

# The Report of the Comptroller and Auditor General of India

## on Revenue Sector

for the year ended 31 March 2013





### **Government of Himachal Pradesh**

Report No. 1 of the year 2013

## The Report of the Comptroller and Auditor General of India

on

**Revenue Sector** 

for the year ended 31 March 2013

Government of Himachal Pradesh Report No. 1 of the year 2013

#### **TABLE OF CONTENTS**

Description	Reference to	
	Paragraphs	Page
Preface		v
Overview		vii
Chapter-I: General		
Trend of revenue receipts	1.1	1
Variations between the budget estimates and actuals	1.2	4
Cost of collection of major revenue receipts	1.3	5
Analysis of arrears of revenue in terms of total outstanding and outstanding of more than five years	1.4	6
Arrears in assessments	1.5	7
Evasion of Tax	1.6	7
Pendency of Refund Cases	1.7	8
Response of the Government / departments towards audit	1.8	9
Failure of the Heads of Department to enforce accountability to protect interest of the Government	1.8.1	9
Departmental audit committee meetings	1.8.2	10
Response of the Departments to the draft audit paragraphs	1.8.3	10
Follow up on Audit Reports-summarised position	1.8.4	11
Compliance with the earlier Audit Reports	1.8.5	11
Analysis of the mechanism for dealing with the issues raised by Audit	1.9	11
Position of Inspection Reports	1.9.1	12
Assurances given by the Departments / Government on the issues highlighted in the Audit Reports	1.9.2	12
Recovery of accepted cases		12
Audit planning	1.10	13
Results of audit	1.11	14
(a) Position of local audit conducted during the year		
Coverage of this Report	1.12	14
Chapter-II: Taxes / VAT on Sales, Trades etc.		
Tax administration	2.1	15
Results of audit	2.2	15
Allowance of Input Tax Credit (ITC)	2.3	16
Incorrect deduction of cost of material	2.4	20

Denoviruli de	Reference to	
<b>Description</b>	Paragraphs	Page
Application of incorrect rate of tax	2.5	20
Non / short levy of interest and penalty	2.6	21
Wrong allowance of concessional rate of tax	2.7	22
Non-levy of tax on entry of goods	2.8	23
Evasion of tax due to acceptance of invalid, duplicate and defective 'C'-forms	2.9	23
Non-levy / demand of tax	2.10	24
Incorrect determination of turnover	2.11	24
Incorrect exemption of tax due to misuse of declaration Forms 'F'	2.12	25
Chapter-III: State Excise		
Tax administration	3.1	27
Results of audit	3.2	27
Non/ short recovery of State Excise Duty and License Fee	3.3	28
Chapter-IV: Stamp Duty		
Tax administration	4.1	35
Results of audit	4.2	35
Incorrect preparation of valuation report by Patwaris	4.3	36
Incorrect determination of market value of properties	4.4	36
Short realisation of stamp duty and registration fee due to change of classification of land	4.5	37
Non-valuation of property by Collector / District Valuation Committee	4.6	38
Short realisation of stamp duty and registration fee on lease deed	4.7	38
Chapter-V: Taxes on Vehicles, Goods and Passengers		
Tax administration	5.1	41
Results of audit	5.2	41
Performance audit on 'Levy and Collection of Passenger and Goods Tax'	5.3	42
Non-recovery of special road tax / penalty (HRTC)	5.4	58
Non / short realisation of SRT by Private Stage carriages	5.5	58
Non-realisation of token taxes	5.6	60
Non-deposit of user charges	5.7	61

Description	Reference to			
<b>Description</b>	Paragraphs	Page		
Chapter-VI: Forest Receipts				
Tax administration	6.1	63		
Results of audit	6.2	63		
Illicit felling of trees	6.3	64		
Blocking of revenue due to non-disposal of seized timber	6.4	65		
Non-crediting of departmental charges	6.5	65		
Non-realisation of revenue due to illegal construction of roads on forest land	6.6	66		
Non/ short levy of interest on belated payment of royalty	6.7	67		
Irregular deletion of resin blazes	6.8	68		
Chapter-VII: Other Tax and Non-tax Receipts				
Tax administration	7.1	69		
Results of audit	7.2	69		
Non-deposit of electricity duty into Government account	7.3	69		
Non / short realisation of dead rent and interest	7.4	70		
Non-credit of lapsed deposits to the Government revenue account	7.5	71		

## Appendices

Sl. No.	Particulars	Reference to	
		Paragraph	Page
I	Audit Planning	1.10	73
II	Evasion of tax due to acceptance of invalid, duplicate and defective 'C'-forms	2.9	74
III	Incorrect exemption of tax due to misuse of declaration Forms 'F'	2.12	75
IV	Non-accountal of RS/ ENA and MMS	3.3.2.3	76
V	Non-recovery of salaries of excise establishment posted at distillery/ bonded ware houses	3.3.6	77
VI	Incorrect preparation of valuation reports by Patwaris	4.3	78
VII	Incorrect determination of market value of properties	4.4	79
VIII	Short realisation of stamp duty and registration fee due to change of classification of land	4.5	80
IX	Non / delayed authorization / registration of firms for levy and collection of AGT	5.3.9.1 (i)	81
Glossary of Abbreviations		83	