

## OVERVIEW

This Report contains 18 paragraphs involving ₹ 448.67 crore, including a Performance Audit on 'Levy and collection of stamp duty and registration fee'. Some of the significant audit findings are mentioned below:

### I. General

The total revenue receipts of the Government of Rajasthan during 2017-18 were ₹ 1,27,307.18 crore as against ₹ 1,09,026 crore for the year 2016-17. The revenue raised by the Government amounted to ₹ 66,339.13 crore comprising tax revenue of ₹ 50,605.41 crore and non-tax revenue of ₹ 15,733.72 crore. The receipts from the Government of India were ₹ 60,968.05 crore (State's share of divisible Union taxes of ₹ 37,028.01 crore and grants-in-aid of ₹ 23,940.04 crore).

(Paragraph 1.1)

Inspection Reports (IRs) issued up to December 2017 disclosed that 9,075 paragraphs involving ₹ 3,319.89 crore relating to 3,062 IRs remained outstanding at the end of June 2018.

(Paragraph 1.6)

### II. Taxes on Sales, Trade, Supplies, etc.

An examination of 'Preparedness for transition to Goods and Services Tax (GST)' which was implemented with effect from 1 July 2017 disclosed the following:

- Total receipts from July 2017 to March 2018 were ₹ 23,599.29 crore against ₹ 22,570.26 crore under pre-GST taxes during the same period of previous year 2016-17 *i.e.* an increase of 4.56 *per cent* only.

(Paragraph 2.4.5)

- It was found that 92 *per cent* of the dealers registered under the pre-GST regime were primary enrolled under the GST Act but 80 *per cent* of these dealers completed the migration process and were finally registered under GST.

(Paragraph 2.4.8.1)

- Monthly returns numbering 5,68,302 had not been filed by the tax payers for the period July 2017 to March 2018. There was a possibility of evasion of tax by the defaulters and claiming of Input Tax Credit (ITC) by the recipients against the tax paid to the defaulters.

(Paragraph 2.4.8.3)

- Differences between transitional credit claimed in return filed in form TRAN-1 and those of Input Tax Credit carried forward in quarterly VAT return by the taxpayers amounting to ₹ 63.35 crore were noticed in 12 cases resulting in incorrect claim of transitional credit to that extent.

(Paragraph 2.4.8.4)

- The Department did not introduce a system to collect the details of pending declaration forms at the time of assessment of the dealers nor persuaded them to deposit the same after the completion of assessment. Delay in initiating recovery process may increase the number of non-traceable dealers and difficulties in cross verification of transactions from the books of accounts of the dealers.

**(Paragraph 2.4.10.1)**

- Due to non-verification of ITC, demands amounting to ₹ 192.95 crore were pending for more than five years. While allowing the ITC in these cases, cross check of invoices submitted by the purchasing dealers would be difficult for the Assessing Authorities, due to legal provision to keep the accounts by the selling dealers for five years only.

**(Paragraph 2.4.10.2)**

An examination of the system of ‘**Disposal of Appeal cases by Departmental Authorities**’ disclosed the following:

- Out of 132 test checked cases involving a disputed sum of ₹ 128.13 crore, in 36 cases the Departmental Representatives (DRs) were not present at the time of hearing, in 14 cases the posts of DRs were vacant while in 82 cases one line stereotype sentence was repeated in the order which shows effective defence on part of the Department was lacking.

**(Paragraph 2.5.3)**

- Appeals numbering 266 filed during 2008-09 to 2016-17 were finalised with delays ranging from 6 to 2,510 days beyond the specified period of one year.

**(Paragraph 2.5.5)**

An examination of system of ‘**Levy and Collection of Electricity Duty from Captive Power Plants (CPPs)**’ disclosed the following:

- Deficiencies in Rules *i.e.* lack of provision for assessment/submission of annual return/on-line submission of returns/penal provisions for non/delayed submission of returns were noticed which resulted in non-assessment/non-levy of penalty and improper monitoring of returns.

