

OVERVIEW

I GENERAL

This report contains 27 paras including two Detailed Compliance audits on “Role of Chief Commissioner of Land Administration in the Management of Government land”, “Management of Endowment Assets” and an audit of “Preparedness for transition to Goods and Services Tax (GST). Some of the major findings are mentioned below.

The State’s performance in mobilisation of resources is assessed in terms of tax revenue and non-tax revenue, not including the State’s share in central taxes and Grants-in-Aid which is based on the recommendations of the Finance Commission.

The percentage of **tax and non-tax** revenue raised by State Government to the total revenue of the State increased from *70 per cent* (₹ 58,189.43 crore) in 2016-17 to *72 per cent* (₹ 64,345.21 crore) in 2017-18.

(Paragraph 1.2.1)

During the year 2017-18 assessment files, licence files and other relevant records of 65 offices relating to five Departments were not made available to audit for scrutiny.

Government may issue suitable instructions to the heads of the departments concerned for timely production of all the relevant records for audit scrutiny.

(Paragraph 1.7.5)

Test check of records of tax and non-tax receipts revealed under-assessment/ short-levy/ loss of revenue and other observations amounting to ₹ 957.14 crore in 1,836 cases in the year 2017-18.

(Paragraph 1.7.5)

II VALUE ADDED TAX, CENTRAL SALES TAX AND GOODS AND SERVICES TAX

- In 15 offices, 26 dealers were allowed ITC of ₹ 3.23 crore incorrectly on ineligible items. Incorrect allowance was due to non-restriction of ITC on damaged goods, invalid tax invoices and incorrect claim by hotels and bakeries.

(Paragraph 2.4.1)

- In 13 offices, 18 dealers were allowed excess Input Tax Credit (ITC) of ₹ 2.73 crore due to non-restriction of ITC by the Assessing Authorities (AAs) as per extant rules on exempt sale/ transactions resulted in excess allowance of ITC.

(Paragraph 2.4.2)

- In eight offices, the dealers paid/AAs short levied Tax at the rate of five *per cent* instead of at 14.5 *per cent* on sale of mobile phones in 20 cases. This resulted in short levy of Tax of ₹ 94.88 crore.

(Paragraph 2.5.1)

- In 13 offices, dealers paid/ AAs short levied Tax at the rate of four/five *per cent* instead of at 12.5/14.5 *per cent* due to application of incorrect rates of tax in 17 cases. This resulted in short levy of Tax of ₹ 31.65 crore.

(Paragraph 2.5.2)

- In 18 offices, there was a variation between sales turnover determined by the AAs and turnovers reported in Profit & Loss accounts in 31 cases. This resulted in short levy of tax of ₹ 2.17 crore.

(Paragraph 2.5.3)

- In 12 offices, the AAs levied less rate of tax on goods though dealers failed to furnish 'C' Forms in 12 cases in support of reported turnover. This resulted in short levy of tax of ₹ 99.98 lakh.

(Paragraph 2.6.1)

- An interest of ₹ 15.26 crore and penalty of ₹ 36.87 crore were not levied by the AAs of 44 offices though dealers in 364 cases had paid tax with delays ranging from one day to 1,165 days beyond the admissible period.

(Paragraph 2.7.1)

- The AAs did not levy penalty in 27 cases and short levied penalty in 30 cases in 30 offices on under-declaration of tax/ excess claim of ITC for reasons other than due to fraud or wilful neglect. This resulted in non-levy/short levy of penalty of ₹ 4.05 crore.

(Paragraph 2.7.2)

- In 10 offices, in 10 cases the dealers had under-declared tax wilfully. The AAs did not levy penalty in one case and short levied penalty in nine cases. This resulted in non-levy/short levy of penalty of ₹ 2.34 crore.

(Paragraph 2.7.3)

- AAs of eight offices adopted, incorrect taxable turnover under works contract in 13 cases. This resulted in short levy of tax of ₹ 3.13 crore.

(Paragraph 2.8.1)

- The AAs had not levied interest of ₹ 21.65 lakh on delayed payment of deferred Sales Tax in six cases in respect of five offices.

(Paragraph 2.9)

- Department gave instructions to the AAs to verify only top 30 cases where transitional credit of pre-GST was claimed on stock in GST regime. In four offices, excess claim of transitional credit of ₹ 62.43 crore was allowed in 78 out of 90 test checked cases which remained undetected by the Department.

The Department may formulate detailed guidelines for scrutiny of TRAN-1 forms and ensure that such forms are scrutinised at the earliest as per provisions of the TGST/ TSVAT Act.

(Paragraph 2.10.9.3)

III STATE EXCISE DUTIES

- In two offices, District Prohibition & Excise Officers (DP&EOs) fixed licence fee for five liquor shops at a rate less than the rate applicable resulting in loss of revenue of ₹ 5.32 crore.

