

**Chapter V**  
**Revenue Sector**



## CHAPTER V REVENUE SECTOR

### 5.1 Trend of revenue receipts

The Tax and Non-tax revenue raised by the Government of Manipur, the State's share of net proceeds of Union taxes and duties and Grant-in-aid (GIA) received from the Government of India (GoI) during the year 2021-22 and the corresponding figures in previous four years are given in the following **Table**.

**Table 5.1.1: Trends of revenue receipts**

(₹ in crore)						
Sl. No.	Particulars	2017-18	2018-19	2019-20	2020-21	2021-22
<b>Revenue raised by the State Government</b>						
1	Tax revenue	790.94	1,046.05	1,201.12	1,294.49	1,648.51
	Non-tax revenue	174.07	166.24	134.53	148.07	108.13
	<b>Total</b>	<b>965.01</b>	<b>1,212.29</b>	<b>1,335.65</b>	<b>1,442.56</b>	<b>1,756.64</b>
<b>Receipts from the GoI</b>						
2	State's share of Union taxes and duties	4,154.33	4,698.59	4,047.77	4,271.97	6,009.64
	GIA	5,238.49	4,650.83	5,300.74	7,268.12	6,324.72
	<b>Total</b>	<b>9,392.82</b>	<b>9,349.42</b>	<b>9,348.51</b>	<b>11,540.09</b>	<b>12,334.36</b>
3	<b>Total receipts of State Government (1 &amp; 2)</b>	<b>10,357.83</b>	<b>10,561.71</b>	<b>10,684.16</b>	<b>12,982.65</b>	<b>14,091.00</b>
<b>Percentage of 1 to 3</b>		<b>9.32</b>	<b>11.48</b>	<b>12.50</b>	<b>11.11</b>	<b>12.47</b>

*Source: Finance Accounts.*

During 2020-21, the revenue raised by the State Government was ₹ 1,442.56 crore which was 11.11 *per cent* of its total revenue receipts of ₹ 12,982.65 crore of the State. The balance receipts of ₹ 11,540.09 crore (88.89 *per cent*) during 2020-21 were from Government of India as State's share of net proceeds of Union taxes and duties and GIA.

During 2021-22, the revenue raised by the State Government was ₹ 1,756.64 crore which was 12.47 *per cent* of its total revenue receipts of ₹ 14,091 crore of the State. The balance receipts of ₹ 12,334.36 crore (87.53 *per cent*) were from Government of India as State's share of net proceeds of Union taxes and duties and GIA.

#### 5.1.1 Tax Revenue

Details of Budget Estimates (BEs) of tax revenue and actual receipts of tax revenue raised during the period 2017-18 to 2021-22 are given in the following **Table**.

**Table 5.1.2: Details of Tax Revenue**

(₹ in crore)

Head of revenue	2017-18		2018-19		2019-20		2020-21		Increase (+)/decrease (-) in actuals in 2020-21 over 2019-20 (in per cent)	2021-22		Increase (+)/decrease (-) in 2021-22 over 2020-21 (in per cent)
	BEs	Actuals	BEs	Actuals	BEs	Actuals	BEs	Actuals		BEs	Actual	
Taxes on sales, trade etc.	700.00	385.58	204.66	253.02	288.45	235.53	274.74	336.45	(+42.85)	350.0	411.66	(+22.35)
Goods and Services Tax	0.00	301.53	400.98	694.70	754.78	852.58	913.58	866.51	(+1.63)	1500.0	1125.56	(+29.90)
Motor Vehicles Tax	40.00	36.14	45.60	39.83	45.28	47.70	51.62	37.96	(-)20.08	70.0	56.67	(+)49.29
Stamps & Registrati on Fees	30.00	13.98	34.20	17.62	16.01	16.60	16.01	8.66	(-)47.83	24.0	7.98	(-)7.85
State Excise	12.00	9.37	13.68	8.18	8.79	11.60	14.50	11.85	(+)2.16	18.0	16.00	(+)35.02
Land Revenue	5.00	1.44	5.70	3.54	2.70	4.10	2.70	3.81	(-)7.07	7.0	3.36	(-)11.81
Taxes and duties on electricity	0.06	0.00	0.07	-	-	-	-	-	-	-	-	-
Others <sup>100</sup>	44.64	40.73	44.81	42.89	51.08	33.01	51.51	29.25	(-)11.39	85.6	27.29	(-)6.70
<b>Total</b>	<b>831.87</b>	<b>790.94</b>	<b>755.97</b>	<b>1046.05</b>	<b>1184.54</b>	<b>1201.12</b>	<b>1324.66</b>	<b>1294.49</b>	<b>(+)7.77</b>	<b>2054.6</b>	<b>1648.52</b>	<b>(+)27.35</b>

