



सत्यमेव जयते

**Report of the
Comptroller and Auditor General of India
(Revenue Sector)**

For the year ended 31 March 2012



**Government of Meghalaya
Report No. 2 of 2013**

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PREFACE

This Report on Revenue Sector of the Government of Meghalaya for the year ended 31 March 2012 has been prepared for submission to the Governor of Meghalaya under Article 151(2) of the Constitution of India.

Audit of revenue receipts of the State Government is conducted under Section 16 of the Comptroller and Auditor General's (Duties, Powers & Conditions of Service) Act, 1971.

This Report presents the results of audit of receipts comprising sales tax/VAT, State excise, taxes on motor vehicles, stamp duty and registration fees, forests, mining and other tax and non-tax receipts of the State.

The cases mentioned in the Report are among those which came to notice in the course of test audit of records during the year 2011-12 as well as those which came to notice in earlier years but could not be included in the previous years' Reports.

OVERVIEW

This Report contains 31 paragraphs and one Performance Audit relating to under assessments/non-realisation/short realisation of penalties, taxes, duties *etc.* The total money value involved is ₹ 444.93 crore. Some of the major findings are mentioned below:

I. GENERAL

➤ During the year 2011-12, the total revenue raised by the State Government (₹ 1065.78 crore) was 22.90 *per cent* of the total revenue receipts (₹ 4,654.47 crore). The balance 77.10 *per cent* of receipts during 2011-12 comprised of State's share of divisible taxes and duties amounting to ₹ 1,044.19 crore and grants-in-aid amounting to ₹ 2,544.50 crore. The revenue raised by the State Government in 2011-12 as compared to 2010-11 was 22.06 *per cent* higher.

(Paragraph 1.1)

➤ Test check of the records of taxes on sale, trade *etc.*, state excise, motor vehicles tax, forest receipts and other non-tax receipts conducted during the year 2011-12 revealed under assessments/short/non-levy/loss of revenue amounting to ₹ 856.79 crore in 222 cases. During the year, the departments accepted under assessments/short/non levy/loss of revenue of ₹ 187.59 crore in 47 cases pointed out in 2011-12, and recovered ₹ 0.62 crore.

(Paragraph 1.5.1)

II. TAXES ON SALE, TRADE *etc.*

PERFORMANCE AUDIT

A Performance audit on “Assessment, Levy and Collection of Tax under the Meghalaya Value Added Tax Act” revealed the following irregularities:

Due to lack of clarity on the term ‘manufacture’ four industrial units claimed exemption/remission of ₹ 2.82 crore.

(Para 2.8.7.3)

There was loss of revenue of ₹ 9.53 crore on sale of coal between October 2010 and March 2012 due to non-inclusion of royalty in the sale price of coal.

(Para 2.8.7.4)

Four cement manufacturers purchased 5.44 lakh MT of coal valued at ₹ 165.09 crore on which VAT amounting to ₹ 6.62 crore was neither paid by the sellers nor by the purchasers.

(Para 2.8.8.2(B))

Against 6,015 commercial trucks registered by 5,205 transporters with the Regional Transport Offices in Meghalaya, there were only 85 transporters (1.6 *per cent*) registered by the Enforcement Branch under the MVAT Act.

(Para 2.8.8.7)

Penalty amounting to ₹ 2.82 crore was not levied by the STs for non submission of prescribed reports and returns by the defaulting dealers.

(Para 2.8.9.1)

The percentage of scrutiny of returns by the STs varied between zero and 17 *per cent*.

(Para 2.8.9.3)

Twelve dealers irregularly claimed input tax credit of ₹ 1.69 crore which was accepted by the department.

(Para 2.8.9.5(A))

Not a single audit assessment was conducted by the department.

(Para 2.8.9.6(B))

Enforcement branch failed to carry out a single investigation or enquiry between 2007-08 and 2011-12.

(Para 2.8.10.4)

Six Government departments collected VAT amounting to ₹ 2.42 crore but failed to deposit the same.

(Para 2.8.11.1)

Four industrial units irregularly claimed remission of VAT of ₹ 4.75 crore on sale of manufactured goods not approved by the SWA.

(Para 2.8.11.4)

TRANSACTION AUDIT

➤ The Directorate of Technical Education failed to deduct tax at source which enabled a dealer to conceal turnover of ₹ 90.03 lakh and evade tax of ₹ 11.25 lakh on which interest of ₹ 14.63 lakh and penalty of ₹ 22.50 lakh was leviable.

(Paragraph 2.9)

➤ A bonded warehouse disclosed liquor sales of ₹ 73.63 crore on which it claimed exemption from payment of tax which was irregularly accepted by the ST resulting in non-levy of tax of ₹ 14.72 crore.

(Paragraph 2.10)

➤ A cement manufacturer collected excess tax of ₹ 17.17 crore which it was liable to forfeit besides paying a penalty of ₹ 34.34 crore. Two other cement manufacturers irregularly claimed subsidy of ₹ 4.45 crore which they were liable to forfeit besides paying penalty of ₹ 8.90 crore.

(Paragraph 2.11)

➤ Ten coal dealers under-reported to the ST, sales of coal to the extent of 1.54 lakh MT valued at ₹ 46.98 crore, thereby evading tax of ₹ 1.88 crore. Besides penalty of ₹ 3.76 crore was also leviable.

(Paragraph 2.16)

III. STATE EXCISE

➤ 1,47,99,848 bottles of IMFL and beer were sold by bonded warehouses without holograms resulting in revenue loss of ₹ 17.76 lakh.

(Paragraph 3.7)

IV. MOTOR VEHICLES

➤ The Transport Department did not renew leases of three weighbridges resulting in a revenue loss of ₹ 1.10 crore

(Paragraph 4.7)

➤ Three departmental check posts failed to detect overloading by coal trucks to the extent of 6,59,099 MT leading to non-imposition of fines amounting to ₹ 118.50 crore.

(Paragraph 4.8)

V. STAMP DUTY AND REGISTRATION FEES

➤ Three cement manufacturing companies purchased 26 plots of land on payment of 50 *per cent* stamp duty amounting to ₹ 0.84 crore instead of ₹ 1.68 crore resulting in short realisation of ₹ 0.84 crore as stamp duty.

(Paragraph 5.6)

VI. OTHER TAXES

➤ 102 bookmakers' licences were cancelled without realisation of licence fees resulting in loss of revenue of ₹ 66.20 lakh.

(Paragraph 6.4)

VII. FOREST RECEIPTS

➤ Forest royalty amounting to ₹ 1.84 crore was not deposited into the Department's account.

(Paragraph 7.7)

VIII. MINING RECEIPTS

➤ The Department failed to regain control of Borsora and Cherragaon checkposts which were taken over by miscreants resulting in loss of revenue of ₹ 1.35 crore.

(Paragraph 8.6.1)

➤ Issue of irregular order by the DMR led to non-realisation of royalty of ₹ 3.35 crore.

(Paragraph 8.6.2)

➤ The Department failed to detect transport of excess load of coal resulting in loss of revenue of ₹ 14.60 crore.

(Paragraph 8.7)

CHAPTER I-GENERAL

1.1 Trend of revenue receipts

1.1.1 The tax and non-tax revenues raised by the Government of Meghalaya during the year 2011-12, the State's share of net proceeds of divisible Union taxes and duties assigned to the State and grants-in-aid received from the Government of India during the year and the corresponding figures for the preceding four years are shown below:

Table 1.1

(₹ in crore)

Sl. No.	Particulars	2007-08	2008-09	2009-10	2010-11	2011-12 ¹
1.	Revenues raised by the State Government					
	• Tax revenue	319.10	369.44	444.29	571.45	697.54
	• Non-tax revenue	199.35	225.31	275.09	301.69	368.24
	Total	518.45	594.75	719.38	873.14	1065.78
2.	Receipts from the Government of India					
	• Share of net proceeds of divisible Union taxes and duties	564.07	595.23	612.38	901.65	1,044.19
	• Grants-in-aid	1,358.86	1,620.66	2,115.59	2,491.23	2,544.50
	Total	1,922.93	2,215.89	2,727.97	3,392.88	3,588.69
3.	Total revenue receipts of the State Government (1 and 2)	2,441.38	2,810.64	3,447.35	4,266.02	4,654.47
4.	Percentage of 1 to 3	21.24	21.16	20.87	20.47	22.90

The above table indicates that during the year 2011-12, the revenues raised by the State Government (₹ 1,065.78 crore) was 22.90 per cent of the total revenue receipts as against 20.47 per cent in the preceding year. The balance 77.10 per cent of receipts during 2011-12 was from the Government of India.

1.1.2 The following table presents the details of tax revenues raised during the period 2007-08 to 2011-12:

¹ For details, please see Statement No. 11 - Detailed accounts of revenue by minor heads in the Finance Accounts of the Government of Meghalaya for the year 2011-12. Figures under the head 0020 - Corporation tax; 0021 - Taxes on income other than corporation tax; 0032 - Taxes on wealth; 0037 - Customs; 0038 - Union excise duties; 0044 - Service tax and 0045 - Other taxes and duties on commodities and services - 901 Share of net proceeds assigned to the States booked in the Finance Accounts under A-tax revenue have been excluded from the revenue raised by the State Government and included in the State's share of divisible Union taxes.

Table 1.2

(₹ in crore)

Sl. No.	Head of revenue	2007-08	2008-09	2009-10	2010-11	2011-12	Percentage of increase (+) or decrease (-) in 2011-12 over 2010-11
1.	Sales Tax/VAT CST	234.90	271.07	298.44	324.77	425.31	(+) 30.96
			10.76	22.96	85.11	87.19	(+) 2.44
2.	State excise	58.62	69.79	90.29	104.50	131.50	(+) 25.84
3.	Stamps & Registration fees	5.99	5.54	11.02	10.76	9.08	(-) 15.61
4.	Taxes and duties on electricity	0.03	0.03	0.05	0.26	0.87	(+) 234.62
5.	Taxes on vehicles	11.35	13.21	13.61	19.19	31.12	(+) 62.17
6.	Taxes on goods and passengers	3.58	3.31	3.50	4.37	4.39	(+) 0.46
7.	Land revenue	2.12	0.50	0.26	17.11	2.40	(-) 85.97
8.	Others	2.51	(-) 4.77	4.16	5.38	5.68	(+) 5.58
	Total	319.10	369.44	444.29	571.45	697.54	

The following reasons for variations were reported by the concerned Departments:

Excise: The increase was due to implementation of holograms and increase in consumption.

Taxes and duties on electricity: The increase was due to implementation of periodical inspection of installation.

The other Departments did not inform Audit (March 2013) the reasons for variations despite being requested (April & July 2012).

1.1.3 The following table presents the details of major non-tax revenues raised during the period 2007-08 to 2011-12:

Table 1.3

(₹ in crore)

Sl. No.	Head of revenue	2007-08	2008-09	2009-10	2010-11	2011-12	Percentage of increase (+) /decrease (-) in 2011-12 over 2010-11
1.	Mining receipts	123.66	132.73	198.21	215.58	262.58	(+) 21.80
2.	Interest receipts	15.38	17.82	23.28	24.72	27.13	(+) 9.88
3.	Forestry and wild life	15.60	17.36	20.03	22.05	26.03	(+) 18.05
4.	Public works	4.24	6.70	7.02	12.71	17.02	(+) 33.91

5.	Crop husbandry	2.38	3.22	2.80	4.11	4.58	(+) 11.44
6.	Animal husbandry	1.47	1.37	1.54	1.68	1.76	(+) 4.76
7.	Education, sports, art and culture	0.53	0.93	0.77	1.00	0.79	(-) 21.00
8.	Medical and public health	0.56	0.74	0.56	0.69	1.35	(+) 95.65
9.	Others	35.53	44.44	20.88	19.15	27.00	(+) 40.99
Total		199.35	225.31	275.09	301.69	368.24	

None of the Departments informed Audit (March 2013) the reasons for variations despite being requested (April & July 2012).

1.2 Response of the Government and assurances

1.2.1 Failure of senior officials to enforce accountability and protect the interest of the State Government

The Principal Accountant General (PAG) (Audit), Meghalaya conducts periodic inspection of the various offices of the Government departments to test check the correctness of assessments, levy and collection of tax and non-tax receipts, and verify the maintenance of accounts and records as per the Acts, Rules and procedures prescribed by the Government. These inspections are followed up with the inspection reports (IRs) issued to the heads of offices inspected with copies to the higher authorities. Serious irregularities noticed in audit are also brought to the notice of the Government/head of the department by the office of the PAG (Audit). An annual report regarding pending IRs is sent to the Secretaries of the concerned Government departments to facilitate monitoring and settlement of the audit observations raised in these IRs through the intervention of the Government.

IRs issued upto March 2012 pertaining to the offices under seven departments² disclosed that 181 IRs involving money value of ₹ 1300.75 crore remained unsettled at the end of June 2012. Of these, 25 IRs containing 41 observations involving money value of ₹ 31.79 crore pertaining to the offices under six departments³ had not been settled for more than five years (October 2012).

In respect of 13 IRs involving money value of ₹ 299.43 crore issued during 2011-12, even the first reply has not been received from the departments / Government (October 2012). The status regarding position of old outstanding IRs/paragraphs was reported to the Government in July 2012; their reply has not been received (March 2013).

1.2.2 Departmental audit committee meetings

In order to expedite the settlement of the outstanding audit observations contained in the IRs, departmental audit committees have been constituted by the Government. These committees are chaired by the secretaries of the concerned

²Forest, Mining & Geology, Sales Tax, Stamps & Registration, State Excise, State Lottery and Transport departments.

³Forest, Mining & Geology, Sales Tax, Stamps & Registration, State Excise, and Transport departments.

administrative departments and their meetings are attended by the concerned officers of the State Government and officers of the PAG.

During the year 2011-12, one audit and accounts committee meeting was held⁴with the Excise, Registration, Taxation and Stamps (ERTS) Department in which 64 audit observations were discussed. As a result of the discussion, 26 audit observations were settled.

1.2.3 Position of Inspection Reports

The summarised position of IRs issued during the year 2011-12 including those of previous four years and their status as on 01 April 2012 are tabulated below:

Table 1.4

(₹ in crore)

Year	Opening balance			Addition			Clearance			Closing balance		
	IRs	Para-graphs	Money value	IRs	Para-graphs	Money value	IRs	Para-graphs	Money value	IRs	Para-graphs	Money value
2007-08	275	704	1,211.61	38	122	748.75	43	133	273.79	270	693	1,686.57
2008-09	270	693	1,686.57	50	246	980.08	10	122	1,359.79	310	817	1,306.86
2009-10	310	817	1,306.86	38	161	804.30	46	98	279.35	302	880	1,831.81
2010-11	302	880	1,831.81	55	220	269.78	203	444	613.74	154	656	1,487.85
2011-12	154	656	1,487.85	34	222	844.51	24	143	508.58	164	735	1,823.78

It would be seen from the above that the number of IRs and outstanding audit observations/paragraphs have come down, however the money value of these paragraphs has increased to ₹ 1,823.78 crore.

1.2.4 Response of the Departments to the draft audit paragraphs

The draft paragraphs are forwarded to the secretaries of the concerned departments through demi-official letters drawing their attention to the audit findings and requesting them to send their response within six weeks. The fact of non-receipt of replies from the departments is invariably indicated at the end of each such paragraph included in the Audit Report.

Thirty one audit paragraphs and one Performance Audit proposed to be included in the Report of the Comptroller and Auditor General of India for the year ended March 2012, Government of Meghalaya were forwarded to the Secretaries of the respective Departments between August and November 2012. Out of these, replies were furnished to only one Performance Audit and six audit paragraphs upto March 2013. The remaining 25 audit paragraphs have been included without the response of the Government.

1.2.5 Follow up on Audit Reports-summarised position

As per Headquarter's instructions the State PACs are to send paras upto 2007-08 to the concerned Government for follow up. Accordingly, all outstanding paras for the Audit Reports upto 2007-08 have been referred to the PAC for necessary action.

⁴26 July 2011.

