

OVERVIEW

This Report contains 36 paragraphs including two detailed Compliance Audits and one Performance Audit. Some of the major findings are mentioned below:

I GENERAL

- The total revenue receipts of the Government for the year 2016-17 amounted to ₹ 98,984 crore against ₹ 88,648 crore in the previous year. Of this, 50 *per cent* was raised by the State through tax revenue (₹ 44,181 crore) and non-tax revenue (₹ 5,193 crore). The balance 50 *per cent* was received from the Government of India in the form of State's share of divisible Union Taxes (₹ 26,264 crore) and Grants-in-Aid (₹ 23,346 crore).

(Paragraph 1.1.1)

- Test-check of the records of the tax and non-tax receipts revealed under-assessment / short levy / loss of revenue and other observations amounting to ₹ 607.51 crore in 1,541 cases in the year 2016-17.

(Paragraph 1.9.1)

II VALUE ADDED TAX AND CENTRAL SALES TAX

Detailed Compliance Audit on 'Recovery of sales tax deferment availed by industrial units in Andhra Pradesh' revealed the following deficiencies:

- Eleven industrial units under the jurisdiction of six offices had availed deferred sales tax incentive of ₹ 12.18 crore between 1998-99 and 2002-03. Assessing Authorities had not initiated any action to recover the deferred sales tax though they were due for recovery from 2012.

(Paragraph 2.4.3.1)

- The Assessing Authorities had not levied interest of ₹ 16.99 crore on delayed payment of deferred sales tax in 28 cases in 15 offices.

(Paragraph 2.4.3.3)

- Allowance of excess discount to an industrial unit in one office resulted in short collection of deferred sales tax of ₹ 87.05 Lakh.

(Paragraph 2.4.3.4)

Other Audit findings:

- Input Tax Credit (ITC) of ₹ 5.03 crore was incorrectly admitted on purchases related to exempt sales of “Power” in one office.

(Paragraph 2.5.1)

- In five offices involving six dealers, ITC was not correctly restricted resulting in excess claim of ITC of ₹ 92.18 lakh.

(Paragraph 2.5.2)

- The Assessing Authorities did not levy/short levied penalty of ₹ 1.41 crore on under-declared tax in 16 cases in 11 offices.

(Paragraph 2.6.1)

- The Assessing Authorities did not levy/short levied penalty of ₹ 1.05 crore on wilful under-declaration of tax by 11 dealers in 10 offices.

(Paragraph 2.6.2)

- The taxable turnover of five works contractors was determined incorrectly by the Assessing Authorities resulting in non-levy/short levy of tax of ₹ 1.20 crore in four offices.

(Paragraph 2.7.1)

- In nine offices involving nine dealers, interstate sale turnover was not correctly determined resulting in non-levy/short levy of tax of ₹ 60.62 lakh.

(Paragraph 2.8.1)

- Incorrect assessment by the Assessing Authorities had resulted in non-levy/short levy of tax of ₹ 6.39 crore towards hire charges in 11 cases in six offices.

(Paragraph 2.9)

- In 18 offices, incorrect exemption of sale turnover of 'textiles and fabrics' in 37 cases resulted in non-levy of tax of ₹ 5.80 crore.

(Paragraph 2.10)

- Incorrect computation of taxable turnover by the Assessing Authorities resulted in short levy of VAT of ₹ 2.89 crore in 31 cases in 17 offices.

(Paragraph 2.11)

- Interest of ₹ 62.36 lakh and penalty of ₹ 2.22 crore were not levied by the Assessing Authorities in 13 offices though 55 dealers had paid tax with delays ranging from one day to 463 days.

(Paragraph 2.12)

- Application of incorrect rates of tax resulted in under-declaration of tax and consequential short levy of tax of ₹ 2.15 crore in 12 cases in 10 offices.

(Paragraph 2.13)

- The sales turnover of High Security Registration Plates of ₹ 5.63 crore was under declared. As a result, VAT of ₹ 81.58 lakh was short levied.

(Paragraph 2.17)

III STATE EXCISE DUTIES

- Government had foregone revenue of ₹ 60 crore due to reduction in production capacity of a distillery from 2,000 lakh Proof Litres to 1,000 lakh Proof Litres in violation of provisions.

(Paragraph 3.4)

- Club licence fee of ₹ 2.15 crore was short levied for the period from 2011-12 to 2016-17 on account of not charging the applicable licence fee.

(Paragraph 3.5)

IV STAMP DUTY AND REGISTRATION FEES

- Agricultural rate was adopted in respect of lands which had already been converted to non-agricultural use by 10 offices of District Registrars/Sub-Registrars. This led to short levy of stamp duty and registration fees of ₹ 2.78 crore.

(Paragraph 4.4)

- Two companies secured loans from various banks by creating charge on instruments on '*pari passu*' basis which required to be registered by charging 0.5 *per cent* on the loan amount. Registering authorities collected ₹ 10,000 on each instead of charging 0.5 *per cent* of the amount of loan resulting in short levy of registration fee of ₹ 30.17 lakh.

(Paragraph 4.5)

V TAXES ON VEHICLES

Performance Audit on 'Enforcement Activities of Transport Department including implementation of High Security Registration Plates Project' revealed the following deficiencies:

- Quarterly tax was collected for 28,150 vehicles, which did not have valid Fitness Certificates (FCs). Non-renewal of FC jeopardises public safety besides it led to non-realisation of FC fee of ₹ 1.76 crore.