**(Paragraph 2.6.5)**

- Four entities claimed deduction on account of auxiliary consumption of units from their total units generated. The concerned Authorities could not detect this omission which resulted in irregular exemption from payment of electricity duty amounting to ₹ 12.36 crore.

**(Paragraph 2.6.6)**

Assessing Authorities did not utilise the information regarding inter-State/intra-State purchases available in the web-based application of the Department, further the Assessing Authorities irregularly allowed ITC, applied incorrect rate of tax and did not impose penalty for misuse of declaration forms which resulted in short/non levy of tax, penalty and interest of ₹ 30.41 crore.

**(Paragraph 2.7)**

### III. Taxes on Vehicles

Temporary Registration Certificate fee on sale/distribution of vehicles was not deposited by the manufacturers which resulted in short realisation of ₹ 19.41 crore.

(Paragraph 3.4)

Motor vehicle tax, surcharge and penalty amounting to ₹ 11.49 crore in respect of 2,081 vehicles was not paid by vehicle owners. The Department, however, did not initiate action to realise the dues.

(Paragraph 3.5)

Lump-sum tax, surcharge and penalty amounting to ₹ 6.46 crore was not deposited by 1,180 transport vehicle owners. The taxation officers, however, did not initiate action to realise the tax due.

(Paragraph 3.6)

### IV. Land Revenue

An examination of 'Encroachment on Government Land' disclosed the following:

- There was no centralised system of maintaining database of Government land at State/District/*tehsil* level for ensuring proper monitoring.

(Paragraph 4.4.6.1)

- Despite identification of cases of encroachment over an area of 1.78 lakh square metre in five *tehsils*, these were not entered in the registers of encroachments *i.e.* *Dayra* registers.

(Paragraph 4.4.6.3)

- In 10 *tehsils* 3,101 trespassers had encroached upon 30.77 lakh square metre of Government land for housing, commercial, industrial and brick kiln purposes. In the absence of separate provision, the *Tehsildars* imposed penalty on the basis of rent applicable for agricultural land.

(Paragraph 4.4.7)

- The State Government framed (11 September 2017) a policy to deal with encroachments on Government land after lapse of 10 months from the directions of Rajasthan High Court, even though the directions in this regard had already been issued by Supreme Court in January 2011. No action plan for removal of encroachments from the Government land was prepared.

(Paragraph 4.4.9)

- In 10 cases of encroachments pertaining to nine trespassers of five *tehsils*, the trespassers had encroached upon 62,820.73 square metre of Government land for construction of Schools, *Dharamshalas* and *Ashrams*.

(Paragraph 4.4.11)

- No Vigilance and Encroachment Prevention cell exists at State/District/*Tehsil* level to curb the encroachments.

(Paragraph 4.4.13.2)

- Non-compliance of provision of Act/Rules resulted in short/non-recovery of cost of land, conversion/regularisation charges and short realisation of Government's share amounting to ₹ 2.80 crore and non-reversion of land to Government.

(Paragraph 4.5)

## V. Stamp Duty and Registration Fee

A Performance Audit on 'Levy and collection of stamp duty and registration fee' disclosed the following:

- The holding of District Level Committee (DLC) meetings was an effective tool in the hands of the Department for determining the true market value of the properties from time to time. However, meetings of DLCs were not being conducted regularly in six test checked districts.
- No defined criteria was considered for revising the DLC rates due to which DLC rates did not reflect the actual market rates. Rates at which properties were auctioned by urban local bodies in different localities of Jaipur and Kota were higher ranging between 152 *per cent* and 806 *per cent* than the rates fixed by DLCs in same area in same year.

(Paragraph 5.3.9.1)

- Conducting of site inspections is significantly important for detecting the instances of underassessment of SD and needs to be strengthened in the interest of revenue. However, the site inspections were not being conducted diligently and hence were not effective in achieving the intended purpose.