A review of outstanding ATNs as of November 2012 on the paragraphs included in the Reports of the Comptroller and Auditor General of India (Revenue Receipts), Government of Meghalaya disclosed that the concerned departments of the State Government had not submitted *suo motu* explanatory notes on 150 paragraphs of Audit Reports for the years 2008-09 and 2010-11 as mentioned in the following table:

Table 1.5

Year of Audit Report	Date of presentation of the Audit Report to the Legislature	Number of paragraphs/reviews included in the Audit Report		Number of paragraphs/reviews for which <i>suo motu</i> replies are awaited	
		Paragraphs	Reviews	Paragraphs	Reviews
2008-09	28 May 2010	45	2	45	2
2009-10	16 March 2011	64	1	64	1
2010-11	23 March 2012	44	3	36	2
Total		153	6	145	5

The Departments failed to submit ATNs on 47 out of 48 paragraphs pertaining to revenue receipts for the years from 1982-83 to 2009-10 on which recommendations had been made by the PAC in their 16th to 39th Reports presented before the State Legislature between December 1988 and November 2012, as mentioned below:

Table 1.6

Year of Audit Report	Number of paragraphs on which recommendations were made by the PAC but ATNs are awaited	Number of PAC Report in which recommendations were made
1982-83	2	16 th
1984-85	9	26 th 19 th
1987-88	1	26 th
1988-89	1	20 th
1989-90	1	20 th
1990-91	11	26 th 20 th
1991-92	3	26 th 20 th
1997-98	1	33 rd
2008-09	16	37 th
2009-10	3	39 th
Total	48	

Thus, failure of the concerned departments to comply with the instructions of the PAC defeated the objective of ensuring accountability of the executive.

1.3 Status of assurances by the Departments/Government on the issues highlighted in the Audit Reports

In order to analyse the system of addressing the issues highlighted in the Inspection Reports (IRs)/Audit Reports by the Department/Government the action

taken on the paragraphs included in the Inspection Reports/Audit Reports by the Excise Department is shown in the succeeding paragraphs.

- During the last five years, 33 IRs containing 155 paragraphs involving money value of ₹ 141.75 crore were issued to the Department/Government.
- Out of the 33 IRs issued during the last five years, even first reply has not been received in respect of 6 IRs involving money value of ₹ 5.85 crore.
- Out of 155 paragraphs involving money value of ₹ 141.75 crore, the Department has accepted paragraphs involving money value of ₹ 12.02 crore against which, ₹ 4.20 crore has been recovered (March 2013). No intimation in respect of the remaining paragraphs has been given to audit (March 2013).
- During 2007-08 to 2011-12, 19 paragraphs and one Performance Audit involving money value of ₹ 118.48 crore in respect of Excise Department have been featured in the Audit Reports of the Comptroller and Auditor General of India, Government of Meghalaya. The Department accepted seven paragraphs involving money value of ₹ 70.24 crore and recovered ₹ 0.54 crore. No reply has been received in respect of the remaining paragraphs.

We recommend that the Government may consider taking suitable steps to install an effective procedure for prompt and appropriate response to audit observations as well as taking action against officials/officers who fail to send replies to the IRs/paragraphs as per the prescribed time schedules and also fail to take action to recover loss/outstanding demand in a time bound manner.

1.3.1 Recovery of accepted cases

The position of paragraphs included in the Audit Reports of the last five years (including current year's report), those accepted by the departments and the amount recovered are mentioned in the following table:

Table 1.7

(₹ in crore)

Year of AR	Number of paragraphs included	Money value of the paragraphs	Number of paragraphs accepted	Money value accepted paragraphs	Amount recovered during the year
2007-08	42	829.85	5	729.73	0.38
2008-09	47	1175.55	13	827.77	0.25
2009-10	65	1036.25	07	1.96	0.58
2010-11	48	1836.44	8	1587.03	172.99
2011-12	31	297.56	7	178.41	0.26
Total	233	5175.65	40	3324.90	174.46

Thus, against the accepted cases involving ₹ 3324.90 crore, the departments/ Government could recover a paltry sum of ₹ 174.46 crore. This shows that the departments/Government have failed to recover the dues even in those cases where they have accepted audit observations.

We recommend that the departments may take immediate action to install a mechanism to pursue and monitor prompt recovery of dues involved in accepted cases.

1.3.2 Arrears in assessments

The information furnished by the Sales Tax Department relating to the position of arrears in assessment during the year 2011-12 is given in the following table:

Category of cases under the Acts	Opening balance at the beginning of the year	Addition during the year	Total	Finalised during the year	Pending at the end of the year	Percentage of finalised cases to the total cases
CST/MST/VAT	331600	23431	355031	7832	347199	2.21
MSL	11236	358	11594	451	11143	3.89
Total	342836	23789	366625	8283	358342	2.26

The finalisation of pending cases during 2011-12 was only 2.26 *per cent* of the total cases due for assessment which is very low.

The Department needs to take prompt measures to finalise the pending assessment cases at an early date, especially VAT assessments. It may be mentioned that VAT assessments for the years 2005-06 and 2006-07 have already become time barred due to non-completion of assessments within a period of five years.

1.3.3 Action taken on the recommendations accepted by the departments / Government

The performance audits conducted by this office are forwarded to the concerned departments/Government for their information with a request to furnish their replies. These performance audits are also discussed in Exit Conferences and the departments'/Government's views are included while finalising the performance audits for the Audit Reports.

In 2011-12, a Performance Audit pertaining to Excise, Registration, Taxation and Stamps Department was carried out. The Performance Audit was discussed with the Department/Government on 1 February 2013. Out of five recommendations included in the Performance Audit report, one recommendation was accepted by the Department/ Government with an assurance to look into them. Further report on implementation of the recommendation was awaited (March 2013).

1.4 Planning for audit during 2011-12

The unit offices under various departments are categorised into high, medium and low risk units according to their revenue position, past trends of audit observations and other parameters. The annual audit plan is prepared on the basis of risk analysis which *inter alia* include critical issues in Government revenues and tax administration *i.e.* budget speech, white paper on State Finances, reports of the Finance Commission (State and Central), recommendations of the Taxation Reforms Committee, statistical analysis of the revenue earnings during the past five years, features of the tax administration, audit coverage and its impact during past five years *etc.*

During the year 2011-12, out of 168 auditable units, 101 units were audited. Besides, one Performance Audit on “Assessment, levy and collection of tax under the MVAT Act” was also conducted.

1.5 Results of audit

1.5.1 Position of local audits conducted during the year

Test check of the records of taxes on sale, trade *etc.*, state excise, motor vehicles tax, forest receipts and other non-tax receipts conducted during the year 2011-12 revealed under assessments/short/non-levy/loss of revenue amounting to ₹ 856.79 crore in 222 cases. During the year, the departments accepted under assessments/short/non levy/loss of revenue of ₹ 187.59 crore in 47 cases pointed out in 2011-12, and recovered ₹ 0.62 crore.

1.5.2 This Report

This Report contains 31 paragraphs and one Performance Audit involving ₹ 444.93 crore. These are discussed in the succeeding chapters.

EXECUTIVE SUMMARY

Substantial increase in tax collection

In 2011-12, the collection of taxes on sale of goods substantially increased by 25.04 *per cent* over the previous year which was due to revision of rate of tax, increase in sale of goods in course of inter-State trade, enforcement activities and arrear collection.

Internal audit not conducted

Internal audit of the Sales Tax Department has not been conducted for the past few years by the Examiner of Local Accounts who is responsible to conduct internal audit of Government departments. This resultantly had its impact in terms of weak internal controls in the Department leading to substantial leakage of revenue. It also led to the omissions on the part of the assessing officers remaining undetected till we conducted our audit.

Low recovery by the Department of observations pointed out by us earlier years

During the period 2007-08 to 2011-12, we had pointed out non/short levy non/short realisation of tax, penalty *etc.* with revenue implication of ₹ 2287.30 crore in 112 cases. Of these, the Department/ Government accepted audit observations in 12 cases involving ₹ 1133.33 crore but recovered only ₹ 167.42 crore in one case. The recovery position as compared to acceptance of objection was 14.77 *per cent*.

Result of audit conducted by us in 2011-12

In 2011-12, we test checked the record of 71 units relating to taxes on sale of goods and found non/short realisation/levy of tax, interest, penalty and other deficiencies of ₹ 538.86 crore in 101 cases.

The Department accepted non/short realisation/levy of tax ₹ 8.84 crore in 36 cases. An amount of ₹ 0.62 crore was recovered in six cases.

What we have highlighted in this

In this Chapter, we present illustrative

Chapter

cases of ₹ 245.58 crore selected from observations noticed during our test check of records relating to assessment and collection of tax in the office of the Superintendent of Taxes (ST) where we found that the provisions of the Acts/Rules were not observed.

It is a matter of great concern that similar omissions have been pointed out by us repeatedly in the Audit Reports of the past several years, but the Department has not taken corrective action. We are also concerned that though these omissions were apparent from the records which were made available to us, the STs were unable to detect these mistakes.

Our conclusion

The Department needs to improve the internal control system including strengthening of internal audit so that weakness in the system are addressed and omissions of the nature detected by us are avoided in future.

It also needs to initiate immediate action to recover the non-realisation, under charge of tax, interest *etc.* pointed out by us, more so in those cases where it has accepted our contention.

CHAPTER-II: TAXES ON SALE, TRADE *etc.*

2.1 Tax Administration

Commercial Taxes Department is the most important revenue-earning Department of the State. The Additional Chief Secretary to the Government of Meghalaya, Excise, Registration, Taxation and Stamps (ERTS) Department is in overall charge of the Sales Tax Department at the Government level. The Commissioner of Taxes (COT) is the administrative head of the Department. He is assisted by two Deputy Commissioners of Taxes (DCT) and two Assistant Commissioners of Taxes (ACT). One of the ACT, functions as the Appellate Authority. At the district level, the Superintendents of Taxes (ST) have been entrusted with the work of registration, scrutiny of returns, collection of taxes, levy of interest and penalty, issue of road permits/declaration forms *etc.*

The collection of tax, interest and penalty *etc.*, in the State is governed by the provisions of the Central Sales Tax (CST) Act, 1956, the CST Rules, 1957, the Meghalaya Value Added Tax (MVAT) Act, 2003, the MVAT Rules, 2005 and the Meghalaya (Sales of Petroleum and Petroleum Products Including Motor Spirit and Lubricants Taxation) (MSL) Act. Before the introduction of VAT on 1 May 2005, the Meghalaya Sales Tax (MST) Act and the Meghalaya Finance (Sales Tax) (MFST) Act were in place, which have, since been repealed with the introduction of VAT. However, assessments under the MST Act and MFST Act are still being made. The STs are the Assessing Officers (AO) under the repealed Acts. However, with the introduction of VAT, an audit team with the DCT as its head has been constituted to assess the dealers while the STs have been vested with the power to scrutinise returns furnished by the dealers.

2.2 Trend of receipts

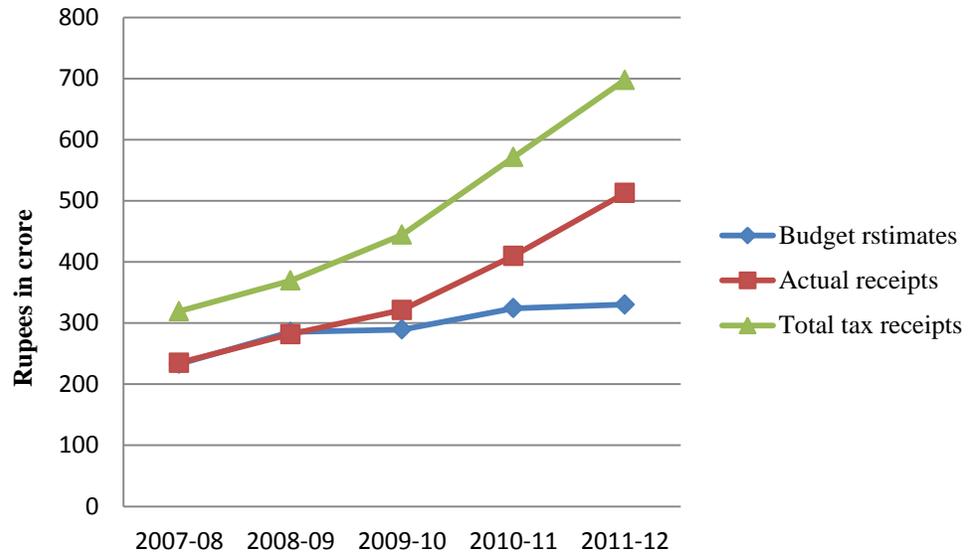
Actual receipts from VAT during the last five years 2007-08 to 2011-12 along with the total tax receipts during the same period is exhibited in the following table and graph.

(₹ in crore)

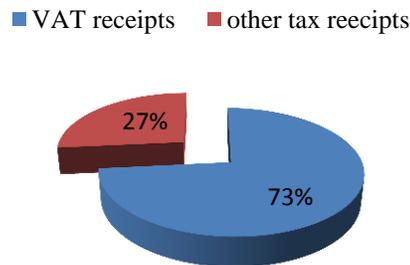
Year	Budget estimates	Actual receipts	Variation excess (+)/ shortfall (-)	Percentage of variation	Total tax receipts of the State	Percentage of actual VAT receipts vis-à-vis total tax receipts
2007-08	233.16	234.90	1.73	1	319.10	73.61
2008-09	285.42	281.83	(-) 3.59	1	369.44	76.29
2009-10	289.42	321.40	31.98	11	444.29	72.34
2010-11	324.16	409.88	85.72	26	571.45	71.73
2011-12	330.07	512.50	182.43	55	697.54	73.47

Thus, the percentage of variation which was negligible during the years 2007-08 and 2008-09 increased to 11 *per cent* in 2009-10 and further to 26 *per cent* in 2010-11. In 2011-12 the variation increased to 55 *per cent*.

A line graph showing the budget estimates of the State *vis-à-vis* the total receipts of the State and the actual tax receipts of the State may be seen below:



Also, a pie chart showing the position of VAT receipt *vis-à-vis* the other tax receipts during the year 2011-12 may be seen below:

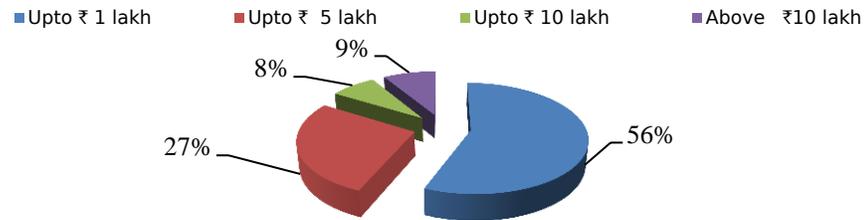


2.3 Assessee profile

As per information furnished by the Department, the number of the VAT assesses that were registered upto 2011-12 was 7923. The breakup of these assesses based on their annual turnover is mentioned in the following table:

Upto ₹ 1 lakh	Upto ₹ 5 lakh	Upto ₹ 10 lakh	Above ₹ 10 lakh
4454	2180	599	690

A pie-chart showing the number of dealers registered upto 2011-12 *vis-à-vis* the annual turnover may be seen below:



As would be seen from the above, a sizeable number of the dealers (56 per cent of the total dealers) registered with the Taxation Department are small dealers *i.e.* having turnover less than ₹ one lakh.

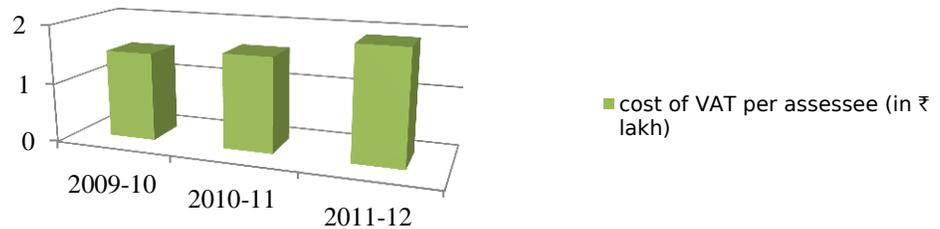
It is recommended that the Department may monitor constantly the turnover of the dealers in this segment to ensure that the dealers who cross the threshold limit are brought under the tax net immediately.

