

Overview

This Report contains one performance audit on “**Levy and Collection of Excise Duty**” and 22 paragraphs relating to non/short levy of value added tax/central sales tax, excess refunds in VAT, short deposit of license fee, non/short levy of stamp duty, non/short realisation of motor vehicle tax, short levy of marriage registration fee and non-realisation of entertainment duty involving financial effect of ₹ 336.04 crore.

1. Chapter -I

General

The total receipts of the State Government for the year 2016-17 were ₹ 47,985.42 crore. The Government raised ₹ 33,609.86 crore, comprising tax revenue of ₹ 27,746.66 crore and non-tax revenue of ₹ 5,863.20 crore. The State Government received ₹ 9,599.73 crore as State’s share of divisible Union taxes and ₹ 4,775.83 crore as Grants-in-aid from the Government of India.

(Paragraph 1.1.1)

Test check of the records of 288 units administering Sales Tax/Value Added Tax, State Excise, Taxes on Motor Vehicles, Forest Receipts and other Departmental offices conducted during the year 2016-17 showed under assessment /short levy/loss of revenue aggregating ₹ 518.15 crore in 17,624 cases. The Departments recovered ₹ 9.70 crore in 5,107 cases during 2016-17, out of which ₹ 0.07 crore in 14 cases was for the year 2016-17 and rest in earlier years.

(Paragraph 1.10.1)

2. Chapter -II

Taxes/VAT on Sales, Trade etc.

The designated officer allowed irregular concession of ₹ 26.28 lakh on the basis of a non-genuine ‘C’ form which was not obtained from prescribed authority of the issuing State of Haryana.

(Paragraph 2.3)

In three AETCs, ITC of ₹ 12.58 lakh was reversed against the actual amount of reversal of ₹ 83.98 lakh on branch transfer of ₹ 20.51 crore resulting in short levy of tax of ₹ 71.40 lakh.

(Paragraph 2.4)

Purchase tax was not reversed where product manufactured from Schedule-H goods were sold in the course of interstate trade at concessional rate of tax, resulting in short levy of tax of ₹ 1.78 crore.

(Paragraph 2.5)

In four cases, the designated officers reversed ITC of ₹ 48.86 lakh against the reversible of ITC of ₹ 114.94 lakh on tax free sales resulting in short levy of tax of ₹ 66.08 lakh.

(Paragraph 2.7)

A dealer under AETC Fazilka deliberately altered figures of four 'H' forms and increased the value of the export by ₹ 1.61 crore. The designated officer accepted the altered figures and allowed exemption from tax resulting in short levy of tax of ₹ 6.42 lakh.

(Paragraph 2.8)

In seven cases, purchase tax/ITC of ₹ 26.84 crore was retained by designated officers on closing stock of Schedule-H goods against the actual amount of ₹ 42.64 crore, resulting in short levy of tax of ₹ 15.80 crore.

(Paragraph 2.9)

The designated officer allowed set off of ITC of ₹ 149.88 lakh instead of allowable ITC of ₹ 107.52 lakh brought forward from previous year which resulted in short levy of tax of ₹ 42.36 lakh.

(Paragraph 2.10)

In AETC Kapurthala, the designated officer allowed inadmissible deduction of ₹ 2.01 crore to works contractor on account of material supplied by Government Department resulting in short levy of tax of ₹ 8.02 lakh.

(Paragraph 2.11)

Application of incorrect provision relating to levy of interest in assessment orders by 10 AETCs, resulted in short levy of interest of ₹ 190.28 crore in 38 cases.

(Paragraph 2.15)

3. Chapter -III

State Excise

Performance Audit on "**Levy and collection of Excise Duty**" showed the following:

- There were no timeline or penal provision to ensure payment of license fee within reasonable time by the restaurants holding license L-52. Similarly, there was absence of penal provision for delay in payment of overtime fee.

(Paragraphs 3.3.9.1 and 3.3.9.2)

- There was lack of norms for recovery of alcohol from molasses. Norms for recovery of alcohol from grains, though prescribed, were not implemented.

(Paragraphs 3.3.9.3 and 3.3.9.4)

- Rules to levy duty on quantity of beer produced and norms for allowing wastage over the produced quantity were not prescribed by the Department despite having such intention.

(Paragraph 3.3.9.5)

- Deficiency in system of obtaining surety bond put government revenue of ₹ 46.01 crore at stake.

(Paragraph 3.3.10)

- Cow cess of ₹ 9.72 crore was not recovered despite issue of notification by Department of Local Government, Punjab.

(Paragraph 3.3.11)

- License fee of ₹ 1.10 crore was short realized from one licensee as the sale of beer was not taken into account for arriving at license fee of L-1A license.

(Paragraph 3.3.14)

4. Chapter -IV

Stamp Duty

Non-observance of codal provision resulted in misappropriation of Government money of ₹ 0.30 lakh in the office of Sub-Registrar Mansa.

(Paragraph 4.3)

Failure to comply with the Government instructions resulted in non-levy of additional stamp duty for Social Security Fund amounting to ₹ 10.56 lakh.

(Paragraph 4.4)

The Collector did not specify the names of the villages for the purpose of levy of Additional stamp duty (ASD) after extension of boundaries of Phagwara Corporation due to which the Department could not charge ASD of ₹ 28.87 lakh.

(Paragraph 4.5)

19 SRs/JSRs short levied Stamp Duty and Registration Fee of ₹ 7.71 crore in 57 cases due to misclassification of properties.

(Paragraph 4.6)

Failure of SR in not exercising delegated authority in compliance with the Government instructions resulted in inadmissible remission of Stamp Duty and Registration Fee of ₹ 15.92 lakh.

(Paragraph 4.7)

In 28 instruments, 21 SRs/JSRs allowed inadmissible remission of additional stamp duty for Social Security Fund (SSF) and Social Infrastructure Cess (SIC) of ₹ 76.43 lakh despite having clarification of Government on the contrary.

(Paragraph 4.8)

5. Chapter -V

Taxes on Motor Vehicles

In two RTAs and three DTOs, Motor Vehicle Tax of ₹ 38.68 lakh was short realised from four companies/institutes and two state road transport authorities plying buses in Punjab.

(Paragraph 5.3)

6. Chapter -VI

Forest, Other Tax and Non Tax receipts

Non-application of correct rates resulted into short realisation of marriage registration fee of ₹ 10.76 lakh in 769 cases.

(Paragraph 6.3)

Multiplexes availed exemption of ₹ 38.92 crore without obtaining exemption certificates from the Department.

(Paragraph 6.4.2)

Arrears of ₹ 13.55 crore of Entertainment Tax from Cinema owners were not recovered even after the lapse of more than three years.

(Paragraph 6.4.3)

The Department did not take steps to ensure that all the cable operators, hotels and marriage palaces were brought into the tax net which resulted in non-realisation of potential revenue of ₹ 3.06 crore.

(Paragraphs 6.4.4, 6.4.5.2 and 6.4.6)

Penalty of ₹ 1.88 crore was not levied for non/delayed filing of returns by hotels, marriage palaces and banquet hall owners.

(Paragraph 6.4.9)