

OVERVIEW

This Report contains 19 paragraphs relating to non/short levy of taxes, duties, interest and penalty, etc., involving ₹ 221.33 crore. Some of the major findings are mentioned below:

I General

The total revenue receipts of the State during the year 2017-18 were ₹ 2,43,653.56 crore, of which the revenue raised by the State Government was ₹ 1,84,611.43 crore and receipts from Government of India were ₹ 59,042.13 crore. The revenue raised by the State Government constituted 76 *per cent* of the total net receipts of the State. The receipts from Government of India included ₹ 37,219.20 crore on account of the State's share of divisible Union taxes which registered an increase of 10 *per cent* over the previous year and ₹ 21,822.92 crore received as grants-in-aid.

(Paragraph 1.1.1)

II Taxes on Sales, Trade, etc.

Audit on “Assessment of dealers - Builders/Developers under VAT Act” revealed the following:

- Cross verification of data in respect of 99 Builders and Developers (B&Ds) obtained from the Municipal Corporation of Greater Mumbai with the Goods and Services Tax Department revealed that 53 B&Ds were not registered with the Department. No surveys had been carried out to identify un-registered B&Ds who had crossed the threshold limit for registration.

(Paragraph 2.4.1)

- In one case the deduction on account of cost of land for levy of tax was allowed twice one in 2008-09 (₹ 15.09 crore) and another in 2009-10 (₹ 6.77 crore). This had resulted in short raising of demand of ₹ 2.99 crore.

(Paragraph 2.4.2.1)

- The Department allowed standard deduction of ₹ 15.16 crore on account of labour and service charges instead of ₹ 13.43 crore in four cases. This resulted in grant of excess allowance of standard deduction of ₹ 1.73 crore involving short levy of tax of ₹ 15.47 lakh.

(Paragraph 2.4.3.1)

- Interest for delayed payment of taxes along with returns amounting ₹ 4.08 crore was not levied in 17 cases. Further, interest on dues of tax arising after assessment was recovered short by ₹ 1.64 crore in 12 cases.

(Paragraph 2.4.4)

Audit on “**Preparedness for transition to Goods and Services Tax**” revealed the following:

- The Department had made adequate arrangements for training its staff in order to make them familiar with the provisions of Goods and Services Tax Act and the Goods and Services Tax Network (GSTN). Further, GST campaigns were organised by the Department for making the taxpayers familiar with GST Laws and payment of taxes under the new regime. The Department had also undertaken a review of its organisational structure and cadre of its officers in light of the requirements of GST. Thus, it could be seen that the Department had made good efforts in capacity building both at Departmental and taxpayers level.

(Paragraphs 2.5.1.1 and 2.5.1.2)

- Out of 107 Application Programme Interface (API) shared for development by GSTN with the State, 65 APIs have been developed and rolled out. The remaining APIs were under different stages of development.

(Paragraph 2.5.1.3)

- The refund module on GSTN was not fully functional and the refund process involved manual intervention. Out of 217 refund cases test checked by audit, in 23 cases final refunds were given within the prescribed period of 60 days, while in the remaining 194 cases the final refunds were granted beyond the prescribed period of 60 days. Refund application numbering 2,069 were pending finalisation as on October 2018.

(Paragraph 2.5.4)

- The disposal of assessment cases (15,830) was only five *per cent* of the total cases (2,98,144) selected for assessment during 2018-19 and 2,82,314 assessment cases were pending for finalisation as on September 2018.

(Paragraph 2.5.5.1)

- An amount of ₹ 1,07,576.01 crore pertaining to demands under pre-GST Acts was pending for recovery. Out of this, ₹ 8,953.15 crore (eight *per cent*) was free from any disputes and was available for recovery, ₹ 2,100.99 crore (two *per cent*) was pending recovery under Maharashtra Land Revenue Code, 1966, ₹ 47,357.61 crore (44 *per cent*) was locked up in appeals with Departmental authorities and ₹ 4,058.72 crore (3.77 *per cent*) pertained to dealers who were untraceable.

(Paragraph 2.5.5.2)

In the case of one dealer the assessing officer had given credit of a payment received from the dealer amounting to ₹ 1.10 crore twice, once as tax and once as interest, which resulted in less raising of demand to that extent.

(Paragraph 2.6)

Penalty for late filing of Audit Report in form 704 amounting to ₹ 3.32 crore was not levied in 14 cases.

(Paragraph 2.8)

III Stamp Duty and Registration Fee

As per recitals of ten documents, consideration of the property (revenue sharing) worked out to ₹ 113.97 crore, on which stamp duty of ₹ 5.42 crore was leviable against which the department levied ₹ 2.59 crore. This resulted in short levy of stamp duty of ₹ 2.83 crore.

(Paragraph 3.4.1)

The renewal clause extending the lease period was not considered for working out the market value for levy of stamp duty in three lease deeds. This resulted in short levy of stamp duty of ₹ 5.20 crore.

(Paragraph 3.5.1)

IV Land Revenue

In eight cases the unearned income in respect of sale of class-II land was recoverable ₹ 21.72 crore against which ₹ 7.47 crore was recovered. This resulted in short recovery of ₹ 14.25 crore.

(Paragraph 4.3)

Application of incorrect market value resulted in short levy occupancy price of ₹ 1.62 crore.

(Paragraph 4.4)

V Taxes on Vehicles

Audit on “**Verification of loading restrictions of vehicles at Border Check Posts**” revealed the following:

- There was huge difference (2,68,633) in the number of vehicles (carrying goods beyond the permissible gross laden weight) between the figures furnished by the Department and those furnished by the MBCPNL (through the Transport Commissioner). This resulted in non-recovery of compounding fees/fines of minimum of ₹ 81 crore from overloaded vehicles carrying goods beyond permissible limit.

(Paragraph 5.4.1)

- There were delays ranging from seven to 19 months in issue of service fee notification, as a result of which the BCPs remained idle till the date of notification.

(Paragraph 5.4.2)

Tax amounting to ₹ 96.46 lakh was not recovered from the owners of 159 vehicles for the periods ranging from three to 72 months.

(Paragraph 5.5)

VI Other Tax and Non-Tax Receipts

There was short remittance of Education Cess and Employment Guarantee Cess amounting to ₹ 88.24 crore, collected by two Municipal Corporations, into the Government account.

(Paragraph 6.3)

Entertainments Duty payable by cable operators aggregating ₹ 1.75 crore was not recovered in case of 228 cable operators.

(Paragraph 6.6)