2.4 VAT per assessee

The VAT per assessee during the year and the preceding two years is shown in the following table:

(₹ in crore)

Year	Total no of assesseees	Total VAT collection	Cost of VAT per assessee
2009-10	20,060	298.44	0.015
2010-11	21,019	324.77	0.016
2011-12	22447	425.31	0.019



It may be seen that the cost of VAT per assessee has gone up during 2011-12. In addition, number of assesseees under VAT has also increased.

2.5 Position of arrears

As per information furnished by the Department, ₹ 10.31 crore was pending collection as on 31 March 2012. The breakup of the position of arrears during 2007-08 to 2011-12 is given in the following table:

(₹ in crore)

Year	Opening balance of arrears	Additions during the year	Collection by the end of the year	Balance arrears
2007-08	22.51	5.74	4.39	22.86
2008-09	22.86	24.73	5.76	41.88
2009-10	41.85	39.44	4.10	77.19
2010-11	77.19	7.06	74.78	9.47
2011-12	9.47	1.02	0.18	10.31

It would be seen from the above that the collections during 2010-11 (₹ 74.78 crore) were the highest during the period from 2007-08 to 2011-12. The arrears of revenue which increased to ₹ 77.19 crore in 2009-10 had come down to ₹ 10.31 crore in 2011-12. This indicates improvement in the efforts of the Department in the collection of the arrears of revenue.

2.6 Cost of collection

The cost of collection (expenditure incurred on collection) of the Taxation Department during 2011-12 is shown in the following table:

(₹ in crore)

Year	Actual revenue	Cost of collection	Percentage of expenditure on collection	All India average percentage during the preceding year
2009-10	321.40	6.80	2.12	0.88
2010-11	409.88	8.71	2.13	0.96
2011-12	512.50	10.33	2.02	0.75

The cost of collection of the Department has been steadily increasing. Besides, the cost of collection when compared to the all India average percentage during the preceding years is on the higher side. The Department should take steps to bring it down at least to the all India average percentage level of cost of collection.

It is recommended that the Department may investigate the reasons for increase in the cost of collection and chalk out a plan for its reduction so that it may be brought down.

2.7 Impact of Audit Reports

2.7.1 Revenue Impact

During the last five years (including the current year's report), we have pointed out non/short levy, non/short realisation, underassessment/loss of revenue, incorrect exemption, concealment/suppression of turnover, application of incorrect rate of tax, incorrect computation *etc.*, with revenue implication of ₹ 2287.3 crore in 112 paragraphs. Of these, the Department/Government had accepted audit observations in 12 paragraphs involving ₹ 1133.33 crore and had since recovered ₹ 167.42 crore. The details are shown in the following table:

(₹ in crore)

Year of Audit Report	Paragraphs included		Paragraphs accepted		Amount recovered	
	No.	Amount	No.	Amount	No.	Amount
2007-08	22	540.70	2	474.06	-	-
2008-09	23	784.99	5	481.98	1	167.42
2009-10	29	498.23	4	0.97	-	-
2010-11	23	215.39	-	-	-	-
2011-12	15	247.99	1	176.32	-	-
Total	112	2287.3	12	1133.33	1	167.42

The above table reveals that except for the recovery of ₹ 167.42 crore received from Government of India on account of VAT compensation, the recovery in respect of paragraphs included in the Audit Reports (Revenue Receipts) has been nil. This is a matter of concern as with the passage of time the chances of recovery in these cases become remote.

We recommend that the Government may in the interest of revenue instruct the Department to revamp its revenue recovery mechanism and take concrete steps for recovery of the amounts at least in those cases which have been accepted by the Departments.

2.7.2 Amendments in the Acts/Rules/notification/orders issued by the Government at the instance of audit

Based on audit observations, the Government notified the following changes:

- **Database of risky dealers:** The Department has entrusted the DCT to frame the parameters for easy detection of dubious/risky dealers. The STs have already prepared a list of such dealers and the same will be completed and kept in electronic format.
- **Erection of Integrated checkgates:** Action has already been initiated to establish integrated checkgates and the process of site selection is in progress.
- **Maintenance of database of dealers having turnover above ₹ 40 lakh:** The COT had requested National Informatics Centre to develop a database of such dealers.
- **Form for claiming exemption for goods taxable under Schedule V of the MVAT Act:** The Department has prepared e-return formats for cross verification of goods taxable under Schedule V of the MVAT Act.
- **Cross verification with Income Tax/Central Excise Department:** The COT has issued instructions for mandatory cross verification of particulars with Income Tax/Central Excise Departments.
- **Record keeping:** - The COT has already issued instructions to the STs to furnish monthly returns showing submission of returns/ registration of dealers *etc.*, to him. Instructions have also been issued for supervisory inspections by the DCT/ACT.

2.7.3 Results of Audit

Test check of the records of 71 units relating to VAT revealed under-assessment of tax and other irregularities involving ₹ 538.86 crore in 101 cases which fall under the following categories:

(₹ in crore)			
Sl. No.	Category	Number of cases	Amount
1.	Assessment, levy and collection of tax under MVAT (a Performance Audit)	1	176.32
2.	Short realisation of tax	15	10.05

3.	Evasion of tax	17	8.43
4.	Non-realisation of tax	13	52.67
5.	Other irregularities	55	291.39
Total		101	538.86

During the course of the year, the Department accepted under assessments and other deficiencies of ₹ 8.84 crore in 36 cases. An amount of ₹ 0.62 crore was realised in six cases during the year 2011-12.

A Performance Audit on “Assessment, levy and collection of tax under MVAT Act” which points out certain system and compliance deficiencies and few illustrative cases having financial impact of ₹ 245.58 crore in terms of under assessment/short levy /non-levy of tax and other provisions of the Acts are included in the succeeding paragraphs.

2.8 PERFORMANCE AUDIT ON “ASSESSMENT, LEVY AND COLLECTION OF TAX UNDER THE MEGHALAYA VALUE ADDED TAX ACT”

2.8.1 Introduction

A Performance audit on “Assessment, Levy and Collection of Tax under the Meghalaya Value Added Tax Act” revealed the following irregularities:

- Due to lack of clarity on the term ‘manufacture’ four industrial units claimed exemption/remission of ₹ 2.82 crore.
(Para 2.8.7.3)
- There was loss of revenue of ₹ 9.53 crore on sale of coal between October 2010 and March 2012 due to non-inclusion of royalty in the sale price of coal.
(Para 2.8.7.4)
- Four cement manufacturers purchased 5.44 lakh MT of coal valued at ₹ 165.09 crore on which VAT amounting to ₹ 6.62 crore was neither paid by the sellers nor by the purchasers.
(Para 2.8.8.2(B))
- Survey registers were either not maintained by the ITs or were not monitored by the higher authorities. No inspection of the Circle offices was ever carried out by the COT.
(Para 2.8.8.6)
- Penalty amounting to ₹ 2.82 crore was not levied by the STs for non submission of prescribed reports and returns by the defaulting dealers.
(Para 2.8.9.1)
- The percentage of scrutiny of returns by the STs varied between zero and 17 per cent.
(Para 2.8.9.3)
- Twelve dealers irregularly claimed input tax credit of ₹ 1.69 crore which was accepted by the department.
(Para 2.8.9.5(A))
- Not a single audit assessment was conducted by the department.
(Para 2.8.9.6(B))
- Enforcement branch failed to carry out a single investigation or enquiry between 2007-08 and 2011-12.
(Para 2.8.10.4)
- Six Government departments collected VAT amounting to ₹ 2.42 crore but failed to deposit the same.
(Para 2.8.11.1)
- Four industrial units irregularly claimed remission of VAT of ₹ 4.75 crore on sale of manufactured goods not approved by the SWA.
(Para 2.8.11.4)

2.8.1 Introduction

The introduction of Value Added Tax (VAT) based on a white paper published (January 2005) by the Empowered Committee¹ of State Finance Ministers, was an endeavour to achieve economic unification of the country and to avoid unhealthy competition in the tax rate among different States. In the erstwhile Sales Tax structure, there were problems of double taxation of commodities, multiplicity of taxes, surcharge and additional tax on Sales Tax *etc.* that resulted in a cascading tax burden. The white paper *inter alia* put forth the following advantages of VAT:

- manufacturers and traders will be given input tax credit (ITC) for purchase of inputs, including that of capital goods, meant for use in manufacture or resale;
- ITC remaining unadjusted at the end of a year and also on export will be refunded to the dealers;
- dealers will submit self assessment returns declaring their tax liability. These returns will be considered as deemed assessed except where notice for audit of books of accounts of the dealer is issued within the prescribed period;
- audit of books of accounts of the dealer will be delinked from tax collection wing to remove any bias; and
- other taxes like turnover tax, surcharge, *etc.*, to be abolished and phasing out of Central Sales Tax (CST) and rationalisation of overall tax burden.

The Meghalaya Value Added Tax (MVAT) bill was passed by the State Assembly in March 2003 and was introduced in Meghalaya from 1 May 2005 after receiving the presidential assent in February 2005.

Salient features of MVAT Act, 2003

Under Section 5(1) of the MVAT Act, goods are classified into five schedules according to their social and economic impact as follows:

- first schedule consists of essential goods of social importance with 'Nil' tax rate;
- second schedule consists of goods of general importance used for industrial infrastructure, food and clothing, IT products, metals and chemicals having economic importance with four² *per cent* tax rate;
- third schedule covers bullion *specie* and other precious metal with tax rate of one *per cent*;
- fourth schedule consists of all other goods not covered by any of the schedules with tax rate of 12.5³ *per cent*; and

¹ Set up by the Government of India

²Enhanced from four *per cent* to five *per cent* in December 2011.

³Enhanced from 12.5 *per cent* to 13.5 *per cent* in March 2011.

- fifth schedule consists of non-VATable goods like liquor, lottery tickets, medicines, etc., in which tax is to be levied at the first point of sale at the prescribed rate⁴

Section 17 of the MVAT Act provides for a convenient, hassle free, simple but alternative method of taxation of retail dealers above threshold limit of ₹ one lakh but not exceeding ₹ five lakh. Such retailers can pay tax at a nominal rate of one *per cent* of the gross turnover. The Government of Meghalaya (GOM) has also notified (January 2009) a scheme for the small contractors, having annual turnover of not exceeding ₹ five lakh, who are permitted to pay four *per cent* tax on contractual value. Further, each tax payer registered under the MVAT Act is assigned a Unique Tax Payers Identification Number (TIN) which will have eleven digits consisting of state code (XX), office code (XX), number of the dealer (XX), Act identification code (XX) and check digit (XXX).

2.8.2 Organisational setup

In Meghalaya, the MVAT Act is administered by the Excise, Registration, Taxation and Stamps (ERTS) Department, GOM. The Additional Chief Secretary, who heads the ERTS Department, is assisted by a Commissioner and Secretary. At the Directorate level, the Commissioner of Taxes (COT) is the administrative head. He is assisted by two Deputy Commissioners of Taxes (DCT), two Assistant Commissioners of Taxes (ACT) and two Superintendents of Taxes (ST), Enforcement Branch (EB) at Shillong and Tura. At the field level, there are 15⁵ circles each headed by one ST who is responsible for registration of dealers, scrutiny of the returns submitted by them and collection of VAT. These STs are assisted by Inspectors of Taxes (IT) and ancillary staff.

2.8.3 Audit objectives

The performance audit (PA) was carried out with the following objectives:

- whether the provisions of the MVAT Act/Rules were adequate and were properly enforced to safeguard the revenue of the State;
- whether workload was distributed evenly among different circles to arrest arrears in assessments;
- whether survey was properly carried out to detect unregistered dealers;
- whether monitoring and internal control was in place and was adequate; and
- whether there was proper co-ordination and information sharing between the taxation department and other State/Central departments in order to prevent evasion of tax and maximise revenue collection.

⁴ As on 30 September 2012, prevailing rates varied from 4 *per cent* to 20 *per cent*.

⁵ (i) Circle-I, Shillong (ii) Circle-II, Shillong (iii) Circle-III, Shillong (iv) Circle-IV, Shillong (v) Circle-V, Shillong (vi) Circle-VI, Shillong (vii) Circle-VII, Shillong (viii) Circle-VIII, Shillong (ix) Nongpoh circle (x) Jowai circle (xi) Khliehriat circle (xii) Circle-I, Tura, (xiii) Circle-II, Tura, (xiv) Williamnagar, circle (xv) Nongstoin circle

2.8.4 Scope and Methodology of audit

The PA was carried out between February 2012 and August 2012 during which records pertaining to levy, assessment, collection and administration of MVAT for the period 2007-08 to 2011-12 were reviewed. Out of 15 circles in the State, six⁶ circles selected by the process of Simple Random Sampling Without Replacement⁷ (SRSWOR), were covered in audit. The dealers in the selected six circles were stratified on the basis of their turnover and their selection, also on the basis on SRSWOR, was made as follows:

- Dealers having turnover over ₹ 5 crore: 100 per cent of the population.
- Dealers having turnover between ₹ one crore and ₹ 5 crore: 50 per cent of the population.
- Dealers having turnover below ₹ one crore: On the basis of interval concept⁸.

The details of dealers selected are as follows:

Table 1

Name of the circle	Total dealers			Total dealers selected		
	Turnover of ₹ 5 crore and above	Turnover between ₹ one crore and ₹ 5 crore	Turnover below ₹ one crore	Turnover of ₹ 5 crore and above	Turnover between ₹ one crore and ₹ 5 crore	Turnover below ₹ one crore
Circle-II Shillong	55	91	914	55	46	305
Circle-VI Shillong	12	20	2199	12	10	303
Jowai circle	02	07	2693	02	04	337
Nongpoh circle	28	26	1546	28	13	258
Tura (Circles I & II)	04	11	1130	04	05	283
Total	101	155	8482	101	78	1486
		8738			1665	

In addition to the six circles, records of the COT, Meghalaya, the ST, EB, Shillong and the taxation checkposts⁹ at Byrnihat and Umkiang were also examined in audit.

2.8.5 Acknowledgement

Indian Audit and Accounts Department wishes to acknowledge the co-operation extended by the ERTS Department, in carrying out this PA. An Entry Conference¹⁰ was held on 23 January 2012 in which the scope and objectives of the PA were explained to the ERTS Department. The draft PA Report was forwarded to the ERTS Department on 9 January 2013 following

⁶ (i) Circle-II, Shillong (ii) Circle-VI, Shillong (iii) Jowai circle (iv) Nongpoh circle (v) Circle-I, Tura, (vi) Circle-II, Tura.

⁷ Under this method, using a random number table, the circles/dealers were selected.

⁸ Using Interactive Data Extraction & Analysis software dealers were selected at intervals from each circle as follows:

Circle-II, Shillong: (**Interval 3**); Circle-VI, Shillong: (**Interval 7**); Nongpoh circle: (**Interval 6**); Jowai circle: (**Interval 8**); Circles-I & II, Tura: (**Interval 4**)

⁹ Being the entry/exit checkposts of the major highway and trade route of the State

¹⁰ Attended by the COT and Commissioner & Secretary, ERTS Department, GOM.

which an Exit Conference¹¹ was held on 1 February 2013 in which the audit findings were discussed with the ERTS Department. The response of the ERTS Department during the Exit Conference and on other occasions has been suitably incorporated in the Report.

Audit findings

The PA brought out a number of system and compliance deficiencies. The audit findings are discussed in the succeeding paragraphs.

2.8.6 Trend of revenue and financial analysis

The following table presents the revenue collection under MVAT *vis-à-vis* the total tax revenue collection of the State for the years 2007-08 to 2011-12:

Table-2

(₹ in crore)

Year	Budget Estimate for MVAT	Actual collection of MVAT	Shortfall (-)/Excess (+) Percentage of Shortfall (-) /Excess (+)	Collection of tax on sales, trade, etc ¹²	Total tax	Percentage of MVAT to	
						Taxes on sales, trade, etc	Total tax
2007-08	87.04	86.93	(-) 0.11 (-) 0.13	234.90	319.10	37	27
2008-09	153.00	184.92	(+) 31.92 (+) 21	271.07	369.44	68	50
2009-10	179.10	184.36	(+) 5.26 (+) 3	298.44	444.29	62	42
2010-11	215.62	220.82	(+) 5.20 (+) 2	409.89	571.45	54	39
2011-12	253.01	290.67	(+) 37.66 (+) 15	512.50	697.54	57	42

(Source: Finance Accounts)

It may be seen from the above that:

- while the total tax revenue in the State has risen by 119 *per cent* from ₹ 319.10 crore (2007-08) to ₹ 697.54 crore (2011-12), the VAT revenue has seen a remarkable increase by almost 234 *per cent* from ₹ 86.93 crore in 2007-08 to ₹ 290.67 crore in 2011-12;
- during the period 2007-12, MVAT was the highest contributor to the total tax revenue of the State;
- the MVAT collection has always been higher than the budget estimates except for the year 2007-08.

