

# Overview



## OVERVIEW

*This Report contains 18 paragraphs relating to non/short levy of VAT/CST, State excise, stamp duty and registration fee and passenger and goods tax with revenue implication of ₹168.27 crore.*

### I General

*The total revenue receipts of the Government for the year 2019- 20 was ₹30,745.36 crore as compared to ₹30,950.28 crore during the previous year. Out of this, 33 per cent was raised through tax revenue (₹7,626.78 crore) and non-tax revenue (₹2,501.50 crore). The balance 67 per cent was received from the Government of India as State's share of divisible Union taxes (₹4,677.56 crore) and Grants-in-Aid (₹15,939.52 crore). There was a decrease in Revenue Receipts over the previous year by ₹204.92 crore.*

*(Paragraph 1.1)*

*Test check of the records of 204 units of Sales Tax/Value Added Tax, State Excise, Motor Vehicles, and Goods & Passengers Tax conducted during the year 2019- 20 revealed under-assessment/short levy/loss of revenue aggregating ₹541.95 crore in 1,159 cases. During the year, the Departments concerned accepted under-assessment and other deficiencies of ₹55.70 crore in 311 cases out of which ₹0.03 crore in 11 cases was recovered. The Departments concerned also accepted and recovered an amount of ₹3.39 crore in 276 cases pertaining to audit findings of previous years.*

*(Paragraph 1.10)*

### II Taxes/VAT on Sales and Trade

*Assessing Authorities did not properly take into consideration unsold local purchases in closing stock at the end of the tax period, which resulted in excess allowance of ITC by ₹8.45 crore to 333 dealers.*

*(Paragraph 2.3)*

*Failure of the Assessing Authorities to correctly classify the nature of manufactured goods led to illegitimate allowance of concessional rate of tax, which resulted in under assessment of tax of ₹2.83 crore.*

*(Paragraph 2.4)*

*Acceptance of invalid and defective statutory forms by the Assessing Authorities and allowance of concessional rate of tax on inter-state sale resulted in short levy of tax of ₹2.38 crore. In addition, interest of ₹2.36 crore was required to be levied.*

*(Paragraph 2.5)*

*Assessing Authorities assessed the Gross Turnover lesser than the actual turnover as depicted in certified accounts of the dealers, resulting in loss of revenue of ₹1.40 crore.*

*(Paragraph 2.6)*

*Allowance of inadmissible deductions and excess deductions against labour charges resulted in underassessment of tax by ₹1.33 crore. Besides, interest of ₹1.41 crore was also leviable.*

*(Paragraph 2.7)*

*Failure of Assessing Authorities to disallow ITC on branch transfer resulted in inadmissible allowance of ITC of ₹87.03 lakh. Besides, interest of ₹1.24 crore was also leviable.*

*(Paragraph 2.8)*

*Assessing Authorities levied interest of ₹ 17.38 lakh instead of leviable interest of ₹72.02 lakh on additional demand created, resulting in short levy of interest of ₹54.64 lakh.*

*(Paragraph 2.9)*

*Underreporting of sales and closing stock worth ₹4.55 crore in the annual returns enabled tax evasion of ₹32.82 lakh. Consequently, interest of ₹25.89 lakh and penalty of ₹32.82 lakh also became due on the evaded tax.*

*(Paragraph 2.10)*

### **III State Excise**

*The Department did not levy penalty of ₹58.50 crore for short lifting of 19,13,244 proof litres of liquor against benchmark of 100 per cent by the licensees of 765 vends. Additional Penalty of ₹2.32 crore was also leviable for short lifting against benchmark of 85 per cent.*

*(Paragraph 3.3)*

*The Assessing Authorities did not take any action either to seal vends or cancel/suspend the permit for re-selling the license, to recover the short deposited license fee of ₹ 31.27 crore from 36 licensees.*

*(Paragraph 3.4)*

*Failure to undertake reconciliation of challans with treasury receipts in Government Accounts i.e. e-kosh website, and acceptance of forged challans, resulted in loss of government revenue of ₹2.72 crore.*

*(Paragraph 3.5)*

*Interest amounting to ₹89.70 lakh on delayed payment of license fee and ₹44.55 lakh on delayed payment of bottling fee was not demanded by the Department from the licensees of 282 vends & seven bottling plants/ distilleries respectively, resulting in non-levy of interest to that extent.*

*(Paragraph 3.6)*

### **IV Stamp Duty**

*The Department does not have a mechanism in place for transparent allotment and effective monitoring of government land given on lease, resulting in revenue loss of ₹35.44 crore.*

*(Paragraph 4.3)*

*Adoption of incorrect market rates for built-up residential and non-residential structures by Sub-Registrars resulted in short realisation of Stamp Duty and Registration Fee of ₹6.44 crore.*

*(Paragraph 4.4)*

*Incorrect valuation on the basis of incorrect circle rates and false affidavits regarding distance of the land from road resulted in short realisation of Stamp Duty and Registration Fee of ₹ 6.20 crore.*

*(Paragraph 4.5)*

*Market rates were not used to calculate stamp duty and registration fees due on lease deeds resulting in short recovery of ₹ 5.12 crore.*

*(Paragraph 4.6)*

## **V Taxes on Vehicles, Passengers and Goods**

*The passengers and goods tax amounting to ₹34.73 lakh for the period 2017- 19 was neither paid by the owners of 572 commercial vehicles nor demanded by the Department.*

*(Paragraph 5.3)*