(Paragraph 5.3.10)

- Conversion table was not mentioned in the DLC rates and was not integrated with the '*E-Panjiyan*' system which resulted in short levy of stamp duty (SD) and registration fee (RF) of ₹ 0.94 crore.

(Paragraph 5.3.11.2)

- '*E-Panjiyan*' was not made compatible to assess the SD on the share of owner and developer separately resulting in short levy of SD and RF of ₹ 1.80 crore.

(Paragraph 5.3.11.3)

- Separate module, to compute SD and RF leviable on delayed presentation of lease deeds was not integrated in '*E-Panjiyan*', as a result the correct SD leviable in these cases could not be worked out by '*E-Panjiyan*' automatically resulting in short levy of SD and RF ₹ 5.52 crore.

(Paragraph 5.3.11.5)

- Public offices failed to perform their duties as prescribed in the Registration and Stamps Act resulting in non/short levy of SD and RF of ₹ 66.64 crore. This also shows lack of co-ordination between Inspector General of Registration and Stamps (IGRS) and Public offices.

**(Paragraph 5.3.12)**

- Co-operative housing societies were acting contrary to the provisions of the Registration Act, Rajasthan Stamps Act and Rajasthan Land Revenue Act. Further, these societies purchased land through unregistered instruments which resulted in leakage of revenue of ₹ 2.94 crore.

**(Paragraph 5.3.13.3)**

- It was noticed in 127 cases that either complete information was not given in check lists or facts were mentioned in recital of documents/supporting documents were enclosed but incorrect input was given in 'E-Panjiyan'. This resulted in non/short levy of SD and RF of ₹ 10.77 crore.

**(Paragraph 5.3.14)**

## **VI. State Excise**

State Government enhanced the rate of excise duty with effect from 1 April 2016. The District Excise officers, however, failed to levy difference of excise duty amounting to ₹ 2.98 crore on closing stock (as on 31 March 2016) of liquor and beer available with the retail-on licensees.

**(Paragraph 6.4)**

Incorrect calculation and levy of composite fee by the District Excise officers resulted in short realisation of ₹ 1.33 crore.

**(Paragraph 6.5)**

Delay in sanction of restaurant bar licences resulted in revenue amounting to ₹ 33.50 lakh being foregone.

**(Paragraph 6.6)**

## **VII. Non-Tax Receipts**

‘**Audit of Collection of District Mineral Foundation Trust Fund**’ disclosed the following:

- Delay in promulgation of the District Mineral Foundation Trust (DMFT) Rules, 2016 resulted in non-collection of contribution towards Trust Fund worth ₹ 147.33 crore on despatches of minor minerals.

**(Paragraph 7.4.3.1)**

- Reconciliation of collection of contribution with the funds amounting to ₹ 498.17 crore lying in the Personal Deposit (PD) account was not carried out by the Mining Engineer (ME)/Assistant Mining Engineer (AME) offices. This amount was not transferred to the concerned DMFT.

**(Paragraph 7.4.3.3)**

- MEs/AME did not ensure correct payment of contribution towards DMFT Fund which resulted in short payment of contribution of ₹ 194.43 crore during 17 September 2015 to 31 March 2018 by lease holders, Excess Royalty Collection Contractors and brick earth permit holders.

**(Paragraph 7.4.4.3)**

Three Excess Royalty Collection Contractors did not deposit the instalments of the contract amount on due dates. The ME/AME, however, failed to raise the demand for interest amounting to ₹ 60.33 lakh.

**(Paragraph 7.5)**

A mining lease holder illegally excavated mineral from an area other than the designated mining lease area and misused 196 *rawannas* for despatch of the mineral. The Department, however, neither calculated the quantity of mineral despatched through these *rawannas* nor raised demand for recovery of the cost of the mineral as provided in the Rules.

**(Paragraph 7.7)**