(Paragraph 3.4)

IV STAMP DUTY AND REGISTRATION FEE

- Companies secured credit facilities from various financial institutions by creating charge on *paripassu* basis on their properties. Registering authorities collected ₹ 10,000 on each document instead of charging 0.5 per cent on the amount secured which resulted in short collection of Registration Fee of ₹ 26.30 crore.

(Paragraph 4.4)

- In four offices duties prescribed for ‘Gift in favour of relatives’ were adopted instead of the rates prescribed for ‘Gift in favour of others’. This resulted in short levy of duties amounting to ₹ 75.68 lakh.

(Paragraph 4.5)

- In 20 offices, District Registrars/ Sub-Registrars had not insisted on registration of Agreements of Sale in respect of 110 previously un-registered documents relating to sale agreements; thereby, duties/ fee amounting to ₹ 72.80 lakh remained un-realised.

(Paragraph 4.6)

- In eight offices of District Registrars/ Sub-Registrars, Agricultural rate was adopted in respect of land which had already been converted to non-agricultural use. This led to short levy of duties and fee of ₹ 64.61 lakh.

(Paragraph 4.7)

- In 15 offices, District Registrars/ Sub-Registrars undervalued the properties by ₹ 9.92 crore due to incorrect adoption of market value which resulted in short levy of duties and fee amounting to ₹ 51.91 lakh.

(Paragraph 4.8)

- In four offices, misclassification in four documents of Mortgage Deeds by the Registering Authorities resulted in short levy of duties and fees of ₹ 22.52 lakh.

(Paragraph 4.10)

V TAXES ON VEHICLES

- Non-raising of demands led to non-realisation of Quarterly tax of ₹ 1.27 crore and penalty of ₹ 64 lakh from owners of 1,406 transport vehicles for the years 2015-16 and 2016-17 in six offices.

(Paragraph 5.4)

- Test check of three offices revealed that 8,031 vehicles were plying without Fitness Certificates (FCs) due to lack of alerts in the system and failure of the Department to ensure renewal of FCs. This posed risk to public safety besides non-realisation of fee for FC of ₹ 15.37 lakh.

(Paragraph 5.5)

- Green Tax amounting to ₹ 10.72 lakh, remained uncollected in respect of 4,375 vehicles with expired Certificates of Registration (RCs).

(Paragraph 5.6)

VI LAND REVENUE

Detailed compliance audit on “Role of Chief Commissioner of Land Administration in the Management of Government land” in Telangana

- Government assigned Land measuring Acres 12,666.25 Guntas was under un-authorized occupation of third parties in 24 mandals of eight test checked districts with market value of ₹ 1,096.45 crore.

(Paragraph 6.4.3.4)

- In two cases land measuring Acres 35.00 Guntas was alienated to two private institutions at lower rates than prescribed conferring undue benefit of ₹ 117.40 crore and revenue loss to the Government.

(Paragraph 6.4.3.5)

- In Secunderabad area though lessees did not apply for renewal of expired lease in respect of 1,67,162.93 sq.yards valued at ₹ 708.53 crore, State Government did not resume the land.

(Paragraph 6.4.3.6)

VII OTHER TAX AND NON-TAX RECEIPTS**Detailed Compliance Audit on ‘Management of Endowment Assets’**

- In a sample of eight out of 19 temples, Pattadar Pass Books were not available for Acres 3,861.38 Guntas representing 48.41 *per cent* of the endowment land in their possession. Out of Acres 87,235.39 Guntas of endowment land, PPBs were not obtained by the Commissioner for Acres 59,898.32 Guntas.

(Paragraph 7.3.3.1)

- Physical possession of land to an extent of Acres 3.26 Guntas (category 6(a) temple) and Acres 7.09 Guntas (category 6(a) temple), though donated in 1948 and 1983 respectively, was not taken by the Assistant Commissioners.

(Paragraph 7.3.3.1)

- The extent of Endowment land encroached in the State was up to 23 *per cent* of the total endowment land.
- Absence of a proper mechanism to protect temple land increases the risk of further encroachments with attendant risk of increasing land disputes. Out of Acres 20,124.03 Guntas of land encroached, the Assistant Commissioners filed cases with Endowment Tribunal to an extent of only Acres 3,488.00 Guntas (17.33 *per cent*).

(Paragraph 7.3.3.2)

- In 10 out of the 14 category 6(a) temples, the accumulated gold of 91.87 kgs were not deposited in Gold Deposit Bond Scheme by the Executive Officers of the temples concerned.

(Paragraph 7.3.3.5)

- The Executive Officer, of one category 6(a) temple did not increase shop lease rentals while renewing the leases. This resulted in loss of revenue of ₹ 42.99 lakh.

(Paragraph 7.3.4)