

OVERVIEW

The Report contains 58 paragraphs including two reviews relating to non/short levy of taxes, interest, penalty etc., involving Rs. 628.76 crore. Some of the major findings are mentioned in the following paragraphs:

I. GENERAL

- The total revenue receipts of the State Government for the year 2008-09 amounted to Rs. 62,858.45 crore against Rs. 54,142.55 crore for the previous year. 68 *per cent* of this was raised by the State through tax revenue (Rs. 33,358.29 crore) and non-tax revenue (Rs. 9,683.40 crore). The balance 32 *per cent* was received from the Government of India as State share of divisible Union taxes (Rs. 11,801.50 crore) and grants-in-aid (Rs. 8,015.26 crore).

(Paragraph 1.1)

- At the end of March 2009, the arrears of revenue in sales tax, taxes on vehicles, land revenue, purchase tax on sugarcane and taxes and duties on electricity etc., amounted to Rs. 6,507.70 crore, of which Rs. 3,157.11 crore were pending for more than five years.

(Paragraph 1.4)

- Test check of the records of sales tax, land revenue, taxes on vehicles, stamp duty and registration fee and other departmental offices conducted during the year 2008-09 revealed underassessment/short levy/loss of revenue etc., amounting to Rs. 876.90 crore in 2,273 cases.

(Paragraph 1.13)

II. SALES TAX

A review on “**Transition from Andhra Pradesh General Sales Tax to Andhra Pradesh Value Added Tax**” indicated the following deficiencies:

- There was no provision in the Act/Rules for conducting periodical surveys for enforcing registration of the unregistered dealers. 30.24 *per cent* of the dealers registered under APGST Act in the jurisdictions test checked by audit remained unregistered under the VAT Act.

(Paragraph 2.2.8.1)

- In 24 circles, 109 dealers were not registered under the VAT Act though their turnover had exceeded the threshold limits. This resulted in non-realisation of revenue of Rs. 2.83 crore.

(Paragraph 2.2.8.2)

- VAT Audit module was not made operational and the data of dubious/risky dealers was not uploaded in the website TINSYS.com defeating the very purposes for which these modules were created.

(Paragraph 2.2.9.3)

- In one circle, 247 dealers did not file returns for certain period(s) during 2005-06 to 2008-09. Though demands were generated by the VATIS, these were not served. This resulted in non-realisation of revenue of Rs. 1.49 crore including penalty of Rs. 49.58 lakh.

(Paragraph 2.2.9.5)

- Input tax credit of Rs. 50.72 lakh claimed by seven dealers was *prima facie* fictitious. No sale of such goods was depicted in the VATIS ledgers of the selling dealer.
- Input tax credit of Rs. 4.05 crore was allowed to the Canteen Stores Department and Indian naval canteen services though these departments were not entitled to the input tax credit resulting in short realisation of revenue to that extent.

(Paragraphs 2.2.13)

- Declaration of taxable turnover as exempted turnover resulted in non-payment of VAT of Rs. 52.27 crore in seven circles and non-levy of tax of Rs. 23.45 crore in eight circles.

(Paragraph 2.4)

- Misclassification of sales as works contracts resulted in under declaration/short levy of tax of Rs. 10.49 crore in 11 circles.

(Paragraph 2.5)

- In four circles, interest of Rs. 11.50 crore was not levied on belated payments of taxes in five cases.

(Paragraph 2.11)

- In three Large Tax Payers Units (LTUs) and 46 circles, tax on works contracts amounting to Rs. 9.36 crore was short levied.

(Paragraph 2.12)

- Application of incorrect rate of tax resulted in short levy of tax of Rs. 2.74 crore.

(Paragraph 2.13)

- Irregularities in sanction and availing of sales tax incentives resulted in non-realisation of Rs. 2.07 crore.

(Paragraph 2.14)

- In one circle, misclassification of supply contract as transit sale resulted in non-levy of tax of Rs. 1.92 crore.

(Paragraph 2.15)

- Excess set-off allowed in two LTUs and 13 circles resulting in short levy of tax of Rs. 1.20 crore.

(Paragraph 2.16)

III. LAND REVENUE

- In five tahsil offices, advance possession of Government land was allowed without finalising alienation proposals resulting in non-realisation of Rs. 109.22 crore.

(Paragraph 3.3)

- In one tahsil office, non-adoption of the actual consideration as basic value of the land resulted in short collection of conversion fee of Rs. 3.31 crore

(Paragraph 3.4)

- In 11 tahsil offices, remission of water tax amounting to Rs. 2.22 crore was allowed without the Government sanction.

(Paragraph 3.5)

IV. TAXES ON VEHICLES

A review of ‘**Citizen Friendly Services in Transport Department**’ indicated the following deficiencies

- Business rules were not incorporated into the CFST application resulting in non/short levy of life tax on company vehicles, second and subsequent vehicles of individuals and card fee amounting to Rs. 6.20 crore.

(Paragraph 4.2.11)

- Lack of input validations had resulted in erroneous/inconsistent and incomplete data. There were gaps in issue of registration numbers resulting in non-allotment of registration numbers. Non-allotment of numbers under choice/reserve category resulted in loss of revenue on reservation fee/choice fee amounting to Rs. 23.64 lakh.