(Paragraph 5.4.7.1)

- Scrutiny of data in three offices indicated that 268 seized vehicles were plying on roads and subsequent offences were booked against the same seized vehicles.

(Paragraph 5.4.7.4)

- Analysis of the data in 13 offices disclosed that registration of 10,20,089 non-transport vehicles had expired on March, 2016. These vehicles were required to be checked for their fitness to ply on roads for renewal of the validity of registration. Vehicles plying on road without fitness is a cause of safety concern besides it led to non-realisation of green tax amounting to ₹ 32.85 crore.

(Paragraph 5.4.7.5)

- Data analysis indicated that there was no consistency in identifying the nature of offences vis-à-vis class of vehicles. It was noticed that 1,242 helmet related offences were booked against vehicles other than two wheelers and 314 seat belt related offences were booked against motorcycles.

(Paragraph 5.4.7.11)

- Analysis of Citizen Friendly Services of Transport Department data disclosed that offences relating to overloading of vehicles were compounded in 72,964 cases. The excess load of these vehicles was not offloaded. Failure of the Department in curbing the over loaded vehicles was in violation of the Rules. This affects not only public safety but damages the roads and causes more emission of greenhouse gases.

(Paragraph 5.4.7.13)

- Analysis of the data revealed that 74,725 cases out of 1,26,606 cases booked related to repetition of offence. Levy of ₹ 1,000 on each offence instead of ₹ 2,000 on second and subsequent offences resulted in short collection of fee of ₹ 7.47 crore.

(Paragraph 5.4.8.1)

- Analysis of data of cases booked, disclosed that out of total 16,07,397 cases booked, 20,250 cases were pending for disposal since April, 2011. The compounding fee involved in these cases was ₹ 6.71 crore.

(Paragraph 5.4.8.4)

- In one office, 17 offences relating to ‘construction equipment vehicles’ booked between 2010 and 2013 involved road tax of ₹ 10.13 crore. However, these cases were not finalised till January 2017.

(Paragraph 5.4.8.5)

- Audit noticed that 4,76,525 Vehicle Check Reports (history sheet of offences involving a vehicle) out of 28,57,075 were submitted by checking officers to concerned jurisdictional authority with delay. The delay ranged from five days to 1,992 days. This led to delay in initiation of action besides locking up of compounding fee of ₹ 3.82 crore.

(Paragraph 5.4.9.1)

- Awarding contract for affixation of High Security Registration Plates at a higher price (₹ 220.34 per plate) in Andhra Pradesh as compared to Madhya Pradesh and Delhi States (₹ 146 and ₹ 119 per plate respectively) rendered undue benefit to the firm to an extent of ₹ 15.88 crore besides putting additional burden on vehicle owners of the state.

(Paragraph 5.4.10.1 (i))

- No periodical testing procedure was evolved and applied to have an assurance on the quality of High Security Registration Plates affixed to vehicles.

(Paragraph 5.4.10.1 (iii))

Other Audit findings:

- Quarterly tax of ₹ 1.71 crore and penalty of ₹ 0.86 crore were not realised from owners of 1,186 transport vehicles in 13 offices.

(Paragraph 5.5)

- Green tax amounting to ₹ 41.16 lakh was not levied in respect of 17,411 transport vehicles and 1,744 non-transport vehicles by 12 offices.

(Paragraph 5.6)

VI LAND REVENUE

- An area of 119.29 acres of land was converted into layouts (arrangement into plots) without the approval of the competent authority. This resulted in non-levy of conversion tax and penalty amounting to ₹ 6.50 crore by two offices.

(Paragraph 6.4.1)

VII OTHER TAX AND NON-TAX RECEIPTS

Detailed compliance Audit on ‘Functioning of Chief Electrical Inspector to Government’ revealed the following deficiencies:

- Electricity duty of ₹ 24.42 crore was short levied due to adoption of provisional figures and non-reconciliation with the audited figures.

(Paragraph 7.2.3.1)

- Electricity duty of ₹ 5.28 crore on 880 million units was not recovered by Director of Electrical Safety & Chief Electrical Inspector from private power generating companies.

(Paragraph 7.2.3.2 (i))

- Electricity duty of ₹ 1.19 crore was not levied on sale of 197.64 million units to private parties by Andhra Pradesh Gas Power Corporation.

(Paragraph 7.2.3.2 (ii))

- Rural Electric Supply Co-operative Societies paid electricity duty based on monthly returns instead of Audited figures by Director of Electrical Safety and Chief Electrical Inspector to Government. This led to non-levy of electricity duty of ₹ 2.51 crore.

(Paragraph 7.2.3.3)

LAND REVENUE (WATER TAX)

- Water tax amounting to ₹ 57.78 lakh was short levied due to application of incorrect rate of tax and adoption of lesser extent of land by two Tahsildar offices.

(Paragraph 7.3)

INDUSTRIES AND COMMERCE

- An amount of ₹ 44.59 lakh was not collected towards National Mineral Exploration Trust fund on royalty of ₹ 22.30 crore collected from the leaseholders in five offices.

(Paragraph 7.5)