2.8.7 Deficiencies in provisions of the MVAT Act/Rules

2.8.7.1 Rule 30 of the MVAT Rules states that any dealer liable to pay tax shall furnish a quarterly return in Form 5 and an annual return in Form 6.

¹¹ Attended by the COT and Commissioner & Secretary, ERTS Department, GOM.

¹² Tax on sale, trade, etc. has the following components:

(i) CST (ii) Trade tax/VAT (iii) MSL (iv) MST (v) MFST (vi) Surcharge and other receipts

Audit pointed out in May 2008¹³ that these forms were actually applicable only to dealers opting for composite tax¹⁴ scheme. Subsequently the Department amended¹⁵ the MVAT Act in December 2008 and Rules in March 2010 by prescribing quarterly returns in Form 3A for dealers paying composite tax and in Form 5 for all other dealers. However, as on date (March 2013) the GOM is yet to prescribe any form for submission of annual returns by dealers other than those paying composite tax in the absence of which, these dealers continue to submit annual returns in Form 6.

On this being pointed out, the Department stated (February 2013) that Form 6 was applicable to all registered dealers. The reply is not acceptable as Rule 11 (under which Form 6 is to be submitted) is applicable only to dealers opting for composite tax.

2.8.7.2 Section 2(xvii) of the MVAT Act defines the term ‘Government’ to mean the ‘State Government’ only and does not include Central Government and Union Territories. This narrow and incorrect definition has resulted in the following anomalous situations:

➤ Section 106 of the MVAT Act provides for deduction of tax at source on any sale or supply of taxable goods made to the ‘Government’ or to a company, corporation, board, authority, undertaking or any other body controlled wholly or substantially by the ‘Government’. Therefore, as per the definition of ‘Government’ under Section 2(xvii), Section 106 is not applicable to any sale or supply of taxable goods made to Central /Union Territory Governments or to any company, corporation, board, authority, undertaking or any other body controlled wholly or substantially by the Central/Union Territory Governments. This is potentially a flawed situation.

On this being pointed out, the Department stated (February 2013) that definition of ‘persons’ under Section 2(xxiv) included Central Government also. The reply is not acceptable as the ‘persons’ under Section 106 (2) refer to suppliers to the State Government or to a company, corporation *etc.* controlled by the State Government.

➤ Section 99 of the MVAT Act provides for production of records to an officer of ‘Government’ for audit of receipts and refunds of tax, penalty and interest. This, read with the definition of ‘Government’ in Section 2(xvii), means that only State Government officers are empowered to audit the receipts and refunds of tax which is contrary to Section 16 of the Comptroller and Auditor General’s (Duties, Powers and Conditions of Service) Act, 1971 which provides for audit of all receipts of each State by the Comptroller and Auditor General.

¹³ Subsequently featured as para 2.2.9.1 of the Comptroller and Auditor General of India’s Audit Report for the year ended 31 March 2009-Government of Meghalaya.

¹⁴ A dealer whose gross annual turnover does not exceed ₹5 lakh may pay composite tax at the rate of 1 per cent of his gross turnover without the benefit of ITC.

¹⁵ Action was taken based on audit findings.

On this being pointed out, the Department admitted (February 2013) that Section 99 did not specifically provide for audit of receipts and refunds under MVAT Act by the Comptroller and Auditor General of India.

2.8.7.3 As per Section 2(xix) of the MVAT Act, 'manufacture' means producing, making, extracting, altering, ornamenting, finishing, assembling or otherwise processing, treating or adapting any goods **but does not include any such process or mode of manufacture as may be prescribed.** The State Government was, however, yet to prescribe any process or mode of manufacture which would not be classified as 'manufacture' even after more than seven years since the introduction of the MVAT in May 2005.

Audit observed that due to this lack of clarity on the term 'manufacture', the correctness of the MVAT exemption/remission allowed under the Meghalaya Industries (Sales Tax Remission) Scheme, 2006¹⁶ to the following dealers amounting to ₹ 2.82 crore was not properly ascertainable as discussed in the succeeding paragraphs:

- It was judicially¹⁷ held that conversion of 'used' oil to 'refined' oil is not manufacture as no new product is manufactured. A dealer¹⁸ in Nongpoh circle was engaged in import of 'used' oil and its conversion into 'refined' oil. During April 2005 to March 2009, the dealer sold goods valued at ₹ 2.92 crore and the ST allowed MVAT exemption/remission of ₹ 36 lakh on the sale of 'refined' oil manufactured from 'used' oil.
- A dealer¹⁹ in Nongpoh circle engaged in manufacture of GI pipes, poles etc., disclosed sale of scrap amounting to ₹ 13.73 crore between 2007-08 and 2010-11 in addition to the finished products and claimed VAT exemption/remission of ₹ 54.37 lakh on sale of scrap which was accepted by the ST.
- A dealer²⁰ in Nongpoh circle purchased MS Ingot valued at ₹ 47.81 crore (from within the State) between April 2007 and March 2011. The dealer was also a manufacturer of MS Ingot and was eligible to avail 99 per cent remission on sale of goods manufactured. Since the dealer purchased and sold MS Ingot in the same form, the remission of ₹ 1.89 crore granted on sale of MS Ingot was irregular.
- Another dealer²¹ in Nongpoh circle engaged in manufacture of PP bags purchased PP bags valued at ₹ 57.14 lakh and retained ₹ 2.26 lakh on resale of the goods. Since the dealer purchased and sold PP bags in the same form, the remission of ₹ 2.26 lakh granted on sale of PP bags was irregular.

¹⁶ The Meghalaya Industries (Sales Tax Exemption) Scheme 2001 (with effect from 12 April 2001) provides for exemption from payment of sales tax to eligible manufacturing units. This was substituted by the Meghalaya Industries (Sales Tax Remission) Scheme, 2006 (with effect from 1 October 2006) which provides for 99 per cent retention of sales tax by eligible manufacturing units.

¹⁷ Universal Viscose Oil Products v. Commissioner of Trade Tax, Uttar Pradesh (2009) [2010] 30 VST 452 (Allahabad High Court)

¹⁸M/s Ambika Oils (North East) Pvt. Ltd., Ri-bhoi district.

¹⁹M/s Nezone Industries Ltd., Ri-bhoi district.

²⁰M/s Shillong Ispat & Rolling Mills, Ri-bhoi district

²¹M/s Umadutt Industries Ltd., Ri-bhoi district

On this being pointed out, the Department stated (February 2013) that it would consult the Industries Department on the matter of prescribing those processes or modes of manufacture which would not be classified as 'manufacture'.

Recommendation: The State Government may amend the MVAT Rules to prescribe those processes or modes of manufacture which will not be classified as 'manufacture'.

2.8.7.4 'Sale price' as defined in Section 2 (xxxiii) of the MVAT Act does not include 'royalty' levied on the goods under the Mines and Minerals (Development & Regulation) Act, 1957.

The Ministry of Coal, Government of India, revised (August 2007) the royalty rate per MT on coal to ₹ 130 *plus 5 per cent* of the pithead price of coal. Accordingly the Mining & Geology Department, GOM revised (August 2009) the royalty rate of coal from ₹ 165 per MT to ₹ 290²² per MT. The revised rate was calculated by determining the pithead price of coal as ₹ 3200 per MT. The ERTS Department, GOM however, revised the sale price of coal to ₹ 3044 per MT (August 2010).

The sale price of coal fixed by the ERTS Department did not include the royalty value of ₹ 290 per MT. For non-inclusion of royalty value in the sale price, additional revenue of ₹ 1.60²³ per MT of coal could not accrue to the Department. Between October 2010 and March 2012, 82.19 lakh MT²⁴ of coal was sold on which ₹ 9.53 crore could have been realised leading to loss of revenue to that extent.

On this being pointed out, the Department accepted (February 2013) the fact that royalty was a part of sale price. However, it failed to comment on the loss suffered by the Government due to the incorrect fixation of sale price of coal by the COT without taking royalty into account.

Recommendation: The State Government should include 'royalty and other duties' payable under various Acts in the definition of 'sale price'.

2.8.7.5 Section 45 of the MVAT Act provides for assessment of a dealer on best judgement basis by the ST. If a dealer is aggrieved by the assessment then he can prefer appeal to the ACT²⁵ under Section 65 of the MVAT Act. Section 55 of the Act *ibid* also provides for assessment on best judgement basis by an audit team headed by a DCT. No provisions, however, exist in the MVAT Act for preferring of appeal to the Appellate Authority in case of such assessments.

On this being pointed out, the Department while accepting (February 2013) the facts, stated that matter was being examined in consultation with the Law Department.

²² ₹ 130 + (5 per cent of ₹ 3200) = ₹ 130 + ₹ 160 = ₹ 290

²³ 4 per cent of ₹ 290 = ₹ 1.60

²⁴ Information furnished by the Mining & Geology Department

²⁵ ACT performs the function of 'Appellate Authority' under Section 27 of the MVAT Act.

Recommendation: The State Government should appoint an Appellate Authority for preferring appeals in case of assessments under Section 55.

2.8.7.6 The Meghalaya Land Revenue Regulation (MLRR) Act provides for appointment of a tax recovery officer (TRO) **under the Deputy Commissioner of a district** for recovery of Government dues as arrears of land revenue. However Section 107 of the MVAT Act in contravention of the MMLR Act stipulates that the State Government may appoint a TRO²⁶ **under the COT** to exercise power under MLRR Act for recovery of outstanding tax, interest, penalty or other sums payable as arrears of land revenue.

During the period of PA it was seen that 16 cases involving ₹ 4.10 crore as dues were forwarded to the TRO for initiating recovery proceedings. The TRO stated (September 2012) that in the absence of any comprehensive guidelines as to how arrears of land revenue were to be realised, both MMLR Act and the Bengal Public Demand Recovery (BPDR) Act, 1913 were being followed and that demand notices for recovery of VAT have been issued to the debtors under the provisions of BPDR Act. No recovery has been made in any of the 16 cases by the TRO (March 2013). Since under MVAT Act the State Government cannot empower the TRO under the COT for recovery of arrear land revenue (under the MLRR Act), the recovery proceedings, if any, initiated by the TRO were illegal as was issue of notices under the BPDR Act which has not been accorded any recognition in the MVAT Act.

On this being pointed out, the Department stated (February 2013) that the Government through a notification dated February 1981 had appointed the TRO under the Deputy Commissioner of a district. The reply is not acceptable as MVAT Act erroneously stipulates that the TRO may be appointed under the COT and no fresh notification has been issued in this regard after the introduction of VAT in the State.

Recommendation: The State Government may amend the MVAT Act to either empower the TRO under the COT to recover tax dues as arrears of land revenue under the BPDR Act or appoint a TRO under DC.

2.8.7.7 Under Section 5(1) of the MVAT Act, goods are classified into five schedules. However, Section 112(1) provides that the State Government may also amend 'Sixth Schedule' retrospectively although the MVAT Act does not contain any 'Sixth Schedule'.

2.8.7.8 Chapters VI and VII of the MVAT Act deal with matters relating to 'Return and Payment of tax, Assessment *etc.*' and 'Appeal, Revision and Review' respectively. Sections 4 and 12 of the Limitation Act, 1963 deal with the 'Period of filing of Appeal *etc.*' in a Court of Law. However, Section 110 of the MVAT Act wrongly provides that Section 4 and 12 of the Limitation Act, 1963 shall apply in computing the period of limitation in respect of Chapter VI instead of Chapter VII.

²⁶ ST, EB functions as the tax recovery officer.

On this being pointed out, the Department while accepting (February 2013) the facts, stated that matter was being examined.

2.8.7.9 Rule 69 of the MVAT Rules stipulates the conditions necessary for excluding contractors and sub-contractors from the liability to pay tax under Section 106(1) of the MVAT Act. However, this Section deals with the responsibility of payment of tax of every person (other than individual, Hindu Undivided Family, a firm or a company not under the control of the Government) and **no provisions exist in the MVAT Act for prescribing the conditions necessary for excluding contractors and sub-contractors from the liability to pay tax.** Hence, the reference to section 106(1) of the MVAT Act under Rule 69 of the MVAT Rules is erroneous.

On this being pointed out, the Department while accepting (February 2013) the facts, stated that amendment to Rule 69 was being proposed.

Recommendation: The State Government may amend the MVAT Act to include the provisions for prescribing the conditions for excluding contractors/sub-contractors from the liability to pay tax.

2.8.7.10 Schedule IIB of the MVAT Act lists the items under industrial inputs and packing materials to be taxed at 5 *per cent*. The table *inter alia* contains two columns 'Heading No.' and 'Sub Heading No.' and under these columns, various figures are given such as '15.01', '15.06' ,....., '48.23', '70.07', '83.09' (under 'Heading No.') and '2204.10', '2707.10', '2707.20' ,....., '5503.20', '5505.10', '6305.10' (under 'Sub Heading No.'). The column headings and figures have not been explained in the Act and Rules. As such, their inclusion in the Schedule IIB is confusing.

It was, however, observed that the column 'Heading No.' is actually the heading no. of the Central Excise Tariff Act, 1985 and the column 'Sub Heading No.' is actually the sub-heading no. of the Central Excise Tariff Act, 1985 but for lack of this clarification in the MVAT Act the columns in the Schedule IIB appear to be confusing.

On this being pointed out, the Department stated (February 2013) that the matter was being examined.

2.8.7.11 As per Schedule II (Item 3) of the MVAT Act, all intangible goods (copyright, patent *etc.*) are taxable at five *per cent* but the definition of 'goods' in Section 2(xvi) does not include 'intangible goods'.

On this being pointed out, the Department stated (February 2013) that the definition of 'goods' would be amended to include both tangible and intangible goods.

We recommend that the ERTS Department take action to amend the MVAT Act and Rules suitably to avoid any ambiguity on the terms mentioned above for effective levy and collection of MVAT.

2.8.8 Registration of dealers/transporters²⁷

Registration enables a dealer to charge tax on sales from customers claim set-off in the form of Input Tax Credit (ITC) on local purchases from registered dealers which can be adjusted against subsequent sales. A dealer when his gross annual turnover exceeds ₹ one lakh, other than in case of a manufacturer/importer where the taxable turnover is nil, shall get himself registered under Section 31 of the MVAT Act and obtain a Certificate of Registration (RC). However, a dealer whose gross annual turnover exceeds ₹ 50,000 may also apply voluntarily for registration under Section 32.

A dealer who makes taxable sales without registration will be assessed to tax on sale at the rate prescribed without allowing ITC. Dealing in taxable goods without registration is a punishable offence under Section 90 of the MVAT Act for which the dealer is liable to pay a fine not exceeding ₹ 10000 and/or punishable with six months imprisonment.

2.8.8.1 Multiple registrations

Section 31(2) of the MVAT Act requires that a dealer shall be registered by the concerned ST having territorial jurisdiction over his principal place of business. This implies that every dealer shall be registered with one circle. While this practice was being followed in case of circles outside Shillong, we observed that in case of circles at Shillong, a dealer engaged in business of limestone and coal had to obtain multiple registrations as follows:

Sl. no.	ACT	Nature of business	Circle with which to be registered
1.	Meghalaya Value Added Tax (MVAT)	Limestone	With the concerned circle having territorial jurisdiction over the principal place of business.
2.	Central Sales Tax (CST)	Limestone	Circle-VIII, Shillong
3.	Both CST and MVAT Acts	Coal	Circle-V, Shillong

This procedure is inconsistent with the provisions of the MVAT Act as it requires a dealer to approach different circles to submit returns and/or apply for road permits and other forms.

On this being pointed out (January 2013), the Department stated (February 2013) that the areas of jurisdiction of the STs had been reallocated (through a notification dated September 2012) and multiple registrations would not take place anymore. However, the notification is yet to be implemented (March 2013).

