

## OVERVIEW

This Report contains 23 paragraphs including two Performance Audit involving ₹ 190.43 crore. Some of the major findings are as mentioned below:

### I. General

The total revenue receipts of the Government of Gujarat in 2015-16 were ₹ 97,482.58 crore as against ₹ 91,977.78 crore during 2014-15. The revenue raised by the State from tax receipts during 2015-16 was ₹ 62,649.41 crore and from non-tax receipts was ₹ 10,193.51 crore. State's share of divisible Union taxes and grants-in-aid from the Government of India were ₹ 15,690.43 crore and ₹ 8,949.23 crore respectively. Thus, the revenue raised by the State Government was 75 *per cent* of the total revenue receipts. The main sources of tax revenue during 2015-16 were value added tax/central sales tax (₹ 44,091.05 crore) and Taxes and Duties on Electricity (₹ 5,999.66 crore). The main receipt under non-tax revenue came from non-ferrous mining and metallurgical industries (₹ 3,350.19 crore).

(Paragraph 1.1)

### II. Value Added Tax (VAT)/Sales Tax

In 55 assessments of 54 dealers, there was short levy of VAT of ₹ 5.27 crore due to misclassification of commodities.

(Paragraph 2.3)

In assessments of nine dealers, there was short levy of tax of ₹ 1.91 crore due to incorrect determination of turnover.

(Paragraph 2.4)

In assessments of 21 dealers, the Assessing Authority (AA) had allowed excess input tax credit (ITC) or had either not reversed/reduced ITC or had reduced ITC less than that was due to the Government side. This had resulted in non/short reduction/reversal of ITC to the extent of ₹ 1.51 crore.

(Paragraph 2.5)

### III. Land Revenue

In three Collector offices, premium price of ₹ 47.27 lakh was short recovered in eight cases of change of tenure of land for the period 2012-13 and 2013-14.

(Paragraph 3.2)

In two Collector offices, the conversion tax of ₹ 7.33 crore was not levied in two cases for the period 2012-13 and 2013-14.

(Paragraph 3.3)

#### **IV. Taxes on vehicles**

Performance Audit of “Administration of Motor Vehicles Tax” revealed the following:

All the modules of VAHAN and SARATHI were not implemented. Out of the five modules of VAHAN Software, only Vehicle Registration module was implemented and was in operation. In SARATHI Software, of the four modules only two modules viz., Learner Licence and Driving Licence modules were implemented and were in operation.

**(Paragraph 4.2.7.1)**

The check posts were not interlinked with National/ State Register of RTOs, check posts and the deficiencies pointed out in the earlier Audit Report persisted.

**(Paragraph 4.2.7.2)**

The Department did not know the number of the vehicles that were plying without valid fitness certificates. As a result, the fitness of the vehicles required for plying on road was not ensured, thus compromising road safety norms.

**(Paragraph 4.2.8)**

Operators of 3,267 transport and non-transport vehicles had neither paid tax nor filed non-use declarations for the periods between 2010-11 and 2014-15. This resulted in non-realisation of motor vehicles tax of ₹ 12.43 crore.

**(Paragraph 4.2.19)**

Periodical targets were not fixed by the Department for the recovery of arrears of tax related to RRC cases.

**(Paragraph 4.2.20.2)**

#### **V. Stamp Duty and Registration Fees**

Performance Audit of “IT Audit of gARVI- System of registration of documents” revealed the following:

There was absence of proper documentation and ownership of source code.

**(Paragraph 5.3.5.1)**

User requirement specifications were not assessed. As a result, manual intervention continued in the process of registration of the documents such as non provision of access to gARVI system to the Deputy Collectors (SDVO) for determination of market value of properties, levy of penalty in case of delay in presentation of documents for registration, etc.

**(Paragraph 5.3.5.3)**

There were inadequate input controls and validation checks in the system which compromised the correctness and reliability of data being fed in the system.

**(Paragraph 5.3.6)**

gARVI was not integrated with the website of Stock Holding Corporation of India Limited (SHCIL) to facilitate locking of E-Stamps as a result of which the possibility of fraud by using e-stamps on more than one occasion cannot be ruled out.

**(Paragraph 5.3.7.1)**

Follow-up Audit of the Performance Audit of “Levy and Collection of Stamp Duty and Registration Fees” revealed the following:

- Due to persistent lack of co-ordination with Registrar of Companies, the Department could not ascertain whether 13,225 out of 14,140 companies/firms have paid stamp duty of ₹ 81.32 crore on the issue of shares during the period from 2012-13 to 2014-15.

**(Paragraph 5.4.4.1)**

- There were 2,18,989 cases pending as on 31.03.2015 for finalisation under Section 32A of the Gujarat Stamp Act, 1958. This was due to lack of monitoring mechanism and absence of a timeframe for finalisation of determination of market value cases.

**(Paragraph 5.4.5.1)**

In four Sub Registrar offices, the market value of the properties was determined incorrectly in 19 documents, which resulted in short levy of stamp duty and registration fees of ₹ 91.58 lakh.

**(Paragraph 5.5)**

In three Sub Registrar offices, there was short levy of stamp duty and registration fees of ₹ 27.17 lakh in three documents due to incorrect calculation of average annual rent (in case of lease deed)/ non consideration of market value of immovable property (in case of partnership deed/ dissolution of partnership).

**(Paragraph 5.8)**

## **VI. Other Tax and Non-tax Receipts**

During test check of the Demand and Collection Registers of the office of the Assistant Geologist, Gandhinagar for the period 2009-10 to 2013-14, we noticed in nine cases that the Department failed to ensure recovery of royalty in advance. This resulted in short levy of royalty of ₹ 35.51 lakh.

**(Paragraph 6.4)**

In the offices of two Assistant Geologists for the period 2009-10 to 2013-14, in 23 cases of minor minerals, either the lease holders did not extract any

minerals from the leased area or the royalty payable was less than dead rent payable. They were liable to pay dead rent or differential amount between dead rent and royalty paid. However, no demand for the same was raised by the Department. This resulted in non/ short levy of dead rent of ₹ 17.60 lakh.

**(Paragraph 6.5)**