

OVERVIEW

This Report contains 46 paragraphs suitably clubbed into appropriate captions relating to non/short levy of taxes/duties/royalty, interest and penalty etc., loss of revenue, irregular exemption, unfruitful expenditure and other irregularities. It also contains a performance audit on 'Admissibility of Input Tax Credit' and two results of audit on the themes 'Collection of Revenue from out-sourced activities in Transport Department' and 'Planning and Financial management of Major wildlife areas in Assam – Impact on Conservation efforts'. Some of the major findings are mentioned below:

I. GENERAL

- The total receipts of the State for the year 2014-15 were ` 38,181.49 crore against ` 32,212.79 crore in the previous year. Of this, 31 *per cent* was raised by the State Government through tax revenue (` 9,449.81 crore) and non-tax revenue (` 2,412.89 crore). The balance 69 *per cent* was received from the Government of India in the form of State's share of net proceeds of divisible Union taxes (` 12,283.71 crore) and grants-in-aid (` 14,035.08 crore).

(Paragraph 1.1)

- Failure of senior officials to ensure timely replies and accountability resulted in 3,281 audit observations not being settled involving revenue implication of ` 6,943.11 crore at the end of June 2015.

(Paragraph 1.6)

- During the year 2014-15, only three Audit Committee meetings in respect of Environment and Forest, State Excise and Taxation departments were held in which 260 paragraphs were settled.

(Paragraph 1.6.2)

- Test check of records of 113 units of sales/value added tax, motor vehicles, state excise, forest, other tax and non-tax receipts conducted during the year 2014-15 revealed under assessment/short levy/short demand having revenue implication of ` 1,772.37 crore in 500 cases.

(Paragraph 1.9.1)

II. TAXES ON SALES, TRADE ETC.

A performance audit on ‘Admissibility of Input Tax Credit’ revealed the following:

Systemic deficiencies

Though the Taxation Department had introduced a system of furnishing purchase/sale figures by the dealers along with the returns in 2008, but the same was not made mandatory. Besides, the Department did not institute a system of electronic matching of purchase-sales before allowance of Input Tax Credit claims as is being practiced by other States. Neither has it put in place a norm for cross verification of returns while scrutinising the returns. Even after 10 years of implementation of VAT in the State, these systemic deficiencies continued to hinder effective checks before allowance of Input Tax Credit and have created a situation rife with scope of evasion of taxes. Audit scrutiny of sampled cases revealed huge irregularities with revenue implication of nearly ` 200 crore. Unless the Department initiates a timebound plan to overcome the deficiencies, these would prove to be major bottleneck to efficient administration of the Commercial Tax activity in the State while switching over to the proposed Goods and Services Tax system in future.

(Paragraph 2.3.9)

Compliance deficiencies

20,793 dealers of seven unit offices were allowed to avail Input Tax Credit of ` 3,081.22 crore during the period from 2009-10 to 2013-14; but there was no cross verification to ascertain that the claims of Input Tax Credit were genuine.

(Paragraph 2.3.10)

Cross verification of transaction of 33 purchasing and 32 selling dealers by Audit revealed excess claim of Input Tax Credit of ` 17.05 crore including interest of ` 4.79 crore. Besides, penalty of ` 24.55 crore was also leviable for willful inflation of purchase figures.

(Paragraph 2.3.12.1)

There was an irregular allowance of Input Tax Credit of ` 1.75 crore including interest on discounts/rebate/incentives.

(Paragraph 2.3.18)

Input Tax Credit was not reversed on goods specified in the Fourth Schedule which resulted in irregular allowance of Input Tax Credit of ` 89.70 lakh, including interest.

(Paragraph 2.3.20)

There was excess availment of Input Tax Credit to the tune of ` 7.08 crore including interest and penalty due to calculation of Input Tax Credit at higher rate.

(Paragraph 2.3.16)

13 manufacturers/dealers in 33 cases claimed Input Tax Credit on purchase of goods valuing ` 2,376.46 crore though the dealers disclosed local purchase worth only ` 2,123.44 crore in manufacturing account/annual returns. This resulted in excess claim of Input Tax Credit amounting to ` 17.51 crore including interest.

(Paragraph 2.3.13.1)

Scrutiny/best judgment assessment was not completed by the assessing authorities which resulted in incorrect claim of Input Tax Credit of ` 42.21 crore not being detected. In addition, interest of ` 25.82 crore and penalty of ` 25.45 crore was also leviable.

(Paragraph 2.3.14)

Other audit observations

- Incorrect grant of eligibility/entitlement certificate resulted in undue grant of tax exemption of ` 5.44 crore.