2.8.8.2 Unregistered dealers

Under Rule 13 of the MVAT Rules, every dealer has to maintain an account of sale of goods within the State in Form 7, which *inter alia* contains the name of the purchasing dealer and his Tax Identification Number. This statement

²⁷ Transporters are not dealers but they are engaged in transportation of taxable goods. Transporters are registered under the ST, EB.

enables the assessing officer to cross-check whether the purchasing registered dealer paid VAT on resale of goods.

➤ Out of 18 manufacturers in Nongpoh circle, 14²⁸ did not furnish any accounts of sale in Form 7 although they made local sales amounting to ₹ 436.50 crore between April 2006 and March 2011. The ST completed the scrutiny of the returns between October 2009 and February 2012. Since the sale accounts were not available, as such, payment of VAT to the extent of ₹ 17.46 crore on resale of the goods by the purchasers could not be verified.

In respect of four²⁹ manufacturers in Nongpoh circle who submitted accounts of sale in Form 7, Audit reviewed the accounts for the period from May 2005 to June 2011. In addition, the audited accounts furnished by four cement manufacturers in two³⁰ circles were also examined. The irregularities noticed in these cases are given in the succeeding paragraphs:

A Four³¹ industries in Nongpoh circle sold goods valued at ₹ 19.02 crore to 376 persons between May 2005 and March 2011. However, cross-check with the data of registered dealers under MVAT Act made available to us by the COT revealed that none of the above persons were registered. Thus, due to non-registration, either compulsorily or voluntarily, VAT amounting to ₹ 0.76 crore on re-sale of such goods could not be realised by the Department. Besides, these dealers were also liable to pay maximum penalty of ₹ 1.52 crore under Section 96 of the MVAT Act for engaging in business as dealers without getting themselves registered.

On this being pointed out, the Department stated (February 2013) that a perusal of the sales statements submitted by the four units was made for some periods and it was seen that many of the purchasers were registered while others with addresses in Ri-bhoi district could not be traced. The reply is not acceptable as the list of unregistered dealers pointed out by audit already excluded the registered dealers after comparing it with the database of registered dealers of the State.

B Four cement manufacturers³² in three circles purchased 5.44 lakh MT of coal between March 2006 to June 2011 valued at ₹ 165.59 crore on which VAT amounting to ₹ 6.62 crore was neither paid by the sellers nor by the purchasers. As a result, there was loss of revenue to that extent.

²⁸ (1) M/s Ambika Oil (North East) Pvt Ltd., (2) M/s FW Ferro Tech Pvt Ltd., (3) M/s Shriram Ispat & Rolling Mills Pvt Ltd., (4) M/s Subham Industries, (5) M/s Meghalaya Mineral Products, (6) M/s Trishul HiTech Industries, (7) M/s Balaji Candle Industries, (8) M/s Seven Sisters Pvt Ltd., (9) M/s Umadutt Industries Pvt. Ltd., (10) M/s Bimla Ispat & Alloys Pvt. Ltd., (11) M/s Oxford Packaging Pvt. Ltd., (12) M/s Brahmaputra Wire Products, (13) M/s Trishul Hightech Industries, (14) M/s K.K. Beverages Pvt. Ltd.

²⁹ M/s Shillong Ispat & Rolling Mills Pvt. Ltd., M/s Shree Sai Rolling Mills (I) Ltd., M/s Pawan Casting (Meghalaya) Pvt. Ltd., M/s Umadutt Industries Pvt. Ltd.

³⁰ Industries are located only in Nongpoh and Jowai circles (out of the selected six circles)

³¹ M/s Shillong Ispat & Rolling Mills Pvt. Ltd., M/s Shree Sai Rolling Mills (I) Ltd., M/s Pawan Casting (Meghalaya) Pvt. Ltd., M/s Umadutt Industries Pvt. Ltd.

³² M/s Meghalaya Cements and M/s Adhunik Cement in Jowai circle, M/s H.M. Cements in Nongpoh circle and Mawmluh Cherra Cements Limited in Circle-VI, Nongpoh.

On this being pointed out, the Department stated that in case of M/s H.M. Cements, all local sale of coal had to be routed through the Byrnihat checkgate which was not possible without realisation of VAT. The reply is not acceptable as no registered coal dealer in the State showed local sale of coal in his returns during the aforesaid period. In case of other three manufacturers, the Department stated (February 2013) that notices had been served for realisation of the VAT. Further development was awaited (March 2013).

2.8.8.3 Cancellation of Certificate of Registration (RC)

Under Section 31(8) of the MVAT Act, the STs can cancel the RC if a dealer:

- has discontinued business [Section 31(8) (a)];
- has ceased the liability to pay tax [Section 31(8)b)];
- has failed to furnish return or pay admitted tax and interest [Section 31(8) (g)]; and
- voluntarily registered under Section 32 fails to exceed the taxable turnover of ₹ 50,000 for three successive years [Section 32(5)].

Out of the 1,665 dealers covered in the PA, 278 dealers³³ either did not submit returns or had submitted 'nil' returns as given in the following table:

Table 3

Sl. No.	Name of Circle	No. of dealers		
		Did not submit returns	Submitted 'nil' returns	Total
1	Shillong (II)	16	--	16
2	Shillong (VI)	19	61	80
3	Jowai	34	30	64
4	Nongpoh	12	28	40
5	Tura (I & II)	36	42	78
Total		117	161	278

Though the RCs of these 278 dealers were liable to be cancelled, the STs did not take any action for their cancellation.

2.8.8.4 Amendment of Certificate of Registration (RC)

Under Rule 18(7) of the MVAT Rules, the ST shall issue an RC specifying the class or classes of goods which shall be dealt in or manufactured by a registered dealer. Section 31(6) of the MVAT Act provides that the ST may, from time to time, amend the RC on the basis of an application made by a dealer.

If any registered dealer while purchasing goods falsely represents that goods are covered by his RC, he shall be liable to pay maximum penalty of ₹ 10,000 and/or punishable with six months imprisonment. In lieu of prosecution, the COT may compound his offence and penalise him to twice the assessed tax (in addition to the assessed tax) under Section 96 of the MVAT Act.

In Circle-II, Shillong out of 30 dealers scrutinised it was seen that five

³³ Details in Annexure-I.

dealers³⁴ though not registered for resale of some goods as per RC, carried on business in those goods without amendment of the RC and purchased these goods valued at ₹ 85.74 lakh and having a tax effect of ₹ 3.43 lakh on the strength of road permits³⁵ issued to them by the ST. For this default, penalty of ₹ 6.86 lakh was leviable but it was not levied which indicates lack of proper scrutiny of returns by the circle.

On this being pointed out, the Department stated (February 2013) that appropriate action would be taken by the concerned STs. Further report was awaited (March 2013).

2.8.8.5 Security

Under Section 33 of the MVAT Act, the ST may demand security deposit as a precondition for grant of registration, primarily for safeguarding Government interest for

- ensuring proper realisation of tax, interest, penalty or other dues; and
- proper custody and use of declaration forms.

Under Rule 25 of the MVAT Rules, the amount of security shall be fixed by the ST after taking into account the taxable turnover of the dealer, the nature of goods dealt by him and such other factors as may in the opinion of the ST appear necessary in making a proper determination.

In Meghalaya, although both VAT and State excise are administered by the ERTS Department, it has prescribed the amount of security only for licensees³⁶ under State excise. Non-prescription of specific security money for MVAT, thus, leaves scope for arbitrary collection of security amount by the ST.

We noticed that in case of 256 registered dealers with an annual turnover of more than ₹ one crore in the six circles selected for this PA had made security deposits which varied between ₹ 500 and ₹ 5,000 which was abysmally low and did not serve basic purpose of safeguarding Government interest as illustrated by the following case:

- In Nongpoh circle it was seen that a manufacturing unit³⁷ closed down operations in September 2007 and its whereabouts remained unknown. The ST completed assessments on best judgement basis (February 2009) for the tax periods between September 2005 and March 2007 and the dealer was assessed to VAT of ₹ 6.58 lakh and interest of ₹ 3.10 lakh. The dues could have been adjusted against security but for non-realisation of adequate security, Government's revenue interests could not be protected. The ST

³⁴ (1) M/s Zopar Exports Limited (2) M/s Sew Construction (3) M/s Sumo Digital (4) M/s Krishna Trading (5) M/s AK Enterprise

³⁵ A road permit, which is a detailed statement of goods imported into the State, is issued in form 37 by the ST with which the dealer is registered and it is to be produced at the entry checkpoint of the State to which the goods are being imported.

³⁶ For bottling plant/distillery: ₹ 5.00 lakh, bonded warehouse: ₹ 3.00 lakh, retail licence: ₹1 .00 lakh.

³⁷ M/s Gita Ferro Alloys.

stated (October 2011) that since the unit had closed down, the case would be forwarded to the tax recovery officer.

On this being pointed out, the Department while accepting the audit observation stated (February 2013) that the STs would be instructed to realise appropriate security depending on the size and volume of business of dealers.

2.8.8.6 Survey

Section 83(1) the MVAT Act empowers the COT to take up a survey of unregistered dealers from time to time. Further, the COT in November 2008 issued instructions for effective survey of dealers. The instructions *inter alia* stated:

- Each IT should maintain a survey register in the prescribed form.
- The entries in the register should be checked and verified by the concerned ST and are also to be further verified by the ACT and DCT during inspection of circle offices.
- The IT while making the survey was to simultaneously ensure that in cases liable for payment of taxes, proceedings for registration should immediately be initiated.
- The ST should submit a monthly report of surveys undertaken to the COT.

Audit noticed that in respect of the selected six circles the above instructions were not adhered to as follows:

- In three³⁸ out of six circles, the survey registers were not maintained at all.
- In two³⁹ circles, although the survey registers were maintained the entries therein had not even once been checked or verified by the ST.
- In none of six circles were any monthly reports of surveys conducted submitted to the COT by the STs.

Despite non-compliance with the instructions, the COT neither made any effort to ascertain the status of surveys conducted by each ST nor did it take any action against the errant STs. This resulted in purchase/resale of taxable goods in the State by unregistered dealers as pointed out in para 2.8.8.2, leading to loss of revenue, a part or whole of which could have been realised had the instructions of the COT been complied with. The laxity on the part of the STs to follow the COT's instructions was also not detected or pointed out by the ACTs or DCTs as these officials had not even once carried out an inspection of the six selected circles during 2007-08 to 2011-12.

On this being pointed out, the Department intimated (February 2013) that it has taken note of audit observation.

³⁸ STs, Circle-II, Circle-VI, Jowai.

³⁹ ST, Circle-I & II, Tura

2.8.8.7 Registration of transporters

A As per Section 80 of the MVAT Act, every transporter engaged in the business of transporting taxable goods in the State should obtain an RC from the ST, EB, Shillong on payment of prescribed fees. The ERTS Department has however, not prescribed any fee for registration of transporters.

- It was seen that 35 transporters were registered under ST, EB, Shillong between 2007-08 and 2011-12 but in the absence of any prescribed registration fee, the ST, EB arbitrarily levied ₹ 500 per transporter.

B Under Section 91 of the MVAT Act if a transporter fails to get himself registered then he shall be punishable with a simple imprisonment which may extend to six months or with fine not exceeding ₹ 10,000 or with both.

- Against 6,015 commercial trucks registered by 5,205 transporters with the Regional Transport Offices in Meghalaya as on 31 March 2011, there were only 85 transporters (1.6 *per cent*) registered by the STs under the MVAT Act as on 31 March 2012. Non registration of 5,120 transporters under the MVAT Act indicates that the ERTS Department failed to detect and register large number (98.37 *per cent*) of transporters engaged in movement of taxable goods. Besides, penalty of ₹ 5.12 crore was also leviable on these unregistered transporters.

C Under Rule 29(12) of the MVAT Rules, every registered transporter should keep a correct and complete account of his daily transactions. He shall submit a monthly statement of goods delivered into the State and goods transported outside the State in prescribed forms to the ST within 15 days of the following month. Section 91 of the MVAT Act stipulates that if a transporter fails to maintain statements of goods brought into the State or transported outside the State, he shall be punishable with a simple imprisonment which may extend to six months or with fine not exceeding ₹ 10,000 or with both.

- It was noticed that none of the 35 registered transporters had submitted monthly statements of goods brought into the State or transported outside the State for any months during the last five years ending 31 March 2012. For non-submission of monthly statements penalty of ₹ 1.49 crore was leviable but was not levied by the ST, EB, Shillong.

On this being pointed out, the Department stated (February 2013) that the matter was being examined.

2.8.9 Submission of returns, their scrutiny and assessments

2.8.9.1 Submission of returns

As per MVAT Act and Rules made thereunder, every registered dealer shall submit the following returns:

- a quarterly return in Form 5 [Rule 30];
- an annual return in Form 6 [Rule 30]; and

- an audit report from a Chartered Accountant if the gross annual turnover of dealer exceeds ₹40 lakh [Section 86].

For non-submission of quarterly/annual return, penalty at ₹ 100 per day of default subject to a maximum of ₹ 10,000 is leviable under Section 36(4) of the MVAT Act. For non-submission of audited report, penalty at 0.1 per cent of the turnover is leviable under Section 86(3) of the MVAT Act.

It was seen that in none of the selected six circles were any registers maintained to monitor filing of quarterly/annual returns and audited reports by the dealers. As such, the STs did not have a database of defaulting dealers.

- 117 dealers⁴⁰ did not furnish 1,211 quarterly returns for the period between 2007-08 and 2011-12 for which penalty amounting to ₹ 1.21 crore was leviable but was not levied by the STs.
- 149 dealers⁴¹ did not furnish 579 annual returns for the period between 2007-08 and 2011-12 for which penalty amounting to ₹ 57.90 lakh was leviable but was not levied by the STs.
- 48 dealers⁴² having combined turnover of ₹ 1031.22 crore did not furnish 148 audited reports for the period between 2007-08 and 2011-12 despite their individual annual turnovers exceeding ₹ 40 lakh in each of these periods and for which penalty of ₹ 1.03 crore was leviable but was not levied by the STs.

On this being pointed out, the Department stated (February 2013) that in the light of audit observation, appropriate action was being taken by the concerned STs.

2.8.9.2 Submission of revised returns

Rule 30(5) of the MVAT Rules stipulates that in case of discovery of any omission or any other error in the quarterly/annual returns filed, the dealer may furnish revised returns within 60 days from the date of submission of such returns. If a dealer required to furnish revised return, fails to furnish the same within 60 days then penalty at the rate of ₹ 100 per day of default subject to a maximum of ₹ 10,000 is leviable under Section 36 of the MVAT Act.

It was seen that in none of the selected six circles were any registers maintained to monitor filing of revised returns by the dealers. As such, although the dealers submitted revised returns, but submission of such returns within sixty days could not be ascertained and as such, penalty could not be levied for delay in submission of revised returns.

On this being pointed out, the Department while admitting the fact, stated (February 2013) that instructions would be issued to the STs for maintenance of registers.

⁴⁰ Details in Annexure-II

⁴¹ Details in Annexure-III

⁴² Details in Annexure-IV

2.8.9.3 Scrutiny of returns

Under Section 39(1) of the MVAT Act, each and every tax return submitted by dealers shall be scrutinised by the ST to verify correctness of calculation, application of correct rate of tax and interest, correctness of ITC claimed and full payment of admitted tax along with interest. Scrutiny of returns is important as it provides definite and meaningful inputs for effective selection of cases for ‘audit assessment’⁴³.

The position of returns scrutinised by the STs of the six selected circles for the period 2007-08 to 2011-12 in respect of the 1,665 dealers selected for PA was as under:

Table 4

Circle	No. of dealers	No. of dealers who submitted returns	Number of dealers whose returns were scrutinised	Percentage of dealers scrutinised
Circle-II, Shillong	406	390	26	7
Circle-VI, Shillong	325	306	13	4
Jowai circle	343	309	0	0
Nongpoh circle	299	287	50	17
Circles I & II, Tura	292	256	17	7
Total	1665	1548	106	7

From the above it can be seen that the percentage of scrutiny of the returns varied between zero and 17 *per cent* which was abysmally low. However, the compliance on part of the dealers was very good with an average of 93 *per cent* of dealers submitting returns out of those registered.

