

Overview

The Report contains 12 paragraphs including two Compliance Audits involving revenue impact of ₹ 5,422.12 crore. Some of the major findings are mentioned below:

I. General

Total revenue receipts of the State Government for the year 2018-19 amounted to ₹ 92,854.48 crore against ₹ 83,020.14 crore for the previous year. 67 per cent of this was raised by the State through tax revenue (₹ 50,644.11 crore) and non-tax revenue (₹ 11,783.24 crore). The balance 33 per cent was receipt from the Government of India as State's share of divisible Union taxes (₹ 19,038.17 crore) and Grants-in-aid (₹ 11,388.96 crore).

(Paragraph 1.1.1)

Arrears of revenue as on 31 March 2019 on some principal heads of revenue amounted to ₹ 20,146.39 crore, of which, ₹ 5,765.84 crore was outstanding for more than five years.

(Paragraph 1.2)

At the end of June 2019, 3,560 Inspection Reports (IRs) issued up to December 2018 in respect of various Departments containing 22,437 observations involving money value of ₹ 8,213.60 crore was outstanding.

(Paragraph 1.7)

II. GST, Taxes/VAT on sales, trade etc.

Compliance Audit on Transition from Kerala Value Added Tax to Goods and Services Tax

Irregular option of composition scheme by 39 registered persons was noticed in GSTN.

(Paragraph 2.4.9)

Twenty registered persons carried forward higher transitional credit, amounting to ₹ 2.33 crore, in the ECL than the amount declared in their last return under KVAT.

(Paragraph 2.4.10.1)

In the eight selected tax districts, 61 registered persons availed excess transitional credit amounting to ₹ 46.41 crore over and above the Input Tax Credit as disclosed through FORM GST TRAN-1.

(Paragraph 2.4.10.2)

In the six selected tax districts, 46 persons not having any supporting invoices on goods held in stock on the appointed day but registered under the existing law as manufacturer/service provider claimed transitional credit in respect of stock held on the appointed day resulting in irregular claim of CGST credit amounting to ₹ 13.08 crore.

(Paragraph 2.4.10.3(a))

In the seven selected tax districts, 77 persons claimed transitional credit even though these taxpayers do not fulfil any of the criteria as specified in the Act/Rule which resulted in irregular carry forward of transitional credit amounting to ₹ 3.99 crore.

(Paragraph 2.4.10.4)

In the five selected tax districts, 41 persons who had not paid IGST and availed drawback of central taxes were sanctioned refund amount of ₹ 0.76 crore.

(Paragraph 2.4.11.1)

Excess refund of ₹ 0.57 crore was noticed in respect of 22 persons in six selected tax districts due to erroneous application of formula.

(Paragraph 2.4.11.2)

Short levy of tax

Irregular assessments by the assessing authorities due to turnover escaping assessment, application of incorrect rate of tax, irregular exemption, irregular allowance of IPT credit and irregular assessment of CST resulted in short levy of tax and interest amounting to ₹ 6.33 crore.

(Paragraph 2.5.1)

Short levy of tax and interest due to excess availing of input tax credit in respect of two assesses worked out to ₹ 1.43 crore.

(Paragraph 2.5.2)

III. Taxes on Vehicles

Short levy of tax

In 7,671 cases, one *per cent* tax collected at source had not been considered while computing the purchase value of the vehicles. This resulted in short collection of one-time tax levied on non-transport vehicles, amounting to ₹3.56 crore.

(Paragraph 3.4)

In respect of vehicles reclassified as non-transport, non-levy of tax was noticed in 434 cases with a money value of ₹ 0.60 crore and short-levy of tax was noticed in 1,023 cases with a money value of ₹1.22 crore.

(Paragraph 3.5)

IV. Land Revenue and Building Tax

Compliance Audit on Arrears of Revenue

Database of arrears of revenue was incomplete and/or not properly maintained in any of the six selected departments.

(Paragraph 4.4.4)

The arrear of ₹ 4,933.72 crore in the beginning of 2014-15 increased to ₹ 11,366.35 crore (130.38 *per cent*) at the end of 2018-19. The rate of growth of arrear amount was fluctuating between 13.50 *per cent* and 22.12 *per cent* whereas the recovery of arrear amount remained sluggish with rate of recovery fluctuating between 4.58 *per cent* and 9.16 *per cent* during this period.

(Paragraph 4.4.5)

Even though 5,06,801 cases (83.30 *per cent*) involving ₹ 3,484.97 crore (30.66 *per cent*) were available for revenue recovery, no RR action was requisitioned by the respective departments in these cases to realise the arrears.

(Paragraph 4.4.5.1)

Delay in modification of disposed appeal cases resulted in blockage of ₹ 103.39 crore in 157 cases of SGST Department and ₹ 1.13 crore in 118 cases of R&DM Department in the selected districts.

(Paragraph 4.4.5.2)

11,850 cases involving ₹ 344.66 crore in SGST department and 55,676 cases involving ₹ 1,382.09 crore in R&DM department in the selected districts were pending due to delay in finalisation of cases where Revenue Recovery action has been initiated.

(Paragraph 4.4.6)

Short levy of tax

2,453 buildings in 28 *Taluk* Offices were not assessed to building tax by the *Tahsildars* concerned, even though the Village Officers had reported these cases in 2016-17 and 2017-18 which resulted in a short levy of ₹ 13 crore.

(Paragraph 4.5)

898 buildings in 20 *Taluk* Offices assessed under property tax by local bodies were not identified by the Village Officers and reported to the *Tahsildars* concerned for assessment under Building Tax Act/Rules which resulted in non levy of building tax amounting to ₹ 6.72 crore.

(Paragraph 4.6)

Short/Non levy of Basic/Land Tax amounting to ₹ 2.37 crore noticed in 1,162 cases in 28 *Taluk* Offices.

(Paragraph 4.7)

V. State Excise

Irregular adjustment made by the Department in respect of excess leave salary and pension contribution paid by a licensee resulted in the short recovery of cost of establishment amounting to ₹ 22.74 lakh.

(Paragraph 5.4)