31 March 2013. No time limit was fixed for finalisation of the assessments.

(Paragraph 7.4.14.1)

- It was noticed that 75 works contractors excavated/consumed minerals like masonry stone, *bajri*, *murrum*, ordinary soil, *etc.* either without obtaining short term permits (STP) or in excess of 25 *per cent* over the quantity permitted in the STP. The cost of minerals illegally excavated worked out to ₹ 8.33 crore.

(Paragraph 7.4.15)

- In nine ME/AME offices, 1969 STPs involving royalty of ₹ 10.41 crore issued during the year 2009-10 to 2012-13 to the Public Works Department contractors were pending for royalty assessments.

(Paragraph 7.4.19)

- Internal Audit was not being conducted by the Department since 2004-05; the inspections were also not conducted in accordance with the prescribed norms. No co-ordination was found between Rajasthan State Pollution Control Board and the Director Mines and Geology to ascertain the quantity of the mineral extracted in excess of the prescribed quantity.

(Paragraph 7.4.20)

One lessee excavated and despatched mineral in excess of the quantities assessed by the Mining Engineer. This resulted in non-recovery/short recovery of royalty of ₹ 2.46 crore for minerals Quartz and Felspar.

(Paragraph 7.5)

