

OVERVIEW

The report contains 22 paragraphs, including one Performance Audit, relating to non / short levy of taxes, interest, penalty, etc. involving ₹ 3,984.52 crore. Some of the major findings are mentioned below:

I General

The total revenue receipts of the State during 2017-18 were ₹ 1,46,279.76 crore, comprising tax revenue of ₹ 93,736.60 crore and non-tax revenue of ₹ 10,764.01 crore. ₹ 27,099.71 crore was received from the Government of India as State's share of divisible Union taxes and ₹ 14,679.44 crore as grants-in-aid. The revenue raised by the State Government in 2017-18 was 71 *per cent* of the total revenue receipts as compared to 68 *per cent* in 2016-17. Sales tax and Goods and Services Tax (₹ 70,945.46 crore) formed a major portion (76 *per cent*) of the tax revenue of the State. Interest receipts, dividends and profits (₹ 5,357.15 crore) accounted for 50 *per cent* of the non-tax revenue.

(Paragraph 1.1)

Test check of records relating to commercial taxes, motor vehicles tax, stamp duty and registration fee, mines and minerals and land revenue during the year 2017-18 revealed under-assessments, short levy, loss of revenue and other observations amounting to ₹ 4,432.44 crore in 3,544 cases.

(Paragraph 1.9)

II Value Added Tax / Central Sales Tax

Audit of Transition to Goods and Service Tax in Tamil Nadu revealed the following:

- 96,854 dealers were not migrated into GST. Out of this, 11,793 dealers, had turnover more than ₹ 20 lakh in the year 2016-17. 1,790 dealers in 288 circles whose registration were cancelled under VAT regime were incorrectly migrated and bifurcated between Centre and State Tax Authorities.

(Paragraphs 2.4.2.1, 2.4.2.3 and 2.4.2.4)

- There were irregular claims of transitional credit of ₹ 1,451.02 crore in respect of 4,268 cases in 153 selected assessment circles.

(Paragraph 2.4.3.3)

Audit of IT Preparedness of the Commercial Tax Department for implementation of GST in Tamil Nadu revealed the following:

- There was incorrect claim of ITC by cancelled dealers, dealers who filed nil returns or did not file returns, amounting to ₹ 52.22 crore

(Paragraph 2.5.3.2)

- System accepted incorrect rates of tax that resulted in short levy of ₹ 11.65 crore

(Paragraph 2.5.3.5)

Other Audit Observations

- Incorrect claim of input tax credit of ₹ 2.59 crore was noticed in 14 cases.

(Paragraph 2.6.3)

- Non / short reversal of input tax credit of ₹ 14.65 crore was noticed in 22 cases involving sale of exempted goods and stock transfer of goods to other States.

(Paragraph 2.6.4)

III Stamp Duty and Registration Fee

- In 19 registering offices, misclassification of instruments by the registering authorities resulted in short collection of stamp duty and registration fee of ₹ 67.33 lakh.

(Paragraphs 3.4.1 and 3.4.2)

- Incorrect allocation of transfer duty surcharge of ₹ 62.66 lakh was noticed in 57 instruments.

(Paragraph 3.4.3)

IV Taxes on Vehicles

- Non-collection of life time tax from owners of old tourist motor cab amounted to ₹ 32.61 lakh.

(Paragraph 4.4.2)
- Misclassification of Private Service Vehicles as Educational Institution Vehicles resulted in short realisation of tax of ₹ 21.15 lakh.

(Paragraph 4.4.4)
- Misclassification of Contract Carriages as Private Service Vehicles resulted in loss of revenue of ₹ 18.53 lakh.

(Paragraph 4.4.5)

V Non-Tax Receipts

Mines and Minerals

Performance Audit of System of Mineral Wealth Management in Tamil Nadu revealed the following:

- Delay in formulation of State Mineral Policy and Granite Policy resulted in absence of viable exploration projects and non-exploration of Molybdenum.

(Paragraphs 5.4.2.1, 5.4.2.2, 5.4.2.3 and 5.4.2.4)
- Non-utilisation of Online Mining Tenement Registry System resulted in pit mouth violations in 42 cases involving cost of mineral of ₹ 1,586.00 crore.

(Paragraph 5.4.4.1)

- Independent analysis of Audit through UAV revealed illegal removal of limestone and granite that resulted in non-collection of SF and cost amounting to ₹ 79.24 crore

(Paragraph 5.4.4.3)

- Non-collection of cost of minerals in the cases of excess removal of Granite and Rough stone over and above the mining plan involving ₹ 548.95 crore.

(Paragraph 5.4.4.4)