BEs: Budget Estimates.

Source: Annual Financial Statements and Finance Accounts.

The State's Own Tax revenue increased during 2021-22 by ₹ 354.03 crore over the previous year mainly due to increase in Taxes on sales, trade etc., Goods and Services Tax and Motor Vehicles Tax.

Commissioner of Excise, Manipur stated (November 2022 and February 2023) that the increase in revenue is due to revised rates of Licence Fee and Excise Duty and increase of quantity of import of Indian-made foreign liquor (IMFL), Rum, Beer & Wine by the Para-Military Forces.

In respect of Stamps and Registration fees, the Revenue Department stated the decrease in revenue raised during 2020-21 was attributed to temporary suspension of registration of transactions (Sale, purchase and gifts) of land and property and due to the impact of COVID pandemic over the previous year.

Other departments despite being requested (October 2022 and January 2023) did not furnish the reasons for variations in tax-revenue (March 2023).

<sup>100</sup> Other taxes include other Taxes on income and expenditure, other taxes and Duties on Commodities and Services and Taxes on Goods and Passengers.

### 5.1.2 Non-tax Revenue

Details of budget estimates of non-tax revenue and actual realisation of non-tax revenues during the period 2017-18 to 2021-22 are given in the following **Table**.

**Table 5.1.3: Details of Non-Tax Revenue**

(₹ in crore)

Sl. No.	Head of revenue	2017-18		2018-19		2019-20		2020-21		Increase (+)/decrease(-) in 2020-21 over 2019-20 (in per cent)	2021-22		Increase (+)/decrease(-) in 2021-22 over 2020-21 (in per cent)
		BEs	Actual	BEs	Actual	BEs	Actual	BEs	Actual		BEs	Actual	
1	Miscellaneous General Services	150.00	114.39	150.00	111.37	220.11	101.13	206.86	123.77	(+)22.39	300.00	84.23	(-)31.95
2	Interest receipts	40.54	19.27	42.57	18.68	20.23	6.39	20.23	2.25	(-)64.79	15.00	1.36	(-)39.56
3	Forestry and Wild Life	35.00	23.61	35.00	15.26	24.80	9.70	10.00	6.65	(-)31.44	40.00	7.76	(+)16.69
4	Major and Medium Irrigation	2.10	0.27	2.21	2.68	0.28	0.76	0.29	0.22	(-)71.05	2.50	0.10	(-)54.55
5	Public Works	2.22	1.87	2.33	1.62	1.96	1.23	1.96	1.56	(+)26.83	4.00	0.84	(-)46.15
6	Other Administrative Services	1.45	2.34	1.52	3.09	2.46	2.75	2.46	2.68	(-)2.55	6.00	3.67	(+)36.94
7	Police	1.26	0.91	1.32	1.42	0.96	0.81	1.04	1.23	(+)51.85	1.50	1.69	(+)37.40
8	Medical and Public Health	0.35	1.16	0.37	0.69	1.22	0.69	1.31	0.45	(-)34.78	1.44	0.99	(+)120.00
9	Co-operation	0.27	0.34	0.29	0.41	0.36	0.45	0.46	0.34	(-)24.44	0.90	0.14	(-)58.82
10	Other non-tax receipts <sup>101</sup>	12.31	9.91	12.93	11.02	10.4	10.62	12.00	8.92	(-)16.01	16.19	7.35	(-)17.60
	<b>Total</b>	<b>245.50</b>	<b>174.07</b>	<b>248.54</b>	<b>166.24</b>	<b>282.78</b>	<b>134.53</b>	<b>256.61</b>	<b>148.07</b>	<b>(+)10.06</b>	<b>387.53</b>	<b>108.13</b>	<b>(-)26.97</b>

Source: Annual Financial Statements and Finance Accounts.

