

OVERVIEW

This Report contains 45 paragraphs including two Performance Audits relating to non/short levy of taxes, duties, interest and penalty, etc., involving ₹ 824.85 crore. Some of the major findings are mentioned below:

I General

The total revenue receipt of the State during the year 2012-13 was ₹ 1,42,940.57 crore, of which the revenue raised by the State Government was ₹ 1,13,426.26 crore and receipts from the Government of India were ₹ 29,514.25 crore. The revenue raised by the State Government constituted 79 *per cent* of the total net receipts of the State. The receipts from the Government of India included ₹ 15,191.92 crore on account of the State's share of divisible Union taxes which registered an increase of 13.85 *per cent* over the previous year and ₹ 14,322.33 crore received as grants-in-aid.

(Paragraph 1.1.1)

At the end of June 2013, 10,510 inspection report paragraphs involving ₹ 2,827.78 crore relating to 4,760 inspection reports issued upto 31 December 2012 were pending settlement.

(Paragraph 1.2.1)

In respect of the Audit Reports for the periods from 2001-02 to 2011-12, the Department/Government accepted audit observations involving ₹ 3,704.69 crore, out of which an amount of ₹ 1,140.92 crore was recovered till 31 March 2013.

(Paragraph 1.2.6)

II Value Added Tax/Sales tax

A Performance Audit of “Maharashtra Vikrikar Automation System (MAHAVIKAS)” revealed as under:

- Only 11 out of the 22 modules planned were in use even after a period of seven years and incurring an expenditure of ₹ 127.18 crore.

(Paragraph 2.2.10.1)

- Absence of necessary validation checks to prevent entry of duplicate PAN records resulted in multiple registrations of 1,138 PAN holder-dealers and in 3,970 cases blank/incomplete/incorrect PAN was recorded.

(Paragraph 2.2.11.1)

- Irregular claim of excess credit amounting to ₹ 1,059.03 crore in 54,513 returns remained undetected in the system due to lack of validation checks.

(Paragraph 2.2.11.2)

- Credit brought forward in 43,466 returns under Maharashtra Value Added Tax, 2002 (MVAT Act) /Central Sales Tax Act, 1956 (CST Act) was claimed in excess by ₹ 184.81 crore from the returns of the preceding periods.

(Paragraph 2.2.11.3)

- Absence of cross-linkage of returns in the system resulted in non-detection of claims of excess tax credits of ₹ 200.04 crore in 6,755 returns.

(Paragraph 2.2.11.4)

- Absence of appropriate MIS reports resulted in non-detection of claims of inter-state transactions amounting ₹ 2,364.85 crore in 3,773 returns filed by dealers registered under the MVAT Act but not registered under the CST Act.

(Paragraph 2.2.11.5)

- Absence of a system for detection and rejection of more than one refund application for the same period resulted in 294 dealers filing multiple refund applications amounting to ₹ 434.54 crore.

(Paragraph 2.2.11.7)

- Absence of facility to verify the authenticity of refund adjustments claimed by the dealers in their returns and Refund Adjustment Orders (RAOs) issued by the Department resulted in claims of refund adjustments aggregating ₹ 154.04 crore in 5,973 returns remaining unverified with the data of issued RAOs available in the system.

(Paragraph 2.2.11.8)

- Failure to timely implement the required programme to generate interest on delayed payment of tax and failure to issue demand notices where interest was generated by the system resulted in non-realisation of ₹ 238.16 crore.

(Paragraph 2.2.11.9)

- Refund claims aggregating ₹ 3,809.01 crore in respect of 25,372 applications were pending in the system for periods ranging from 19 to 40 months.

(Paragraph 2.2.11.13)

- Objective of providing better services to the dealers was affected as the system did not reconcile payments with the tax liability of the dealers.

(Paragraph 2.2.11.15)

- Security measures adopted were not adequate as 2,193 generic users had accessed the system to enter/modify data.

(Paragraph 2.2.12.2)

- Internal control of the system was weak as MIS reports for monitoring data integrity and security was not designed covering all the vital areas.

(Paragraph 2.2.14)

Deduction of ₹ 9.69 crore towards “tax collected separately” in excess of the admissible amount from the turnover of sales resulted in short levy of tax of ₹ 72.05 lakh on works contract transaction.

