



**Report of the
Comptroller and Auditor General of India
on
Revenue Sector
for the year ended 31 March 2013**

The Report has been laid on the table of the State Legislature Assembly on 25-07-2014



Government of Gujarat
Report No. 1 of the year 2014

**Report of the
Comptroller and Auditor General of India
on
Revenue Sector**

for the year ended 31 March 2013

**Government of Gujarat
*Report No. 1 of the year 2014***

TABLE OF CONTENTS

	Paragraph	Page
Preface		v
Overview		vii-ix
Chapter – I: General		
Trend of revenue receipts	1.1	1
Response of the Departments/Government towards audit	1.2	4
Failure of senior officials to enforce accountability and protect the interest of the State Government	1.2.1	4
Departmental audit committee meetings	1.2.2	5
Response of the Departments to the draft audit paragraphs	1.2.3	6
Follow up on Audit Reports - summarised position	1.2.4	6
Compliance with the earlier Audit Reports	1.2.5	7
Analysis of the mechanism for dealing with the issues raised by Audit in "Revenue Department"	1.3	7
Position of Inspection Reports	1.3.1	8
Assurances given by the Department/Government on the issues highlighted in the Audit Reports	1.3.2	8
Recovery of accepted cases	1.3.2.1	8
Action taken on the recommendations	1.3.2.2	9
Audit Planning	1.4	9
Results of audit	1.5	9
Position of local audit conducted during the year	1.5.1	9
This Report	1.5.2	10
Chapter – II: Value Added Tax / Sales Tax		
Executive summary		11
Tax administration	2.1	15
Analysis of budget preparation	2.2	15
Trend of revenue	2.3	15
Analysis of arrears of revenue	2.4	17

Assessee profile	2.5	17
Cost of VAT per assessee	2.6	17
Arrears in Assessment	2.7	18
Cost of collection	2.8	19
Analysis of collection	2.9	19
Impact of Audit Reports – Revenue impact	2.10	20
Working of internal audit wing	2.11	20
Results of audit	2.12	21
Performance audit on ‘Claim and admittance of Input Tax Credit’	2.13	22
Performance audit on ‘Revenue recovery action under Land Revenue Code for accumulated arrears of Sales Tax/ Value Added Tax’	2.14	45
Audit observations	2.15	69
Non/ short levy of interest (VAT)	2.16	69
Non/ short levy of purchase tax (VAT)	2.17	71
Non-deduction of TDS	2.18	73
Short levy of VAT due to irregular grant of lump sum tax benefit	2.19	74
Non/short levy of penalty under GVAT	2.20	75
Application of incorrect rate of tax (VAT)	2.21	76
Short levy of tax due to incorrect determination of turnover (VAT/ CST)	2.22	77
Short levy of VAT due to misclassification	2.23	78
Short levy of tax due to irregular deduction in lump sum works contract	2.24	80
Non/short levy of VAT on goods involved in execution of works contract	2.25	81
Short levy of tax due to application of incorrect rate of tax (CST)	2.26	83
Incorrect allowance of export deduction	2.27	84
Short levy of VAT due to excess deduction towards labour service etc.	2.28	85
Non/short levy of entry tax	2.29	86

Non/short levy of Central Sales Tax on Railway Receipts sales	2.30	87
Short levy of VAT	2.31	87
Incorrect deduction from sales turnover under GVAT Act	2.32	88
Non-levy of CST on transporting charges	2.33	89
Irregular grant of deduction against Form 'I' for sales to SEZ (CST)	2.34	89
Non/short levy of CST due to acceptance of duplicate 'C' forms	2.35	90
Non/short levy of penalty under GST	2.36	91
Turnover escaping assessment (GST)	2.37	91
Chapter – III: Land Revenue		
Executive summary		93
Tax administration	3.1	95
Analysis of budget preparation	3.2	95
Trend of revenue	3.3	95
Results of Audit	3.4	96
Non-levy of additional occupancy price	3.5	97
Non/short levy of premium price	3.6	97
Non/short levy of penalty	3.7	100
Non levy of conversion tax	3.8	102
Short levy of stamp duty	3.9	104
Lack of co-ordination among Revenue Authorities	3.10	105
Chapter – IV: Stamp Duty and Registration Fees		
Executive summary		107
Tax administration	4.1	109
Analysis of budget preparation	4.2	109
Trend of Revenue	4.3	109
Cost of collection	4.4	110
Impact of Audit Reports - Revenue impact	4.5	110
Results of audit	4.6	111

Audit observations	4.7	112
Non/short levy of stamp duty and registration fees due to undervaluation of properties	4.8	112
Undervaluation of property by DC (SDVO)	4.9	118
Short levy of stamp duty and registration fees due to misclassification of documents	4.10	119
Non/ short levy of stamp duty and registration fees on instruments comprising several distinct matters	4.11	122
Short levy of stamp duty and registration fees on lease deeds due to incorrect computation	4.12	124
Short levy of registration fees due to undervaluation of properties on partnership deed	4.13	125
Short levy of registration fees	4.14	126
Instruments not duly stamped	4.15	126