During 2021-22 Non-tax revenue collection decreased by ₹ 39.94 crore as compared to previous year mainly due to less collection under Interest receipts, Major and Medium Irrigation and Co-operation.

Co-Operation Department reported (November 2022) that decrease in revenue as compared to previous year was due to impact of COVID pandemic.

Other departments, despite being requested (October 2022 and January 2023), did not furnish the reasons for variations in non-tax-revenue (March 2023).

### 5.1.3 Revenue and return filing trends under GST

#### 5.1.3.1 GST Revenue of Government of Manipur: Comparison between budget estimates and actual receipts

The comparison of budget estimates and the corresponding actual collection of Goods and Service Tax (GST) during the period from 2017-18 to 2021-22 are as shown in the following **Table**.

<sup>101</sup> Comprising of 22 Major Heads amounting to ₹ 8.92 crore during 2020-21 and 19 Major heads amounting to ₹ 7.35 crore during 2021-22

**Table 5.1.4: Revenue from GST during 2017-18 to 2021-22**

(₹ in crore)

Year <sup>102</sup> State GST	Budget Estimates (BE)	Revised Estimates (RE) (State GST)	Actuals State GST
2017-18	-	348.68	301.53
2018-19	400.98	662.09	694.70
2019-20	754.78	861.87	852.58
2020-21	913.58	1,000.00	866.51
2021-22	1,500.00	1,445.00	1,125.56

Source: Information furnished by Taxation Department, Manipur.

It could be seen from the above **Table** that the actual collection of revenue from SGST in the five years from 2017-18 to 2021-22 was less than the targets as projected in the revised estimates except for the year 2018-19.

### 5.1.3.2 Bi-monthly compensation received from Union Government

Compensation is given to the State when there is less collection of revenue from the projected figure as prescribed under Section 7 of Goods and Service (Compensation) Act, 2017.

The bi-monthly compensation received from Union Government under GST (Compensation to States) Act, 2017<sup>103</sup> for the year 2020-21 and 2021-22 are as given in the following **Table**.

**Table 5.1.5: Bi-monthly compensation received from Union Government for the year 2020-21 and 2021-22**

(₹ in crores)

Month	Provisional compensation				Shortfall +/- Excess (-), if any	
	2020-21		2021-22		2020-21	2021-22
	Due	Received	Due	Received		
April-May	Nil	Nil	Nil	Nil	Nil	Nil
June-July	Nil	Nil	Nil	Nil	Nil	Nil
Aug-Sept	Nil	Nil	Nil	Nil	Nil	Nil
Oct-Nov	Nil	Nil	Nil	Nil	Nil	Nil
Dec-Jan	Nil	11.17	Nil	Nil	Nil	Nil
Feb-March	Nil	11.17	Nil	Nil	Nil	Nil
<b>Total</b>	<b>Nil</b>	<b>22.34</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>

Source: Information furnished by Taxation Department, Manipur.

During 2020-21, the State had received a provisional compensation of ₹ 22.34 crore from GoI. However, during 2021-22, the State government did not receive any compensation from GoI.

### 5.1.3.3 Trends of Integrated GST apportionment to the State and its cross utilisation

IGST collected will be apportioned between the Centre and the State where the goods or services are consumed. The revenue will be apportioned to the Centre at the CGST rate, and the remaining amount will be apportioned to the consuming State.