The year-wise position of scrutiny made by each of the selected circle is given in the following table:

Table 5

Circle	2007-08	2008-09	2009-10	2010-11	2011-12
Circle-II, Shillong	--	22	51	12	6
Circle-VI, Shillong	--	10	27	81	83
Jowai circle	--	--	--	--	--
Nongpoh circle	02	76	554	67	101
Circles-I & II, Tura	--	--	05	35	175
Total	02	108	637	195	365

From the above it may be seen that:

- The number of scrutiny made by five circles was only two in 2007-08. Reasons for the same were not on record. However, from 2008-09 onwards, the position of scrutiny has shown an upward trend except for Circle-II, Shillong where it has shown a decline.
- Jowai circle performed miserably with no scrutiny being made in any of the years covered in PA. Reasons for the same were not on record.

⁴³ Under Section 55 of the MVAT Act, a certain percentage of returns are required to be scrutinised in detail by an audit team of the COT which is headed by a DCT. Detailed scrutiny of this kind is called audit assessment.

- The percentage of scrutiny made *vis-à-vis* the actual number of dealers who submitted returns was very low.

In a situation where hundred *per cent* scrutiny of returns is required to be made by the STs, the actual percentage of scrutiny made was only seven *per cent* which was an adverse indicator of the efficiency of the tax authorities. Against this backdrop the fact that VAT revenue has seen a persistent rise in the State over the period 2007-12 indicates that dealers in the State pay tax voluntarily and the increase in VAT revenue could not, thus, be attributed to the efficiency of tax collection efforts of the Department.

On this being pointed out, the Department while accepting the audit observation stated (February 2013) that instructions had been issued to the STs to speed up the process of scrutiny of returns.

2.8.9.4 Norms not fixed for deployment of staff

To ensure proper monitoring and scrutiny of returns filed by dealers, it is essential that the ERTS Department prescribe norms with regard to work output and deployment of staff in circle offices to ensure that staff assigned to each ST circle office is in sync with the workload of that office. It was observed that the ERTS Department had not prescribed any such norms. ITs are critical functionaries in a circle office as they assist the STs in surveys, scrutiny of returns, *etc.* The number of dealers registered under each of the selected six circles *vis-à-vis* the number of ITs posted in these establishments as on 31 March 2012 was as shown in the following table:

Table 6

Circle	Number of registered dealers having turnover			Number of ITs posted
	Above ₹5 crore	₹one crore to ₹5 crore	Below ₹one crore	
Circle-II, Shillong	55	91	914	3
Circle-VI, Shillong	12	20	2199	2
Jowai circle	2	7	2693	4
Nongpoh circle	28	26	1546	3
Circles-I & II, Tura	4	11	1130	9
Total	101	155	8482	21

From the above it can be seen that:

- Circle-II, Shillong having 146 dealers with annual turnover over ₹ one crore and above had only 3 ITs whereas Jowai and Circles I and II, Tura having only 9 and 15 dealers respectively with annual turnover over ₹ one crore had 4 and 9 ITs respectively.
- The ratio of registered dealers *vis-à-vis* one IT ranged from 127 (Circles I and II, Tura) to 1116 (Circle VI, Shillong) indicating the wide disparity in workload of the ITs. The position in this respect in the six selected circles as on 31 March 2012 is shown in the following table:

Table 7

Circle	Total number of registered dealers	Number of ITs posted	Number of registered dealers per IT
Circle-II, Shillong	1060	3	353
Circle-VI, Shillong	2231	2	1116

Jowai circle	2702	4	676
Nongpoh circle	1600	3	533
Circles-I & II, Tura	1145	9	127

➤ It was further seen that ST, Jowai circle despite having four ITs failed to scrutinise a single return for the period 2007-08 to 2011-12 whereas ST, Nongpoh circle with three ITs was able to scrutinise the returns of 800 dealers relating to the same period.

The situation pointed out was attributable to the Department's failure to prescribe norms with regard to deployment of staff and work output.

On this being pointed out, the Department while accepting the audit observation stated (February 2013) that the ratio of registered dealers *vis-à-vis* the number of ITs posted would be examined.

2.8.9.5 Mistakes in scrutiny

Out of 1,665 registered dealers falling in the sample selected by Audit for this PA in the six selected ST circles⁴⁴, the returns of 106 dealers were scrutinised by the STs. Examination of the assessment records of these 106 dealers revealed the following:

A Irregular allowance of Input Tax Credit (ITC)

ITC is a set-off allowed under Section 11(4) of the MVAT Act to any registered dealer on purchases made in the VAT chain which is adjusted against the tax liability of the dealer in subsequent sales. The ITC is, however, not allowed on purchases of goods specified in Schedule-V of the MVAT Act which are taxed only at the first point of sale. Section 11(4) of the MVAT Act requires a dealer to support his claim with a tax invoice showing the VAT amount separately in order to avail ITC.

- During June 2005 to March 2011, five⁴⁵ dealers registered with two circles, claimed ITC of ₹ 74.58 lakh on local purchases of goods without any supporting tax invoice but it was allowed by the STs resulting in undue benefit of ₹ 74.58 lakh.
- During March 2010 to March 2011, a dealer⁴⁶ registered with Circle-II, Shillong claimed ITC of ₹ 2.37 lakh on purchases of goods worth ₹ 22.17 lakh which were not covered by his RC but it was granted by the ST resulting in undue benefit of ₹ 2.37 lakh.
- During December 2005 to September 2006, two dealers⁴⁷ registered with Circle-II, Shillong claimed ITC of ₹ 84.45 lakh on purchase of cement worth ₹ 6.77 crore from two cement manufacturing companies⁴⁸

⁴⁴ refer Table 1 in para 2.8.4

⁴⁵ (1) M/s HP Construction, (2) M/s Ashok Industries, (3) M/s A.K. Enterprise, under Circle-II, Shillong (4) M/s Mahinder Electricals, (5) M/s Suchi Enterprise, Circle-VI, Shillong.

⁴⁶ M/s Sanitary Mall

⁴⁷ M/s Sew Construction and M/S Engineering Project India Pvt. Ltd.

⁴⁸ M/s Cement Manufacturing Co. Ltd. and M/S RKB Cements Pvt. Ltd.

which were exempted from the payment of tax under Meghalaya Industries (Sales Tax Exemption) Scheme, 2001. Thus, the ITC irregularly claimed by the dealer on purchase of tax exempted goods escaped the notice of the ST.

➤ During May 2005 to March 2006 a dealer⁴⁹ registered with Circle-II, Shillong purchased goods valued at ₹ 18.56 lakh from registered dealers within the State. The dealer, however, instead of claiming ITC claimed total exemption from payment of tax which was accepted by the ST resulting in short levy of VAT of ₹ 2.32 lakh.

➤ During March 2006 to September 2006, a dealer⁵⁰ registered in Circle-VI, Shillong claimed ITC on purchases of goods valued at ₹ 35.70 lakh from another dealer⁵¹ registered with the same circle and submitted tax invoices to support his claim. The second dealer, however, did not disclose the total turnover⁵² in his returns and thus evaded VAT of ₹ 1.12 lakh as the ST failed to verify the returns of the selling dealer with the tax invoices of the purchasing dealer. Besides, the second dealer was also liable to pay penalty of ₹ 2.24 lakh and interest of ₹ 1.97 lakh.

➤ During June 2005 to March 2011, three⁵³ dealers registered with two circles, purchased Schedule-V goods worth ₹ 2.76 crore and claimed ITC of ₹ 6.26 lakh which escaped the notice of the ST.

On this being pointed out, the Department stated (February 2013) that appropriate action would be taken by the STs. Further report was awaited (April 2013).

B *Non-payment of interest*

Under Section 40 of the MVAT Act, in case of non-payment of full tax within the due date by any dealer, simple interest at the rate of two *per cent* is payable by him on the amount due.

In Circles-II and VI, Shillong 19 dealers⁵⁴ paid their VAT dues belatedly after delays ranging between one month and 20 months for which interest amounting to ₹ 12.23 lakh was leviable but it escaped notice of the ST.

On this being pointed out, the Department stated (February 2013) that action would be taken by the STs. Further report was awaited (March 2013).

⁴⁹M/s Larsen & Toubro Ltd., ECC Division

⁵⁰Shri Remington Pyngrope

⁵¹M/s Naga Enterprise

⁵²Disclosed ₹8.95 lakh only.

⁵³M/sRajabala Drug Distributors, M/s Modern Drug Distributor in Circle-I, Tura, M/s Elite Drug Distributors in Circle-II, Shillong

⁵⁴**ST, Circle-II, Shillong:** (1)M/s Broadway Restaurant (2) M/s Delhi MistaanBhandaar (3) M/sPharma Stockist (4) M/s Traders Agencies (5) M/S R.G. Enterprise (6) M/S R.K. Pharmaceuticals (7) M/s In-Fashion (8) M/S Uncle's Shop (9) M/s The Right Shop (10) M/s Kamal Company (11) Kenlott Gaming Solutions Pvt. Ltd. (12) M/s Food, Fats & Fertilisers Ltd. (13) M/sMenon Piston Ltd. (14) M/s Larsen & Toubro Ltd. (15) M/s Engineering Project India Ltd. (16) M/s Jenson & Nicolson (17) M/s Reckitt Benckiser India Ltd.

ST, Circle-VI, Shillong: (18) M/s Custodian gas Agency (19) CSD Canteen, Upper Shillong.

C *Irregular grant of excess deduction*

Under Section 5(c) of the MVAT Act a dealer executing works contracts shall be liable to pay MVAT on the balance turnover after deduction of charges incurred towards labour, services *etc.* If such charges are not ascertainable from the terms of the contract then a deduction of 25 *per cent* is allowed on the total turnover.

➤ In Circle-II, Shillong, a dealer⁵⁵ executed a works contract valued at ₹ 2.04 crore between April 2008 and June 2009 and claimed deduction of ₹ 21.25 lakh towards labour charges in his returns. On the balance amount of ₹ 1.83 crore, he again claimed 25 *per cent* deduction towards labour charges. The ST while completing the scrutiny of returns in April 2011 accepted the claim. As the contractor had claimed exemption of ₹ 21.25 lakh towards labour charges, a further claim of exemption of 25 *per cent* on this account was irregular and resulted in under assessment of VAT of ₹ 5.72 lakh.

Under Rule 12(1) of the MVAT Rules, freight charges for delivery of finished goods only shall be deducted from the gross turnover.

➤ In Circle-II, Shillong, two⁵⁶ contractors claimed deduction on freight charges for transportation of cement *etc.* for execution of works contracts valued at ₹ 2.01 crore between July 2005 and March 2010 which was duly accepted by the ST at the time of scrutiny of the returns in April 2011. Since the expenditure incurred was not for transportation of finished goods, the exemption granted was irregular and led to under assessment of VAT of ₹ 25.13 lakh.

Under Rule 69 of the MVAT Rules, if work is allocated by a contractor to sub-contractor, the contractor shall be exempted from payment of tax if (i) he obtains a certificate from the sub-contractor to the effect that tax has been deposited against the work allotted and furnishes the same to the ST; (ii) the certificate is countersigned by the ST; and (iii) the certificate contain details of the work executed, total turnover, deduction made and amount of tax actually paid.

➤ In Circle-II, Shillong a dealer⁵⁷ in his return for the period May 2005 to March 2006 claimed deduction of ₹ 2.40 crore from his gross turnover on account of work allotted to a sub-contractor but he did not submit any certificate as per Rule 69. The ST, however, exempted the turnover resulting in under assessment of VAT of ₹ 30.05 lakh.

On this being pointed out the Department stated (February 2013) that the cases would be further examined.

⁵⁵ M/s HP Construction.

⁵⁶ M/s Sew Construction and M/s PES Engineering Pvt. Ltd.

⁵⁷ M/s Larsen & Toubro Ltd.

D *Non-interlinking of different returns*⁵⁸

➤ In Circle-VI, Shillong it was noticed that a dealer⁵⁹ submitted quarterly returns for the period 2009-10 showing total sale turnover as ₹ 2.73 crore which was accepted by the ST while making scrutiny in October 2010. However, in the audited account submitted by the dealer in July 2010 for the same period, the sales turnover was shown as ₹ 4.14 crore. Thus, failure on the part of the ST to interlink the returns led to concealment of turnover of ₹ 1.41 crore and evasion of VAT of ₹ 5.64 lakh on which penalty of ₹ 11.28 lakh was also leviable.

On this being pointed out, the Department stated (February 2013) that assessment had been completed under Section 45(1) of the MVAT Act and demand notice had been issued to the dealer for payment of tax. Report on recovery was awaited (March 2013).

➤ In Circle-II, Shillong it was noticed that two dealers⁶⁰ showed ₹ 2.94 crore as sales turnover in their quarterly returns submitted for the years 2005-06 to 2007-08 whereas in the annual returns submitted for the same periods, they showed sales turnover as ₹ 3.07 crore. This resulted in a difference in turnover of ₹ 12.37 lakh having tax effect of ₹ 0.51 lakh.

On this being pointed out, the Department while accepting the audit observation stated (February 2013) that notices had been issued to the dealers. Further report was awaited (March 2013).

2.8.9.6 *Non-realisation of revenue due to non-completion of assessments*

A *Best judgement assessment:* Under Section 45 of the MVAT Act, if a dealer fails to furnish returns or if the ST is not satisfied with the correctness of the returns furnished, then the ST may assess the dealer to the best of his judgement.

➤ In the selected six circles it was seen that out of the 1,665 dealers in the sample selected by Audit, 117 dealers (listed in **Annexure-V**) did not furnish any return for the period from 2007-08 to 2011-12 but the STs did not initiate any action to assess the dealers on best judgement basis.

➤ In Jowai circle, three⁶¹ dealers executed works contracts valued at ₹ 2.41 crore between May 2005 and March 2010 but did not submit any tax returns. Out of the three, one contractor (M/s Khlurstep Pakma) paid tax of ₹ 1.29 lakh only out of ₹ 21.02 lakh payable by him. Even though all the three contractors failed to pay VAT, the ST did not take any action to assess the dealers under Section 45 and realise the VAT assessed. This resulted in non-levy of VAT of ₹ 21.30 lakh.

➤ In Circle-II, Tura, two⁶² dealers executed works contracts valued at ₹ 13.90 crore between October 2006 and March 2009 but disclosed only

⁵⁸ Quarterly, Annual and Audited Accounts.

⁵⁹ M/s P.K. Electronics.

⁶⁰ In-Fashion and Selection Centre

⁶¹ M/s Tan Pamthied, M/s Khlurstep Pakma and M/s Jimi Massar

⁶² M/s PK and Co. and M/s Dewan B. Marak

₹ 1.50 crore as turnover during the aforesaid period. As a result, turnover of ₹ 12.40 crore was concealed by the two contractors and VAT of ₹ 1.16 crore was evaded. The ST also did not initiate any action to assess the dealers on best judgement basis and recover the tax evaded.

On this being pointed out, the Department stated (February 2013) that appropriate action would be taken by the concerned STs. Further report on recovery was awaited (March 2013).

B Audit assessment: Under Rule 35(2) of the MVAT Rules, the COT shall select 10-20 *per cent* dealers for audit assessment by 31 January every year. The selection shall be made on random basis district-wise. Section 57 of the MVAT Act stipulates that no assessment in respect of any tax period shall be made after expiry of five years from the end of that tax period. The aims and objectives of ‘audit assessment’ are to:

- protect the expected yield from the tax;
- identify the amount of tax and bring errors to accounts; and
- seek value for money in deployment of ‘audit’ resources.

The COT in July 2009 constituted an Audit team comprising of a DCT, an ACT and the ST, EB. The audit team was further reconstituted in April 2010 to include two DCTs, two ACTs and one ST, EB. It was however noticed that despite the constitution of audit team, the COT did not select any dealers for audit assessments since the introduction of VAT in Meghalaya. As a result not a single audit assessment was completed till date. Taking minimum of 10 *per cent* of dealers for audit assessments, the position of arrears in respect of the six selected circles is shown in the following table:

Table 8

Year	No. of dealers	No. of returns ⁶³	Assessment due		No. of assessments made	Position of arrears	
			Dealers	Returns		Dealers	Returns
2007-08	3419	17,095	342	1,710	NIL	342	1,710
2008-09	5003	25,015	500	2,500	NIL	500	2,500
2009-10	6185	30,925	618	3,090	NIL	618	3,090
2010-11	7249	36,245	724	3,620	NIL	724	3,620
2011-12	9060	45,300	906	4,530	NIL	906	4,530
Total						3,090	15,450

As per Section 57, the case records of 3,419 dealers involving 17,095 returns for the period from 2005-06 to 2006-07 became time-barred by 2011-12 and no audit assessment can be carried out. Thus, due to failure on the part of the COT to select dealers for audit assessment, no audit assessments were carried out by the audit team and the aims and objectives of audit assessments could not be achieved; besides, it left scope for evasion of VAT by unscrupulous dealers.