(Paragraph 2.4.1)

Penalty u/s 29(3) amounting to ₹ 1.05 crore was either not levied or short levied in two cases though the dealers had furnished inaccurate particulars, concealed the turnover of sales, etc.,

(Paragraph 2.4.3)

Delay in assessment, ineffective follow up action for recovery, not keeping track of the dealers activities, failure to attach properties, etc., resulted in non-realisation of dues of ₹ 15.61 crore in seven cases.

(Paragraph 2.4.8)

Inadequate follow-up action in respect of a case pending for recovery from outside the State resulted in non-realisation of dues of ₹ 13.83 crore.

(Paragraph 2.4.9)

Issue of circular *ultra vires* to the provisions of the Act by the Commissioner of Sales Tax resulted in short levy of Luxury Tax of ₹ 5.34 crore.

(Paragraph 2.4.14)

III Stamp duty and Registration fees

Misclassification of instruments in 15 cases resulted in short levy of stamp duty of ₹ 66.24 lakh.

(Paragraphs 3.2.4.1 and 3.2.4.2)

As against levy of stamp duty of ₹ 3.25 crore, stamp duty was levied at ₹ 2.18 crore due to under valuation of property resulting in short levy of ₹ 1.07 crore.

(Paragraph 3.4.4)

Incorrect grant of benefit of tenancy for determination of market value resulted in short levy of stamp duty and penalty of ₹ 2.94 crore in one case.

(Paragraph 3.4.6)

Incorrect determination of market value in respect of several distinct matters involved in an instrument resulted in short levy of stamp duty of ₹ 50.56 lakh in one case.

(Paragraph 3.4.8)

IV Land Revenue

Application of agricultural rates instead of non-agriculture (NA) rates for determination of occupancy price of land allotted to Central Reserve Police Force resulted in short realisation of occupancy price of ₹ 2.08 crore.

(Paragraph 4.2.4.1)

The market rates were not fixed in accordance with the Annual Schedule of Rates in six cases resulting in short recovery to occupancy price of ₹ 39.67 lakh.

(Paragraph 4.2.4.2)

NA rates were not applied while calculating market value of land for levy of lease rent which resulted in non/short recovery of lease rent of ₹ 65.92 lakh.

(Paragraph 4.2.4.3)

Due to incorrect classification by the Government, unearned income of ₹ 5.15 crore from land owners was not recovered.

(Paragraph 4.2.7.1)

Incorrect determination of market value of land by two Divisional Commissioners resulted in short recovery of unearned income of ₹ 3.83 crore.

(Paragraph 4.2.7.2)

Government norms were not adhered to at the time of registering the agreement which resulted in loss of revenue amounting to ₹ 40.02 lakh.

(Paragraph 4.2.8)

V Taxes on Vehicles and State Excise

A Taxes on Vehicles

Motor vehicle tax amounting to ₹ 1.72 crore was not recovered from 1,033 transport vehicle owners.

(Paragraph 5.3.1)

Motor vehicle tax was not recovered in cash in 148 cases of dishonoured cheques which resulted in non-realisation of revenue amounting to ₹ 53.29 lakh.

(Paragraph 5.3.4)

Misappropriation of ₹ 1.60 lakh was noticed by audit and in the light of the audit observation, the Department verified the accounts and found misappropriation of ₹ 12.56 lakh.

(Paragraph 5.3.5)

VI Other Tax Receipts

A Taxes and duties on electricity

A Performance Audit on “Levy and collection of Electricity Duty, Tax on sale of electricity and Inspection Fees” revealed the following:

Figures of arrears of ₹ 843.36 crore on account of Electricity Duty (ED)/Tax on Sale of Electricity (TOSE)/Inspection fees furnished/collected by the Department was deficient as it did not include the amount of ED and TOSE billed but not collected by the private companies/franchisees.

(Paragraph 6.2.8)

Absence of provisions in the Acts for remittance of the amount of proportionate ED and TOSE inherent in Delayed Payment Charges(DPC) and Interest on Arrears levied by private companies on delayed payments by consumers, resulted in undue benefit to the private companies by at least ₹ 24.98 crore at the cost of Government.