The trends of IGST apportionment to the State and its cross utilisation are as

<sup>102</sup> GST data on Budget Estimates for the Financial year 2017-18 is not applicable as GST was implemented from July 2017.

<sup>103</sup> An act to provide compensation to the States for the loss of revenue arising on account of implementation of the GST in pursuance of the 101 Constitutional Amendment Act, 2016.

given in the following **Table**.

**Table 5.1.6: Integrated Goods and Services Tax**

(₹ in crore)

IGST component	2017-18	2018-19	2019-20	2020-21	2021-22
IGST <sup>104</sup> apportioned to the State as per Section 17 of IGST Act, 2017	28.27	49.15	71.92	623.85	808.61
IGST provisionally/ad-hoc apportioned to the State	15.00	56.51	16.60	32.92	50.48
<b>IGST cross utilised between</b>					
SGST <sup>105</sup> as IGST	(-) 0.19	(-) 3.04	(-) 2.10	NA	(+) 4.46
IGST as SGST	(+) 182.83	(+) 414.36	(+) 561.14	NA	(+) 672.54

NA – Not furnished.

Source: Information furnished by Taxation Department, Manipur.

As seen from the above **Table**, the IGST apportioned to the State that stood at ₹ 28.27 crore in 2017-18 increased significantly to ₹ 623.85 crore during 2020-21. This has again increased to ₹ 808.61 crore during 2021-22.

#### 5.1.3.4 Registration under GST

The category-wise registrations under GST as on 31 March 2021 and 31 March 2022 are as given in the following **Table**.

**Table 5.1.7: Details of GST registrations as on 31 March**

Category of Registrant	2021		2022	
	No. of Registrants	Percentage of total	No. of Registrants	Percentage of total
Normal taxpayers	10,557	83.53	11,837	85.23
Composition taxpayers	1,459	11.54	1,378	9.92
Tax Deductors at Source	542	4.29	568	4.08
Tax Collectors at Source	70	0.55	100	0.72
Input Service Distributors	0	0.00	0	0.0
Others (Casual, NRTP, OIDAR)	11	0.09	5	0.03
<b>Total Registrants</b>	<b>12,639</b>		<b>13,888</b>	

Source: Information furnished by Taxation Department, Manipur.

As on 31 March 2021, the total registration under GST was 12,639 of which normal taxpayers were 10,557 which accounted for 83.5 per cent and composition taxpayers were 1,459 which accounted for 11.5 per cent.

As on 31 March 2022, the total registration under GST increased to 13,888 of which normal taxpayers were 11,837 (85.23 per cent). However, number of composition taxpayers decreased to from 1,459 in 2020-21 to 1,378 in 2021-22. No reason for decrease of number of Composition Tax payers was furnished by the Department.

<sup>104</sup> IGST: It is a tax collected by the Central Government for an inter-State sale.

<sup>105</sup> SGST: It is a tax collected by the State Government for an intra-State sale.

### 5.1.3.5 GST Return filing pattern of GSTR-1 and GSTR-3B

The trends of filing of GSTR-1<sup>106</sup> and GSTR-3B<sup>107</sup> in Manipur as on 31 March 2021 and 31 March 2022 are as shown in the following Table.