One case, in which VAT could have been realised but was not, because audit assessment was not carried out, is narrated in the following paragraph:

⁶³ four quarterly returns and one annual return per year

The Shillong Bench of the Gauhati High Court in an interim order in March 2007 directed Government departments/organisations to deduct VAT at the flat rate of five *per cent* on total value of works contracts in respect of thirteen contractors' associations without allowing any deduction towards labour charges. Subsequently, the Division Bench of the Gauhati High Court in September 2009 directed the departments/organisations to deduct VAT at 12.5 *per cent* on value of works contract (after allowing admissible deduction towards labour *etc.*) and also recover the balance VAT in those cases where it was deducted at five *per cent*.

➤ 14⁶⁴ dealers executed work contracts valued at ₹ 50.31 crore between April 2007 and March 2011 and paid VAT of ₹ 1.75 crore at 5 *per cent* following the interim order of the High Court. However, even after the final verdict of the High Court directing the Government departments/organisations to recover VAT at 12.5 *per cent*, the balance amount of VAT of ₹ 3.03 crore was yet to be payable by these dealers. No action was taken by the COT to undertake audit assessments of these dealers and recover the balance amount. This resulted in non-realisation of VAT of ₹ 3.03 crore.

On this being pointed out, the Department stated (February 2013) that audit assessment was an ongoing process and four dealers had so far been assessed. This clearly indicates deviation from requirement under the Rule 35(2) to select 10-20 *per cent* dealers for audit assessment by 31 January every year.

We recommend that a system should be kept in place for timely and effective completion of scrutiny and assessments.

2.8.10 Working of checkposts and Enforcement Branch

2.8.10.1 Non-invoking of provisions of MVAT Act

Section 76 of the MVAT Act empowers the GOM to erect checkposts to prevent or check evasion of tax. There are nine⁶⁵ notified checkposts in the State. Under Section 76(5) of the MVAT Act, where in the case of movement of goods without proper documents, the officer-in-charge of checkpost shall impose a penalty equal to five times the amount of tax leviable on such goods or twenty *per cent* of the value of goods, whichever is higher. As per Section 90(xviii) of the MVAT Act, whoever furnishes incorrect or fictitious names or addresses of consignors or consignees or incorrect particulars of goods in the documents accompanying the goods while importing or exporting goods into or outside the State, shall be punishable with fine of ₹ 10,000 and/or imprisonment for six months.

⁶⁴ (1) M/s Singla Associates (2) M/s Marbaniang (3) M/s Sawkmie (4) M/s JS Khardewsaw (5) M/s M Kharpran (6) M/s BD Marbaniang (7) M/s JD Kharchandy (8) M/s M Kharkrang (9) M/s DG Marbaniang (10) M/s Caroline Pala (11) M/s T Kurbah (12) M/s RLM Contractors & Suppliers (13) M/s B Myllemngap (14) M/s Highland Construction

⁶⁵ **Ri-Bhoi District:** (1) Byrmihat, (2) Umsiang. **Jaintia Hills District:** (3) Garampani (4) Umkiang. **East Garo Hills District:** (5) Dainadubi (6) Mendipathar. **West Garo Hills District:** (7) Bajengdoba (8) Tikrikilla. **West Khasi Hills District:** (9) Athiabari.

Examination of records of the two selected checkposts at Byrnihat and Umkiang revealed the following irregularities:

➤ In Byrnihat checkpost during the period⁶⁶ 2010-11 to 2011-12 penalty of ₹ 0.95 lakh was levied in 35 cases for carrying goods valued at ₹ 148.47 lakh without valid documents as against a minimum of ₹ 24.16 lakh being the tax payable at the rate of 20 *per cent* of the value of goods. Thus in these cases, there was short levy of penalty of ₹ 23.21 lakh and consequent loss of revenue to that extent.

➤ In Meghalaya, coal and limestone are exported out of the State on the strength of 'P'⁶⁷ forms issued by the ERTS Department on payment of advance tax. Consequent upon a Supreme Court (SC) order⁶⁸ (November 2005) limiting the maximum permissible load to 9 MT per truck, the ERTS Department notified the advance tax payable per 'P' form as ₹ 1100/₹ 350 for coal/limestone. For trucks carrying coal/limestone in excess of 9 MT, advance tax in the form of additional security⁶⁹ was to be levied and collected at the checkposts on payment of ₹ 120/₹ 35 per MT of excess load carried.

It was observed that while the checkposts at Byrnihat and Umkiang levied and collected the additional security on excess load of coal/limestone carried by trucks, penalty under Section 76(5) of the MVAT Act for carrying goods without proper documents was not imposed at the two checkposts. During 2010-11 to 2011-12⁷⁰, 2.26 lakh MT and 1.24 lakh MT of coal and limestone respectively were carried by 1,94,302 trucks through Byrnihat and Umkiang checkposts in excess of the permissible limit without any valid documents. Although the checkposts authorities collected additional security of ₹ 3.28 crore (coal ₹ 2.77 crore and limestone ₹ 0.51 crore), penalty of ₹ 16.35 crore (five times the tax amount of ₹ 3.28 crore) under Section 76(5) of the MVAT Act was not realised.

On this being pointed out, the Department stated (February 2013) that in both the above cases, composition fee was levied. The reply is not acceptable as Section 76 clearly stipulates penalty at five times the rate of tax or 20 *per cent* of the value of goods is to be levied for transport of goods without valid documents.

➤ During the period⁷¹ from 2010-11 to 2011-12, fine/penalty in 11,429 cases were levied at ₹ 100 in each case for furnishing incorrect particulars of goods in transit and an amount of ₹ 11.43 lakh was collected as composition fee although no provision exists in the MVAT Act/Rules to impose ₹ 100 as

⁶⁶ The period from April 2007 to March 2010 already featured in the Audit Report for the year ended 31 March 2010.

⁶⁷ One 'P' form authorises a dealer to transport 9 MT of coal/limestone per truck. The 'P' form is to be produced at the exit checkpost.

⁶⁸ In November 2005, Hon'ble Supreme Court held that the maximum permissible load that trucks could carry is nine MT. [ParamjitBhasin and others v. Union of India and others WP (Civil) 136 of 2003].

⁶⁹ Vide COT's notifications dated September 2003 for coal and May 2007 for limestone.

⁷⁰ The period from April 2007 to March 2010 already featured in the Audit Reports for the year ended 31 March 2010 and 31 March 2011.

⁷¹ The period from April 2007 to March 2010 already featured in the Audit Reports for the year ended 31 March 2010 and 31 March 2011.

penalty for any offence. The penalty leviable in these cases was ₹ 11.43 crore had Section 90 been invoked but for non-invoking the provisions of the MVAT Act, the same was not levied.

2.8.10.2 *Non-interlinking of records between Taxation checkpoints and Mining checkpoints*

To check overloading of trucks and non-payment of royalty on minerals carried in excess of the legally permissible load of 9 MT per truck, the Mining & Geology Department (MGD) has weighbridges installed on the major transit routes. Any vehicle carrying minerals has to get itself weighed at the weighbridge and obtain a weighment slip which is to be produced at the MGD checkpoint and additional royalty and penalty if any, is to be paid on the excess load carried. The ERTS Department does not have its own weighbridges and thus the weighment slips issued by the MGD weighbridges are accepted by the ERTS checkpoints.

Cross checking of records of the ERTS checkpoints and the MGD checkpoints at Byrnihat and Umkiang revealed that during the period⁷² from 2010-11 to 2011-12, 2.39 lakh MT and 2.08 lakh MT of excess coal and limestone respectively was shown as passing through the MGD checkpoints whereas during the same period 2.26 lakh MT and 1.24 lakh MT of excess coal and limestone was shown as passing through the ERTS checkpoints. Thus 0.13 lakh MT of coal and 0.84 lakh MT of limestone was allowed to pass through the ERTS checkpoints without realising additional security of ₹ 44.46 lakh leading to loss of revenue. Besides, penalty of ₹ 2.22 crore (five times the tax of ₹ 44.46 lakh) under section 76(5) was also leviable.

On this being pointed out, the Department stated (February 2013) that DCT had been instructed to enquire into the matter. Further report was awaited (March 2013).

2.8.10.3 *Non-delegation of powers*

Section 30(3) of the MVAT Act stipulates that the ST, EB can carry out investigation into cases of suspected evasion of tax of his own motion or upon the COT's orders. However, the ST, EB has not been empowered with the necessary authority, as shown in the following table, to discharge the duties prescribed under Section 30(3) of the Act *ibid*:

Section of the VAT Act	Provisions of the Section empowering the COT to	Delegated to ST, EB
84	Inspect, search and seize dealer's accounts	No
76	Inspect and detain vehicles carrying taxable goods while in movement within the State.	No

Thus, due to the failure of the COT to delegate the above provisions of the MVAT Act, the ST, EB was constrained in his capacity to discharge his

⁷² The period from April 2009 to March 2010 already featured in the Audit Reports for the year ended 31 March 2011.

mandate effectively. It may be mentioned that in the neighbouring State of Assam, the above provisions of the VAT Act of that State have been delegated to the EB.

Further, during 2007-08 to 2011-12 the ST, EB booked 749 offence cases and collected ₹ 30.03 lakh as penalty under Section 96⁷³ of the MVAT Act. Since Section 96 was not delegated to the ST, EB such collection of penalty was irregular and against the spirit of the taxation laws.

On this being pointed out, the Department stated (February 2013) that Section 84 had been delegated to the ST, EB as per the Table below Rule 7 of the MVAT Rules. The reply is not acceptable as only Section 80 (Registration of Transporters) has been delegated to the ST, EB as per the Table below Rule 7. The Department failed to comment on non-delegation of powers to the ST, EB under section 76 of the MVAT Act.

2.8.10.4 Lack of control on the functioning of EB

Section 30(3) of the MVAT Act states that ST, EB on information or of its own or upon COT's orders carry out investigation or hold inquiry into any case of suspected evasion of tax and send a report of such inquiry to the COT.

Examination of records of the COT and the ST, EB revealed that during 2007-08 to 2011-12, not a single investigation or inquiry was carried out by the ST, EB. Despite this situation, no action was taken by the COT to improve or monitor the performance of the ST, EB. During the same period, 29 cases of evasion of tax involving ₹ 19.71 crore were pointed out by Audit through 18 Inspection Reports issued to the ERTS Department. Against this backdrop, the functioning of the ST, EB left much to be desired particularly in the context of its mandate to monitor the activities of dealers and safeguard the revenue interest of the State.

On this being pointed out, the Department stated (February 2013) that the ST, EB had been directed to submit action taken report in this regard. Further report was awaited (March 2013).

We recommend that the checkpoints and EB may be strengthened in order to prevent leakage of Government revenue.

2.8.11 Other points of interest

2.8.11.1 Non/Short deposit of VAT deducted at source

Section 106 of the MVAT Act provides for deduction of VAT at source by Government departments while making payment to suppliers/contractors and deposit of the VAT so deducted, into government account. Rule 39(3)(a) of the MVAT Rules stipulates that the person responsible for deduction of VAT shall deposit the amount by *challan* within ten days and forward the same to

⁷³ Under the MVAT Act, for any offence related to evasion of tax or failure to abide by the provisions of the MVAT Act, penalty is leviable at ₹10,000 and/or six months in imprisonment [Section 90]. In lieu of prosecution, however, the offence can be compounded at double the amount of tax [Section 96].

the concerned ST along with a brief account statement showing the value of the goods supplied/work executed and amount of VAT deducted.

- Five⁷⁴ Public Works Divisions issued certificates of deduction of tax at source between May 2005 and March 2010 for ₹ 1.62 crore but did not deposit the VAT till date.
- The Secretary, Meghalaya State Sports Council, Shillong deducted VAT amounting to ₹ 1.06 crore between April 2006 and 31 March 2009 but deposited only ₹ 0.26 crore. The balance ₹ 0.80 crore was yet to be deposited (March 2013).

2.8.11.2 Short deduction of VAT at source

- Two⁷⁵ dealers executed works contracts valued at ₹ 5.34 crore between May 2005 and March 2008 but the Director General, Assam Rifles, Shillong deducted VAT at 8 *per cent* instead of 12.5 *per cent* resulting in short deduction of VAT of ₹ 24.51 lakh.
- 38⁷⁶ dealers executed electrical works (supply, fitting and installation) valued at ₹ 1.88 crore between April 2008 and March 2010 but the Executive Engineer, Electrical Division, PWD, Shillong at the time of making payment deducted 30 *per cent* for labour charges instead of 10 *per cent*⁷⁷. As a result VAT of ₹ 17.79 lakh was deducted instead of ₹ 21.11 lakh resulting in short deduction of VAT of ₹ 3.32 lakh.
- A dealer⁷⁸ executed works contract valued at ₹ 1.11 crore between October 2006 and March 2007 but the Project Director, District Rural Development Agency, Shillong deducted VAT of ₹ 3.23 lakh instead of ₹ 10.40 lakh leading to short deduction of ₹ 7.17 lakh.
- Two⁷⁹ contractors executed work contracts valued at ₹ 54.16 lakh for the period 2009-10 but the Director, Sericulture & Weaving, Shillong deducted VAT of ₹ 0.86 lakh instead of ₹ 5.08 lakh resulting in short deduction of VAT of ₹ 4.22 lakh.
- 35⁸⁰ contractors executed works contract valued at ₹ 3.98 crore between April 2008 and March 2011 but the EE, PWD (Roads), Mawkyrwat Division deducted VAT of ₹ 27.65 lakh instead of ₹ 37.34 lakh leading to short deduction of VAT of ₹ 9.69 lakh.

In all the above cases the Department stated (February 2013) that the matter would be taken up with the concerned departments. Further report was awaited (March 2013).

⁷⁴ (1) EE, PWD (Roads), NEC Divisions, Jowai (2) EE, PWD (Roads) Sohra Division (3) EE, PWD (Roads) Nongpoh Division (4) EE, PWD (Roads) Jowai Central Division (5) EE, PWD (Roads) NH Division, Shillong

⁷⁵ M/s Dikkanchi D. Shira and M/s Engineering Projects India Ltd.

⁷⁶ Details in **Annexure VI**

⁷⁷ Deduction towards labour charges for supply and installation of electrical goods is 10 *per cent* as provided in Schedule IVA of the MVAT Act.

⁷⁸ M/s C. Pala

⁷⁹ M/s Neil Armstrong Sangma and M/s Demington Marbaniang

⁸⁰ Details in **Annexure VII**

2.8.11.3 Non-deduction of VAT at source

- 135⁸¹ dealers supplied goods/executed work contract valued at ₹ 9.74 crore between May 2005 and November 2011 but VAT of ₹ 80.36 lakh was not deducted by seven Central/State Government agencies⁸².
- 53⁸³ contractors executed works contract valued at ₹ 1.82 crore between April 2007 and March 2010 but the EE, PWD (Roads), Baghmara Division did not deduct VAT of ₹ 17.02 lakh.

In all the above cases the Department stated (February 2013) that the matter would be taken up with the concerned departments. Further report was awaited (March 2013).

We recommend that the Central/State Government agencies should be given strict instructions to make proper deductions from contractors'/suppliers' bills and promptly deposit the same into Government account.

2.8.11.4 Irregular grant of remission of VAT

A Investment proposals submitted to the Single Window Agency⁸⁴ (SWA) shall include among other things, the goods to be manufactured. A dealer cannot claim exemption from payment of tax on sale of manufactured goods which are not approved by the SWA.