(Paragraph 2.5)

- Interest not updated upto the date of drawing up Arrear Certificate led to short-levy of interest of ` 74.55 lakh.

(Paragraph 2.6)

- There was loss of revenue of ` 60.22 lakh due to erroneous grant of the certificate of authorisation to one dealer.

(Paragraph 2.7)

- Concealment of purchase turnover resulted in revenue of ` 23.93 lakh including interest not being realised.

(Paragraph 2.8)

- Assessment of purchase price of coal at lower rates led to short determination of turnover and consequently entry tax of ` 5.50 crore was not realised on which interest of ` 3.07 crore was additionally leviable.

(Paragraph 2.13)

- Concealment of purchase turnover led to evasion of entry tax of ` 80.46 lakh on which interest of ` 43.76 lakh was additionally leviable.

(Paragraph 2.14)

- Failure to register dealers under the AET Act and levy tax on taxable purchase led to tax of ` 36.77 lakh including interest not being realised.

(Paragraph 2.15)

III. STATE EXCISE

- Mis-classification of brands of IMFL in wrong category resulted in loss of revenue of ` 172.08 crore.

(Paragraph 3.5)

- There was evasion of excise duty of ` 1.54 crore due to overstatement of closing stock/ deficiency in actual stock of ENA.

(Paragraph 3.6)

- Revenue of ` 1.18 crore not realized against damaged stock allowed for destruction.

(Paragraph 3.7)

- Demand not raised on incorrect reduction of strength of ENA by the Bottling Units resulting in loss of revenue of ` 61.63 lakh.

(Paragraph 3.8)

- Two bonded warehouses, one bottling unit, five retail ‘Off’ and one retail ‘On’ licensees did not pay the annual licence fees while two bottling units and 58 ‘Off’ licensees paid short resulting in non/short realisation of licensee fees of ` 61.50 lakh.

(Paragraph 3.9)

IV. Motor Vehicle Taxes

Audit of the theme ‘Collection of Revenue from out-sourced activities in Transport Department’ revealed the following:

- 90 out of 160 auto emission testing stations defaulted in renewal of licences. Verification by Audit revealed that 17 of the 90 defaulting stations were actually operational and issuing Pollution Under Control certificates.

(Paragraph 4.4.6)

- Failure of the Department to ensure issuance of PUC certificates to all the vehicles against which PUC certificates were due resulted in non-realisation of revenue of ` 9.89 crore. Besides, these vehicles continued to ply on public roads without valid PUC certificate.

(Paragraph 4.4.7)

- Though the PUC testing fees were revised upwardly by percentages ranging from 120 to 750 *per cent*, the Government continued to get its share at old rates. Loss of revenue at minimum percentage of hike amounted to ` 72.16 lakh.
(Paragraph 4.4.8)
- There were instances of issue of PUC certificates without the vehicles being actually physically tested.
(Paragraph 4.4.9)
- 61,099 out of 5.40 lakh vehicles registered post-implementation of the High Security Registration Plate (HSRP) scheme were not fitted with HSRP though it was mandatory to use these security plates.
(Paragraph 4.4.13)

V. Environment and Forest

Audit of the theme ‘Planning and Financial management of Major wildlife areas in Assam – Impact on Conservation efforts’ revealed the following:

- None of the selected National Parks (NP) (Manas, Nameri and Orang) and Wildlife Sanctuary (WS) (Pobitora) had a long term management plan for the period covered by Audit.
(Paragraph 5.4.5)
- Analysis of planned expenditure to be met through the annual plans of operations *vis-à-vis* the funds allocated to the NPs and WS revealed an overall shortfall. This percentage of shortfall ranged between 40 to 87 *per cent*. Besides, there was inordinate delay in allocation of funds resulting in funds not being available during first seven to 11 months in all of the years covered by Audit. The lack of funds and mis-management of finances affected habitat management, infrastructural development, accessibility and the morale of the personnel was severely hampered. Basic remuneration to staff and provision of fodder to departmental elephants was also affected by paucity of funds.
(Paragraph 5.4.5.1, 5.4.6 – 5.4.14)

Other audit observations

- Minimum royalty of ` 7.67 crore on unauthorised extraction of minerals by a contractor under National Highway Authority of India not recovered.
(Paragraph 5.5)
- Demand notice for recovery of royalty of ` 12.05 lakh for unauthorised extraction of stone/boulders was not raised; besides, penalty of ` 48.20 lakh was additionally leviable.
(Paragraph 5.6)