**Table 5.1.8: Details of return filing of GSTR-1 and GSTR-3B during 2020-21 and 2021-22**

GSTR-1										
Month	2020-21			2021-22						
	Due for filing	Return filed	Per cent	Due for filing	Return filed	Per cent				
April	10,507	3,751	35.70	9,480	1,231	12.99				
May	10,513	3,738	36.56	9,486	1,354	14.27				
June	10,608	5,811	54.78	9,484	2,467	26.01				
July	10,870	3,786	34.83	9,575	4,281	44.71				
August	11,132	3,838	34.48	9,750	3,475	35.64				
September	11,315	5,844	51.65	9,845	4,576	46.48				
October	11,545	3,871	33.53	9,837	4,115	41.83				
November	11,604	3,960	34.13	10,203	4,292	42.07				
December	11,593	5,931	51.16	10,420	5,138	49.31				
January	11,762	4846	41.20	10,606	4,208	39.68				
February	11,873	4,723	39.78	10,805	4,293	39.73				
March	12,010	4,853	40.41	10,641	5,006	47.04				
GSTR-3B										
Month	2020-21					2021-22				
	Due for filing	Returns filed as on last day of the report period	Per cent	Returns filed by due date	Per cent	Due for filing	Returns filed as on last day of the report period	Per cent	Returns filed by due date	Per cent
April	10,507	7,505	71.43	602	5.73	9,480	7,148	75.40	1426	15.04
May	10,513	7,465	71.01	1,007	9.58	9,486	7,116	75.02	1763	18.59
June	10,608	7,490	70.61	1,936	18.25	9,484	8,566	90.32	4725	49.82
July	10,870	7,561	69.56	1,352	12.44	9,575	7,134	74.51	4688	48.96
August	11,132	7,640	68.63	2,397	21.53	9,750	7,164	73.48	5023	51.52
September	11,315	7,629	67.42	2,494	22.04	9,845	8,702	88.39	5077	51.57
October	11,545	7,705	66.74	2,780	24.08	9,837	7,099	72.17	5283	53.71
November	11,604	7,765	66.92	2,950	25.42	10,203	7,062	69.21	4642	45.50
December	11,593	7,767	67.00	3,663	31.60	10,420	8,449	81.08	5531	53.08
January	11,762	5,606	47.66	3,393	28.85	10,606	6,655	62.75	4317	40.70
February	11,873	4,951	41.70	3,946	33.24	10,805	6,384	59.08	4348	40.24
March	12,010	5,958	49.61	4,226	35.19	10,641	5,040	47.36	5040	47.36

Source: Information furnished by Taxation Department, Manipur.

During 2020-21, filing of GSTR-1 returns ranged from 33.53 per cent to 54.78 per cent while in 2021-22 it ranged from 12.99 per cent to 49.31 per cent. Filing of GSTR-3B ranged from 41.70 per cent to 71.43 per cent in 2020-21 and showed an improving trend as it ranged from 47.36 per cent to 90.32 per cent during 2021-22.

<sup>106</sup> GSTR-1: It is a sales return that is required to be filed by every GST registered person.

<sup>107</sup> GSTR-3B: It is a self-declared consolidated summary return of inward and outward supplies which is required to be filed by a registered person electronically on the GST common portal.

### 5.1.3.6 Revenue earning from top 10 commodities/services

The details of the revenue earning from top 10 commodities/services during 2020-21 and 2021-22 are as given in the following Table.

**Table 5.1.9: Revenue from top 10 commodities/services during 2020-21**

(₹ in crore)

Sl. No.	Name of commodity	Revenue under GST	Ranking
1	Automobiles	82.06	1
2	Electrical Equipment	57.21	2
3	Iron & Steel	53.72	3
4	Cement and Mineral Products	35.39	4
5	Dairy Products	28.33	5
6	Pharmaceutical products	27.63	6
7	Machinery & Mechanical Appliances	21.56	7
8	Oil Products	15.54	8
9	Misc. Edible Preparations	14.86	9
10	Tubes & Tyres	8.82	10
Sl. No.	Name of Service	Revenue under GST	Ranking
1	Construction Services	50.70	1
2	Communication Services	19.82	2
3	Financial services	13.45	3
4	Support Services	11.72	4
5	Transport services	4.50	5
6	Other services	3.48	6
7	Leasing, rental services	3.30	7
8	Professional Services	1.61	8
9	Maintenance & Repair services	0.94	9
10	Accommodation, Food & Beverage Services	0.76	10

Source: Information furnished by Taxation Department, Manipur.