(Paragraph 6.2.9.1)

Variation with respect to the ED/TOSE payable as per the returns and ED/TOSE actually paid was of ₹ 310.80 crore.

(Paragraph 6.2.9.2() to (d))

In the office of the Electrical Inspector (EI) Mumbai Central, 66 per cent of the returns due were not received from the generating units concerned due to which correctness of ED paid were not monitored.

(Paragraph 6.2.9.2(e))

Cross-linkage of identical data available in returns in Form 'A' and Form 'C' revealed variation in the units reported as sold/consumed, for levy of electricity duty and tax on sale of electricity to the extent of 639.95 crore and 68.12 crore, respectively, reflecting deficiency in monitoring.

(Paragraph 6.2.9.3)

Interest was not levied on delayed payment of ED and TOSE aggregating ₹ 5,773.04 crore by MSEDCL, during the periods 2010-11 and 2011-12, which resulted in non-realisation of interest of ₹ 126.87 crore.

(Paragraph 6.2.10.1)

Incorrect grant of exemption from payment of TOSE to Railways for utilisation of energy on its residential and commercial areas, though not envisaged in the Maharashtra Tax on Sale of Electricity Act, 1963 (MTSE Act), resulted in short realisation of tax of ₹ 1.55 crore.

(Paragraph 6.2.10.3)

Though inspections in respect of lifts and electrical installations exist, it was not carried out or conducted regularly leading to shortfall in inspections.

(Paragraphs 6.2.9.5 and 6.2.10.4)

Details of utilisation of funds earmarked for Rural Electrification and Green Cess was not available with the Department.

(Paragraph 6.2.10.7)

B Entertainments duty

Failure to take action for recovery of entertainments duty in 35 offices resulted in non-realisation of Government revenue aggregating ₹ 2.36 crore from 536 cable operators.

(Paragraph 6.4.1)

Registers maintained for recovery were not monitored which resulted in non-realisation of ₹ 2.26 crore from 59 permit rooms/beer bars.

(Paragraph 6.4.2)

Penal interest was not levied on the service providers for delays in payment of entertainment duty which resulted in non-realisation of ₹ 42.50 lakh in four cases.

(Paragraph 6.4.5)

C Education Cess and Employment Guarantee Cess

Penalty of ₹ 5.14 crore collected by the Municipal Corporation of Greater Mumbai on delayed payment of state education cess and employment guarantee cess was not remitted into the Government account.

(Paragraph 6.6.1)

State education cess and employment guarantee cess totalling to ₹ 315.65 crore were not remitted into the Government account by two Municipal Corporations.

(Paragraph 6.6.2)

VII Non-tax receipts

Interest of ₹ 28.10 crore payable on delayed payment of royalty of ₹ 491.17 crore was not levied.

(Paragraph 7.2.7)

The procedure for preparation and compilation of Statement of Expenditure of the police deployment provided to other states was not followed and no initiatives for realisation of ₹ 38.32 crore were taken by the Department.

(Paragraph 7.3.3.1)

Amounts aggregating ₹ 344.32 crore were outstanding against the Railways of which demands aggregating ₹ 193.90 crore related to the period prior to 2008-09.

(Paragraph 7.3.3.2)

Cost of police deployed for Indian Premier League cricket matches amounting to ₹ 4.39 crore of two cricket associations was pending recovery for the last two to three years, further not computing the recovery on the basis of working hours for which police was deployed resulted in short realisation of ₹ 3.69 crore in respect of two offices.

(Paragraph 7.3.3.3)

Failure to recover cost of police in advance from individuals and Municipal Corporations and absence of a provision to recover cost of police in advance from the banks resulted in non-realisation of ₹ 70.87 crore.

(Paragraph 7.3.3.4, 7.3.3.5 and 7.3.3.6)

In three offices non-determination of differential amount recoverable due to adoption of 6th Pay Commission by the State Government resulted in non-realisation of ₹ 6.93 crore.

(Paragraph 7.3.4)

Deficiencies in management of cash with respect to non/delayed credit of demand drafts into the treasury, non/delayed entry of receipts into the cash book, non-maintenance of cash book, challan register and receipt books were noticed in eight offices.

(Paragraph 7.3.7)