(Paragraphs 4.2.12.1 & 4.2.12.2)

- In 12 offices repetition of the numbers of insurance cover notes was noticed in 6,08,116 vehicles relating to eight insurance companies.

(Paragraph 4.2.14)

- In ten offices 31,831 vehicles with the same chassis number were noticed. Further, 53,582 duplicate engine numbers with different transactions and different classes of vehicles were noticed.

(Paragraph 4.2.15)

- CFST has been prompting demand which was either less or higher than the actual demand to be raised.

(Paragraph 4.2.16)

- The department did not have adequate internal control mechanism which resulted in non-monitoring of the driving licences issued, non-reconciliation of e-seva transactions and non-verification of data.

(Paragraphs 4.2.18.1 & 4.2.18.2)

- Though computerisation commenced in the year 2000, internal audit was not conducted to get an assurance on the working of the system. Discrepancies were noticed in the demand and collection statement.

(Paragraph 4.2.18.3)

- In the offices of one Joint Transport Commissioner (JTC), 10 Deputy Transport Commissioners (DTCs) and 19 Regional Transport Officers (RTOs), quarterly tax of Rs. 3.36 crore and penalty of Rs. 6.72 crore were not levied.

(Paragraph 4.4)

- In one JTC, 10 DTCs and 18 RTOs penalty of Rs. 7.96 crore was short levied for belated payment of tax.

(Paragraph 4.5)

- In one JTC, five DTCs and 10 RTOs, non-renewal of fitness certificates resulted in non-realisation of fitness certificate fee of Rs. 6.99 crore.

(Paragraph 4.6)

- In one JTC, 10 DTCs and 18 RTOs, green tax aggregating to Rs. 3.35 crore was not levied and collected.

(Paragraph 4.7)

- In five DTCs and nine RTOs, life tax and penalty were not levied resulting in non-realisation of revenue of Rs.91.82 lakh.

(Paragraph 4.8)

V. STAMP DUTY AND REGISTRATION FEES

- Lack of co-ordination between Registration and Prohibition & Excise departments resulted in short levy of stamp duty and registration fee of Rs. 5.56 crore, on sub-lease deeds of nine distilleries in seven sub-registries (SR).

(Paragraph 5.3.1.1)

- Non-insistence for registration of the lease deeds resulted in non/short levy of stamp duty and loss of registration fees of Rs. 4.67 crore.

(Paragraph 5.3.2)

- In seven District Registries (DRs) and 15 SRs, misclassification of documents resulted in short levy of stamp duty and registration fees of Rs. 8.24 crore.

(Paragraph 5.4)

- In one SR, undervaluation of property resulted in short levy of duties and fee of Rs. 2.04 crore.

(Paragraph 5.5.1)

- In one DR, incorrect exemption of stamp duty and registration fees resulted in non-realisation of Government revenue of Rs. 2.26 crore.

(Paragraph 5.6.1.1)

- In three DRs and 16 SRs, incorrect adjustment of stamp duty resulted in short realisation of Government revenue of Rs. 1.08 crore.

(Paragraph 5.8)

VI. OTHER TAX AND NON-TAX RECEIPTS

CO-OPERATION DEPARTMENT

- Failure of the department to initiate action under RR act, resulted in non-realisation of Rs. 47.77 crore including interest.

(Paragraph 6.3.1)

- Audit fee was either not levied or was levied short due to incorrect computation resulting in non-realisation of Rs. 2.17 crore.

(Paragraph 6.3.2)

- FR cost of Rs. 1.19 crore though required to be collected in advance was not assessed and collected

(Paragraph 6.4.2)

- DCOs in nine districts did not realise loan of Rs. 4.61 crore and interest of Rs. 1.86 crore.

(Paragraph 6.5.2)

- In nine districts interest aggregating to Rs. 3.81 crore was assessed by the DCOs on the outstanding principal loan of Rs. 4.61 crore but the demand notices were not served.

(Paragraph 6.5.3)

- Non-levy of interest/dividend from 10 co-operative societies resulted in non-realisation of Rs. 142.30 crore.

(Paragraph 6.5.4.1)

- The department calculated interest on the diminishing balances of the loans though the instalments were not paid. This resulted in short levy of interest of Rs. 3.87 crore.

(Paragraph 6.5.5)

ENVIRONMENT, FORESTS, SCIENCE AND TECHNOLOGY DEPARTMENT

- In the office of the Principal Chief Conservator of Forests, an amount of Rs. 54.51 crore was due on account of lease rentals.

(Paragraph 6.6)

- In 15 offices of the DFOs, forest dues of Rs. 28.62 crore were outstanding in 238 certified cases.

(Paragraph 6.6.1)

TRANSPORT, ROADS AND BUILDINGS DEPARTMENT

- Profession tax of Rs. 30.97 crore was not levied and collected from the owners of 4,12,923 vehicles on road for the year 2007-08.

(Paragraph 6.7)

INDUSTRIES AND COMMERCE DEPARTMENT

- Non/short levy of Rs. 2.23 crore on account of royalty and cess was noticed in one office of the Deputy Director of Mines and Geology.

(Paragraph 6.8)

- Short recovery of seigniorage fee of Rs. 71.41 lakh was noticed in one office of the Executive Engineer, Galeru Nagari Sujala Sravanthi (GNSS) circle.

(Paragraph 6.9.1)