**Table 5.1.10: Revenue from top 10 commodities/services during 2021-22**

(₹ in crore)

Sl. No.	Name of Commodity	Revenue under GST	Ranking
1	Automobiles	90.03	1
2	Iron & Steel	66.13	2
3	Electrical, machinery and equipment	48.30	3
4	Lime, cement and minerals products	38.72	4
5	Pharmaceutical products	34.85	5
6	Diary products	31.80	6
7	Machinery & Mechanical Appliances	22.71	7
8	Mineral fuel and oil products	18.76	8
9	Mis. Edible preparations	17.04	9
10	Rubber & Articles (Tubes & Tyres)	10.27	10
Sl. No.	Name of Service	Revenue under GST	Ranking
1	Construction services	69.35	1
2	Communications services	15.71	2
3	Financial services	13.86	3
4	Support services	11.40	4
5	Other services	5.49	5
6	Transport services	4.65	6
7	Real Estate, Leasing, Rental services	2.61	7
8	Professional services	1.31	8
9	Accommodation, Food & Beverages services	1.27	9
10	Maintenance & Repair Services	0.94	10

Source: Information furnished by Taxation Department, Manipur.

During 2020-21, under the Commodity Sector, Automobiles (₹ 82.06 crore), Electrical Equipment (₹ 57.21 crore) and Iron & Steel (₹ 53.72 crore) were the main contributor of SGST, while Construction Services (₹ 50.70 crore) and Communication Services (₹ 19.82 crore) were the main contributor of SGST under Service Sector.

During 2021-22, Automobiles (₹ 90.03 crore), Iron & Steel (₹ 66.13 crore) and Electrical, machinery & equipment (₹ 48.30 crore) were the main contributors of SGST under the Commodity sector, while Construction services (₹ 69.35 crore), Communications services (₹ 15.71 crore) and Financial Services (₹ 13.86 crore) were the main contributor of SGST under the Service sector.

### 5.1.3.7 Analysis of arrears of revenue

The arrears of revenue on account of Taxes/VAT and GST as on 31 March 2020 to 31 March 2022 are as shown in the following **Table**.

**Table 5.1.11: Arrears of revenue**

(₹ in crore)

Sl. No.	Head of revenue	Total amount outstanding as on 31 March			Amount outstanding for more than five years as on 31 March		
		2020	2021	2022	2020	2021	2022
1	Taxes/ VAT	0.00	91.00	0.73	0.00	0.00	0.00
2	GST	0.00	0.00	1.57	0.00	0.00	0.00
<b>Total</b>		<b>0.00</b>	<b>91.00</b>	<b>2.30</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

*Source: Information furnished by Taxation Department, Manipur.*

It can be seen from the above **Table** that the arrear of Taxes/VAT which was nil at the end of March 2020 increased to ₹ 91.00 crore at the end of March 2021. However, this decreased considerably to ₹ 2.30 crore by the end of March 2022. There was no arrear of revenue (GST/VAT) outstanding for more than five years during 2019-20 to 2021-22.

## 5.2 Non-production of records to audit

The programme of local audit of Tax revenue/Non-tax revenue offices is drawn up sufficiently in advance and intimations are issued, usually one month before the commencement of audit, to the Departments to enable them to keep the relevant records ready for audit scrutiny.

During the year 2020-21, there was two cases under Revenue Department where records<sup>108</sup> were not made available to audit. Amount involved could not be ascertained due to non-availability of records. Break-up of the case are given in the following **Table**.

**Table No. 5.2.1: Details of non-production of records**

Name of the office/Department	Year in which it was to be audited	Number of cases not audited	Tax amount
Revenue	2020-21	2	Not Available

*Source: Records of O/o the Principal Accountant General (Audit), Manipur.*

Details are shown in **Appendix 5.1**.

<sup>108</sup> Register of Mutation, Land Valuation, Issuance of Jammabandi, Income Certificate, Annual Village Statement, Taozi Register, Notice served to defaulting pattadars etc.,

As the records were not produced for scrutiny, Audit was unable to vouchsafe the genuineness of the underlying transactions and therefore, possibilities of fraud and unhealthy practices taking place in those offices could not be ruled out.

