TABLE OF CONTENTS

Paragraph		Page
	Preface	V
	Overview	vii - x

	CHAPTER I	
	GENERAL	
1.1	Trend of revenue receipts	1
1.2	Analysis of arrears of revenue	4
1.3	Arrears in assessments	5
1.4	Evasion of tax detected by the Department	5
1.5	Pendency of Refund Cases	5
1.6	Response of the Departments/Government towards audit	6
1.6.1	Department-wise details of the Inspection Reports and audit observations	7
1.6.2	Departmental Audit Committee Meetings	7
1.6.3	Non-production of records to audit for scrutiny	7
1.6.4	Response of the Departments to draft Audit Paragraphs	8
1.6.5	Follow-up of Audit Reports	8
1.7	Analysis of the mechanism for dealing with the issues raised by Audit	9
1.7.1	Position of Inspection Reports	9
1.7.2	Recovery of accepted cases	9
1.8	Audit planning	10
1.9	Results of audit	10
1.10	Scope of this Report	10

Paragraph	Page

	CHAPTER II VALUE ADDED TAX/ CENTRAL SALES TAX	
2.1	Tax administration	11
2.2	Internal audit	11
2.3	Results of audit	11
2.4	Audit of 'Transition to Goods and Services Tax in Tamil Nadu'	13
2.5	Audit of 'IT Preparedness of the Commercial Taxes Department for implementation of Goods and Services Tax'	27
2.6	Other Audit Observations	38
	Value Added Tax	
2.6.1	Incorrect allowance of compounded rate of tax	38
2.6.2	Escapement of taxable turnover	38
2.6.3	Irregularities in claim of Input tax credit	41
2.6.4	Non/Short reversal of Input tax credit	42
2.6.5	Non-levy of interest for belated payment of tax	43
2.6.6	Incorrect grant of exemption	43
2.6.7	Application of Incorrect rate of tax	44
2.6.8	Non-levy of purchase tax	44
2.6.9	Failure to initiate action on the advice of the auditor contained in the certificate of audited accounts in Form WW	45
	Central Sales Tax	
2.6.10	Application of Incorrect rate of tax	45
2.6.11	Incorrect computation of tax	46

Paragraph	Page
-----------	------

CHAPTER III		
STAMP DUTY AND REGISTRATION FEE		
3.1	Tax administration	47
3.2	Internal audit	47
3.3	Results of audit	48
3.4	Audit Observations	49
3.4.1	Short collection of stamp duty and registration fee in respect of Partition deeds	49
3.4.2	Misclassification of conveyance deeds as cancellation deeds	50
3.4.3	Excess allocation of Transfer Duty Surcharge	52
	CHAPTER IV	
	TAXES ON VEHICLES	
4.1	Tax administration	53
4.2	Internal audit	53
4.3	Results of audit	54
4.4	Audit Observations	54
4.4.1	Non-realisation of taxes from the owners of maxi cabs and goods vehicles	54
4.4.2	Non-collection of life time tax from owners of old tourist motor cab	55
4.4.3	Non-collection of tax in respect of Construction Equipment Vehicles	56
4.4.4	Short realisation of tax due to misclassification of Private Service Vehicles as Educational Institution Vehicles	56
4.4.5	Loss of revenue due to Misclassification of "Contract Carriages" as "Private Service Vehicles"	57

CHAPTER V NON-TAX RECEIPTS		
	MINES AND MINERALS	
5.1	Tax administration	59
5.2	Internal audit	59
5.3	Results of audit	59
5.4	Performance Audit on "System of Mineral Wealth Management in Tamil Nadu"	60
	ANNEXURES	
1	Statement showing the details of audits planned and conducted during the year	95
2	Instances where control totals of CTD was less than GSTN portal	96
3	Statement showing results of verification of validation controls	98
4	UAV based mapping for volume calculation and modelling of granite quarry at Virudunagar	105
5	UAV based mapping for volume calculation and modelling of limestone quarry at Tirunelveli	106
	Glossary of Abbreviations	107