

Overview

This Report contains one performance audit on “**Levy and Collection of taxes on vehicles**” and 17 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, and non-realisation of entertainment duty involving financial effect of ₹ 121.47 crore.

1. Chapter -I

General

The total receipts of the State Government for the year 2017-18 were ₹ 53,009.58 crore. The Government raised ₹ 34,741.63 crore, comprising tax revenue of ₹ 30,423.24 crore and non-tax revenue of ₹ 4,318.39 crore. The State Government received ₹ 10,616.94 crore as State’s share of divisible Union taxes and ₹ 7,651.01 crore as Grants-in-aid from the Government of India.

(Paragraph 1.1.1)

Test check of the records of 283 units administering Sales Tax/Value Added Tax, State Excise, Taxes on Vehicles, Forest Receipts and other Departmental offices conducted during the year 2017-18 showed under assessment/short levy/loss of revenue aggregating ₹ 298.82 crore in 8,870 cases. The Departments recovered ₹ 5.71 crore in 2,887 cases during 2017-18, out of which ₹ 0.19 crore in 52 cases were pointed out during 2017-18 and rest in earlier years.

(Paragraph 1.10.1)

2. Chapter -II

Taxes/VAT on Sales and Trade

The Government/Department was prompt in its preparedness for implementation of GST as can be seen with reference to enactment of the Act and Rules as per model law approved by GST Council, migration of existing taxpayers, capacity building efforts etc. Further, the Department needs to sort out the legacy issues like assessments of pre-GST cases, recovery of arrears and refund of tax relating to pre-GST regime expeditiously in a time bound manner through focused arrangements. Proper system was not put in place for verification of transitional credit especially in respect of the dealers transferred from the jurisdiction of Central Government.

(Paragraphs 2.3 to 2.3.8)

The Designated Officer allowed irregular concession of ₹ 16.52 lakh on the basis of seven non-genuine ‘C’ forms which were not obtained from prescribed authority of the issuing State of Himachal Pradesh.

(Paragraph 2.4)

Excess Input Tax Credit availed by two dealers was not reversed in full resulting in short levy of tax of ` 27.34 lakh.

(Paragraph 2.5)

In seven assessment and two refund cases under eight AETCs, ITC of ` 11.12 crore on goods, lying in closing stock, was allowed to be adjusted from output tax liability as ITC in contravention of the provision contained in PVAT Act resulting in short levy of tax of ` 10.84 crore and irregular refund of ` 28.35 lakh.

(Paragraph 2.6)

In two assessment cases under AETC Ludhiana-II, the Designated Officers short levied tax of ` 1.31 crore on account of (a) giving undue benefit of tax paid and (b) not taxing sale of plant and machinery.

(Paragraph 2.7)

In an assessment case under AETC Fazilka, the Designated Officer did not levy revised rate of tax on turnover of interstate sales without 'C' forms resulting in short levy of tax of ` 11.97 lakh.

(Paragraph 2.8)

In AETC Muktsar and AETC Ludhiana-I, the Designated Officers allowed inadmissible benefit of ` 1.92 crore to two dealers resulting in short levy of tax of ` 1.92 crore.

(Paragraph 2.9)

The Designated Officer allowed inadmissible input tax credit of entry tax paid on interstate purchase of furnace oil and lubricants resulting in inadmissible refund ` 16.65 lakh and excess allowance of ITC of ` 16.98 lakh.

(Paragraph 2.10)

Designated Officer allowed deduction of ` 2.21 crore on account of material supplied by Government Department which was not admissible, resulting in short levy of tax of ` 12.14 lakh.

(Paragraph 2.11)

Application of incorrect provision relating to levy of interest in assessment orders by 18 AETCs, resulted in short levy of interest of ` 38.11 crore in 51 cases.

(Paragraph 2.12)

3. Chapter -III

State Excise

Two AETCs did not realise interest of ` 22.07 lakh from two licensees on account of delayed payment of fixed license fee.

(Paragraph 3.3)

4. Chapter -IV

Stamp Duty

Seven SRs/JSRs allowed inadmissible remission of SSF of ` 64.42 lakh and SIC of ` 25.47 lakh to eight charitable institutions in violation of Government clarification in this regard.

(Paragraph 4.3)

Five SRs short levied Stamp Duty and Registration Fee of ` 1.51 crore in 14 cases due to application of lower rates than applicable as per Collector rate/status of properties at the time of registration.

(Paragraph 4.4)

SR Amritsar-I and SR Zira short levied SD and RF of ` 41.78 lakh in three cases due to non-application of minimum market rates fixed by the Collectors for respective periods in which the instruments were executed.

(Paragraph 4.5)

SR Amritsar-I and JSR Ghanaur did not realise SD, SIC and RF of ` 14.68 lakh on (a) Power of Attorney giving right to a person other than family member to sell immovable property and (b) on transfer of property by owner to other than specified family member.

(Paragraph 4.6)

JSR Majri did not levy SD and RF under Entry 5(CC) of Schedule I-A of Indian Stamp Act, 1899 on two agreements to sell evidencing delivery of possession of the properties resulting in short levy of SD and RF of ` 18.20 lakh.

(Paragraph 4.7)

Instance of non-compliance to provisions of order regarding remission of SD for Mega Projects as pointed out by Audit indicate weak internal controls of the Department. Department remitted registration fee of ` 1.85 crore whereas remission of RF was not available to Mega Housing Projects. Remission of SD and RF of ` 20.33 lakh was allowed on exchange of land and SD of ` 1.30 lakh on power of attorney whereas remission was only available on purchase of land. SD and RF of ` 4.04 crore was remitted in those cases also where either the project was not approved by Empowered Committee or villages in which land purchased was not a part of approved Mega Projects.

Developers evaded SD and RF of ` 6.99 crore by not presenting collaboration agreements for registration due to acceptance of unregistered documents by Chief Town Planner, Punjab at the time of issue of change of land use. Due to non-consideration of CLU while updating Collector's rate list, SSF, SIC and RF of ` 39.94 lakh was short realised.

(Paragraphs 4.8 to 4.8.10)

5. Chapter -V

Taxes on Vehicles

Performance Audit on “**Levy and Collection of Taxes on Vehicles**” showed the following:

Department had no mechanism to identify arrears of MVT and ensure its timely recovery as a result of which there was short realisation of MVT of ` 34.14 crore.

(Paragraph 5.3.8)

99 *per cent* of non-transport vehicles and 66 *per cent* of transport vehicles in the selected RTAs did not renew their fitness certificate on time. Revenue that was not realised works out to ` 22.97 crore.

(Paragraphs 5.3.12 and 5.3.13(a))

33 *per cent* Pollution Checking Centres in the four test checked RTAs were functioning without valid authorisation certificates.

(Paragraph 5.3.15)

There was short realisation of Trade Fee and Possession Tax from dealers of Motor Vehicles amounting to ` 7.95 crore in the test checked Regional Transport Authorities.

(Paragraph 5.3.16)

6. Chapter -VI

Other Tax and Non Tax receipts

AETC Moga took no steps to recover entertainment duty from 122 cable operators resulting in non-realisation of entertainment duty of ` 18.30 lakh.

(Paragraph 6.3)