During the year 2021-22, there was no case of non-production of records to Audit for scrutiny.

### 5.3 Audit Planning

The audit units under various Departments are categorised into high, medium and low risk units according to their revenue position, volume of transactions, past trends of audit observations and other parameters. The annual audit plan is prepared on the basis of risk analysis which *inter alia* include critical issues in Government revenues and tax administration *i.e.* Budget Speech, White Paper on State Finances, Reports of the Finance Commission (State and Central), recommendations of the Taxation Reforms Committee, statistical analysis of the revenue earnings during the past five years, features of the tax administration, audit coverage and its impact during past five years, *etc.*

During the year 2020-21, there were 64 auditable units, of which 19 units were planned and audited, which was 100 *per cent* of the total planned units.

During the year 2021-22, out of 64 auditable units, 8 units were planned and audited, which was 100 *per cent* of the total planned units.

### 5.4 Results of Audit

#### *Position of local audit conducted during the year*

Test check of the records of Taxation Department, Finance Department and Settlement and Land Records, Sub-Registrar Office and Sub-Divisional Office during the year 2020-21 showed short levy/non-realisation of outstanding revenues aggregating to ₹ 0.15 crore in 19 cases. The Department did not furnish any reply regarding under assessment and other deficiencies, which were pointed out in audit during 2020-21.

During the year 2021-22, test check of the records of Transport Department revealed that there was short levy/non-realisation of outstanding revenues to the tune of ₹ 11.42 crore in 8 cases.

### 5.5 Coverage of this Report

This Chapter contains one Compliance Audit paragraphs involving financial effect of ₹ 73.33 lakh as discussed in succeeding paragraph.

**COMPLIANCE AUDIT**

**TAXATION DEPARTMENT**

**5.6 Short-realisation of Revenue**

***Failure of the Department to take timely action to realise outstanding tax from a dealer resulted in short-recovery of tax revenue amounting to ₹ 32.74 lakh and interest of ₹ 40.59 lakh.***

As per Section 28 (4) of the Manipur Value Added Tax (MVAT) Act, 2004, every dealer shall pay the full amount of tax payable according to the Return filed by him into the Government Treasury or in such other manner as may be prescribed, and shall furnish a receipt showing full payment of such amount along with the Return. Further, as per Section 29 (1)(a) of the Act *ibid*, where a dealer fails to pay the amount of tax due as per the Return, interest @ 2 per cent per month from the date the tax payable had become due shall be levied.

Scrutiny of records (February 2020) of the Office of Commissioner of Taxes for the period April 2018 to March 2019 revealed (in the Returns furnished by a dealer M/s Souvio Enterprises) that there was sale of High Speed Diesel (HSD) worth ₹ 373.41 lakh and Motor Spirit (MS) for ₹ 191.45 lakh for which the total tax payable was ₹ 98.81 lakh. Audit, however, observed that the dealer paid tax of only ₹ 66.07 lakh resulting in short payment of ₹ 32.74 lakh. Further, interest of ₹ 40.59 lakh was also leviable for delay in payment of the outstanding tax as on 31 December 2022 under the provisions of the MVAT Act *ibid*. Thus, a total amount of ₹ 73.33 lakh<sup>109</sup> was recoverable from the dealer as indicated in *Appendix 5.2*.

While accepting with the audit observation, the Department stated (November 2021) that notice had been served to the Dealer for payment of the outstanding tax amount. The Department also stated (October 2022) that updated tax recovery and assessment report would be furnished to Audit. However, no such report has been furnished to audit till date (January 2023).

Thus, failure of the assessing Authority to examine the returns and take timely action to realise the outstanding tax from the dealer resulted in short-recovery of tax revenue amounting to ₹ 73.33 lakh (₹ 32.74 lakh balance tax and an interest amount of ₹ 40.59 lakh) for the period from September 2016 to March 2019.

<sup>109</sup> ₹ 73.33 lakh = ₹ 32.74 lakh (Outstanding Tax) + ₹ 40.59 lakh (Interest).