- Four dealers claimed irregular remission of VAT of ₹ 4.75 crore on sale of manufactured goods not approved by the SWA as under:

Table 9

(₹ in crore)

Name of the ST office	Name of the unit	Items approved by SWA	Items manufactured over and above SWA approval	(Turnover of sale of goods listed in preceding column)/ (Tax effect)	Irregular VAT remission claimed (at 99 per cent of VAT collected)
ST, Nongpoh	M/S Nezone Industries Ltd.	GI pipes	MS Black Pipes, Tubular Poles	<u>4.04</u> 0.16	0.15
	M/S Umadatt Industries Ltd.	HDPE bags	PP fabrics and PP wastage	<u>6.28</u> 0.79	0.78
	M/S H.M. Cements	Cement	Clinker	<u>17.26</u> 2.16	2.14
	M/S Commercial Iron & Steel Co. Ltd.	MS Ingots	MS Rods and Ferro-Silicon	<u>42.31</u> 1.69	1.68

⁸¹ Details in **Annexure VIII**

⁸² (1) District Rural Development Agency, Shillong (2) Directorate of Information & Public Relations, Shillong (3) EE, West Garo Hills, Irrigation Division, Tura (4) Superintendent of Police (Fire & Emergency) Shillong (5) Director, North East Police Academy, Umiam (6) EE, PWD (Engg), Meghalaya (7) Director of Housing, Shillong.

⁸³ Details in **Annexure-IX**

⁸⁴ A High Powered Committee chaired by the Chief Minister for speedy approval of industrial proposals in the State.

On this being pointed out, the Department stated (February 2013) that in all the above cases the industries had been approved by the Director of Industries to manufacture the items. The reply is not acceptable as the SWA did not approve the same and thus the remission claimed was irregular.

B Under the Meghalaya Industrial (Sales Tax Remission) Scheme 2006, eligible industries are entitled to benefits on sales of finished goods manufactured by the unit not exceeding the installed capacity.

- A dealer⁸⁵ was allowed to manufacture candlesticks valuing ₹ 14 crore annually. But the unit manufactured candlesticks valuing ₹ 15.07 crore during 2010-11 and the same was accordingly accepted by the ST. Such irregular grant of remission on excess amount of ₹ 1.07 crore led to short payment of VAT of ₹ 4.22 lakh.

On this being pointed out (January 2013) the Department stated (February 2013) that the Meghalaya Industrial (Sales Tax Remission) Scheme 2006 did not put ceiling on the monetary value of the finished goods but on the installed capacity. The reply is not acceptable as in the instant case the dealer was allowed to claim remission on manufactured goods on the basis of the monetary limit and no installed capacity was prescribed for the dealer for claiming remission.

C As per the remission scheme, an industrial unit approved by the SWA on or before 30 April 2005 shall only be treated as an eligible unit.

- An industrial unit⁸⁶ registered with ST, Nongpoh was approved by SWA on 20 October 2006 and was accordingly issued Eligibility Certificate. Between April 2008 and March 2010 the unit manufactured goods valued at ₹ 5.17 crore and VAT of ₹ 20.45 lakh was collected. The ST completed the scrutiny in August 2011 and allowed the unit to retain 99 *per cent* of VAT amounting to ₹ 20.25 lakh. Since the unit was approved by SWA after 30 April 2005, the grant of remission was irregular.

We recommend that the industries which have irregularly claimed tax exemption/remission under the Industrial Policy and the tax incentive schemes should be directed to deposit the same into the Government account.

2.8.12 Conclusion

- The MVAT Act though taken from a uniform format adopted throughout the country had significant deficiencies and misrepresentations.
- The system in place for registration, survey, scrutiny and assessment of returns was either non-existent or weak.

⁸⁵ M/s Balaji Candle Industry.

⁸⁶ M/s Seven Sister Plastics Pvt. Ltd.

- There was no proper mechanism at the higher management level to monitor the performance and activities of circle offices.
- Powers vested with the COT under the MVAT Act had not been delegated to subordinate authorities to enable the latter to carry out their responsibilities more effectively.
- The checkpoints and EB did not serve the purpose for which they were constituted and consequently there was leakage of revenue.
- Central/State Government agencies were not promptly depositing VAT deducted by them from contractors'/suppliers' bills into government account as prescribed under the MVAT Rules leading to non/short deposit of Government revenue.
- Industries were irregularly granted tax exemption / remission under the Industrial Policy of 1997 and the Incentive Schemes of 2001 and 2006.

2.8.13 Summary of recommendations

- **The ERTS Department may take action to amend the MVAT Act and Rules suitably to avoid any ambiguity for effective levy and collection of MVAT.**
- **A system should be kept in place for timely and effective completion of scrutiny and assessments.**
- **Checkposts and EB may be strengthened so as to prevent leakage of Government revenue.**
- **The Central/State Government agencies should be given instructions to make proper deductions from contractors'/suppliers' bills and promptly deposit the same into Government account.**
- **Industries which have irregularly claimed tax exemption / remission under the Industrial Policy and the tax incentive schemes should be directed to deposit the same into Government account.**

2.9 Evasion of Tax

Failure of the Directorate of Technical Education to deduct tax at source enabled a dealer to conceal turnover of ₹ 90.03 lakh and evade tax of ₹ 11.25 lakh and for which, interest of ₹ 14.63 lakh and penalty of ₹ 22.50 lakh was leviable.

*Section 106 of the Meghalaya Value Added Tax (MVAT) Act, 2003 requires government departments/organisations to deduct tax at source while making payments to contractors/suppliers failing which the person authorising the payment shall be punishable with imprisonment of up to six months or with a fine not exceeding ₹ 10,000. Under section 90 of the MVAT Act, these penal provisions also apply to a dealer who evades in any way the liability to pay tax. In lieu of prosecution however, penalty at twice the tax payable is leviable under section 96. Further under section 40 of the Act *ibid*, simple interest at the rate of two per cent per month on the tax payable is also leviable.*

Test check in March 2010 of the records for the period August 2007 to September 2009 of the Directorate of Technical Education (DTE), Government of Meghalaya (GOM) revealed that a dealer⁸⁷ supplied laboratory equipment to 99 schools between October 2005 and September 2006 for which the DTE paid the dealer ₹ 90.03 lakh between December 2005 and December 2006 without deducting MVAT of ₹ 11.25 lakh⁸⁸. A cross-verification in March 2011 of the dealer's quarterly tax

assessment returns filed with the ST, Circle III, Shillong revealed that the dealer had disclosed a 'nil' turnover for the quarters October-December 2005, April-June 2006 and July-September 2006. A turnover of ₹ 3.47 lakh only was disclosed for the quarter January-March 2006 on which ₹ 0.43 lakh was shown as MVAT deducted at source (by organisations other than the DTE). As such, the inexplicable omission of the DTE to deduct tax at source enabled the dealer to conceal his sales of ₹ 90.03 lakh to the DTE and evade tax of ₹ 11.25 lakh. For the wilful evasion, the dealer was liable to pay interest of ₹ 14.63 lakh (calculated upto April 2012) and penalty of ₹ 22.50 lakh.

The case was reported to the Department in June 2011; reply was awaited (March 2013).

⁸⁷ M/s Sunshine Suppliers, Jaiaw Langsning, Shillong.

⁸⁸ Rate of tax applicable is 12.5 per cent.

2.10 Irregular grant of exemption

A bonded warehouse was irregularly granted tax exemption on liquor sales of ₹ 73.63 crore resulting in non-levy of tax of ₹ 14.72 crore.

Under Section 44 of the MVAT Act, liquor is taxable at the rate of 20 per cent at the first point of sale within Meghalaya.

During test check of records of the ST, Circle VI, Shillong in March 2011 it was noticed that a bonded warehouse⁸⁹ disclosed liquor sales of ₹ 73.63 crore from September 2005 to November 2010 on which it claimed exemption from payment of tax which was accepted by the ST. Since the MVAT Act specifically stipulates that liquor is taxable at 20 per cent at the first point of sale, the grant of the exemption by the ST was irregular and led to non-levy of tax amounting to ₹ 14.72 crore.

The case was reported to the Department in May 2011; reply was awaited (March 2013).

2.11 Excess/irregular retention of tax

A cement manufacturer collected excess tax of ₹ 17.17 crore which it was liable to forfeit besides paying a penalty of ₹ 34.34 crore. For not submitting audited accounts, it was further liable to pay a penalty of ₹ 0.74 crore. Two other cement manufacturers irregularly claimed subsidy of ₹ 4.45 crore which they were liable to forfeit besides paying penalty of ₹ 8.90 crore.

Furthermore, section 3(b) of the Meghalaya Industries (Tax Remission)

The MVAT Act stipulates that

- *if a dealer collects tax in excess of the tax payable by him, he is liable to pay, in addition to the tax, a penalty equal to twice the sum so collected by way of tax [section 61(i)(b)];*
- *'clinker' is taxable at the rate of four per cent (Schedule-II of the MVAT Act); and,*
- *where the gross turnover of a dealer exceeds ₹ 40 lakh in any year, a copy of the audited accounts of that year should be furnished to the Department within six months of the end of that year failing which, in addition to the tax payable, a penalty equal to 0.1 per cent of the turnover of the dealer, shall be levied (Section 86).*

Scheme, 2006 (Scheme) permits cement and clinker manufacturing units with an installed capacity of more than 600 MT per day to retain 96 per cent⁹⁰ of tax collected as subsidy while the balance four per cent is to be deposited into Government account. To be eligible for the subsidy, the industrial unit has to be first approved by the State's Single Window

⁸⁹ M/s Mohan Meakins Ltd, Ferndale Compound, Keating Road, Shillong.

⁹⁰ 99 per cent in case of cement manufacturing units with capacity of less than 600 MT per day

Agency⁹¹ (SWA) following which it is to obtain an Eligibility Certificate (EC) from the Industries Department, GOM and a Certificate of Entitlement (COE) from the Excise, Registration, Taxation & Stamps (ERTS) Department, GOM.

2.11.1 A test check of the records of the ST, Khliehriat, Jaintia Hills in May 2011 revealed that an industrial unit⁹² permitted to manufacture cement and clinker was allowed to retain 96 *per cent* of tax collected as subsidy. The monthly tax returns submitted by the unit to the ST however, indicated that it collected tax on 'clinker' at 12.50 and 13.50⁹³ *per cent* instead of 4 *per cent*. Between April 2009 and March 2011, the unit sold ₹ 209.38 crore of 'clinker' and collected tax of ₹ 26.27 crore (instead of ₹ 8.38 crore) out of which it retained ₹ 25.22 crore⁹⁴ as subsidy and remitted ₹ 1.05 crore⁹⁵ to Government. For the collection of excess tax of ₹ 17.89 crore⁹⁶ out of which it retained ₹ 17.17 crore as subsidy, the unit was liable to pay a penalty of ₹ 34.34 crore⁹⁷ besides forfeiting the subsidy of ₹ 17.17 crore availed.

Further, although the turnover of the unit exceeded ₹ 40 lakh in 2008-09, 2009-10 and 2010-11, it failed to furnish audited copies of its accounts for these years within the period as stipulated under the MVAT Act on account of which a penalty equal to 0.1 *per cent* amounting to ₹ 0.74 crore⁹⁸ was leviable.

On this being pointed out in May 2011, the ST referred the matter to the Commissioner of Taxes (COT) for a clarification. The COT in January 2012 clarified that cement 'clinker' was taxable at the rate of four *per cent*. Further action by the ST to recover the tax and penalty from the unit was awaited (March 2013).

2.11.2 An industrial unit⁹⁹ was granted approval by the SWA in August 2003 to manufacture 900 MT of cement per day and the EC was accordingly issued by the Industries Department in April 2006. However, the COE issued by the ERTS Department in May 2006 allowed the unit to avail the benefit of subsidy on the production of cement as well as 'clinker' (an intermediate product in the manufacture of cement). A test check of the records of the ST, Jowai in May 2011 revealed that the unit started commercial production from April 2006 and during 2006-07, sold 18915.81 MT of 'clinker' valuing ₹ 6.78 crore and on which it collected tax of ₹ 0.85 crore (at 12.50 *per cent*) of which it retained ₹ 0.82 crore as subsidy (96 *per cent*) and remitted the remaining amount of ₹ 0.03 crore to Government.

⁹¹ The SWA is chaired by the Chief Minister and was set up to facilitate speedy approval for setting up industrial units in the State.

⁹² M/s Cement Manufacturing Company Limited, Lumshnong, Jaintia Hills.

⁹³ 13.50 % *w.e.f* March 2011

⁹⁴ 96 *per cent* of ₹ 26.27 crore = ₹ 25.22 crore

⁹⁵ 4 *per cent* of ₹ 26.27 crore = ₹ 1.05 crore

⁹⁶ ₹ 26.27 crore *minus* ₹ 8.38 crore = ₹ 17.89 crore

⁹⁷ Penalty at double the amount of tax retained as subsidy by the unit

⁹⁸ Total turnover (2008-09, 2009-10, 2010-11) = ₹ 740.04 crore

Penalty leviable at 0.1 *per cent* = ₹ 0.74 crore

⁹⁹ M/s Meghalaya Cement Limited, Lumshnong, Jaintia Hills

Since the unit was granted permission by the SWA to manufacture cement only, the inclusion of 'clinker' in the COE issued by the ERTS was irregular and therefore, the unit was not eligible for subsidy on sale of 'clinker'. Hence the unit was liable to forfeit the tax of ₹ 0.82 crore which it retained as subsidy and in addition, pay a penalty of ₹ 1.64 crore¹⁰⁰.

2.11.3 Another cement manufacturing unit¹⁰¹ registered with ST, Nongpoh was granted approval by the SWA in June 1997 to manufacture of 350 MT of cement per day and the EC was accordingly issued by the Industries Department in November 2003. However, in this case also, the COE issued by the ERTS Department in May 2006 allowed the unit to avail the benefit of subsidy on the production of cement as well as 'clinker'. Scrutiny of assessment records of the dealer in September 2011 revealed that between April 2005 and March 2011, the dealer sold 1.23 lakh MT of 'clinker' valuing ₹ 29.36 crore and collected tax of ₹ 3.67 crore (at 12.50 per cent) of which it retained ₹ 3.63 crore as subsidy (99 per cent) and remitted the remaining amount of ₹ 0.04 crore to government.

Since the unit was granted permission by the SWA to manufacture cement only, the inclusion of 'clinker' in the COE issued by the ERTS was irregular and therefore, the unit was not eligible for subsidy on sale of 'clinker'. Hence the unit was liable to forfeit the tax of ₹ 3.63 crore which it retained as subsidy and in addition, pay a penalty of ₹ 7.26 crore¹⁰².

After the case was pointed out (September 2011) the ST, Nongpoh stated (May 2012) that notice was being issued to the unit. Further progress in the matter was awaited (March 2013).

2.12 Under-assessment of tax due to undervaluation of sale price of petroleum products

Two dealers concealed a turnover of ₹0.43 crore thereby evading tax of ₹5.87 lakh and for which a penalty of ₹8.80 lakh was also leviable.

Section 16 of the Meghalaya (Sales of Petroleum etc.) Taxation Act prescribes that if any dealer conceals his turnover or deliberately furnishes inaccurate sales particulars, the COT may direct that such a dealer shall pay in addition to the tax payable by him, a penalty not exceeding one and-a-half times that amount. In addition, Section 3A of the Act provides for levy of a surcharge of 2 per cent on the tax payable. In Meghalaya, motor spirit (MS) and high speed diesel (HSD) is taxable at 20 per cent and 12.5 per cent with effect from 31 January 2000 and 21 September 2004 respectively.

It was noticed during a test check of assessment records of the ST, Khliehriat in May 2011 that two Hindustan Petroleum Corporation (HPC) dealers¹⁰³ sold 53,555 litres of MS and 8,70,895 litres of HSD in February

¹⁰⁰ Penalty at double the amount of tax retained as subsidy by the unit

¹⁰¹ M/s HM Cements Ltd., Byrnihat, Ri-bhoi.

¹⁰² Penalty at double the amount of tax retained as subsidy by the unit

¹⁰³ M/s Mawrie Filling Station, Sutnga, Jaintia Hills and M/s Shembha Filling Station, Lumshnong, Jaintia Hills (both registered with ST, Khliehriat from November 2010).

2011 and March 2011 for ₹ 0.26 crore and ₹ 2.88 crore respectively. The turnover disclosed by both dealers was accepted and duly assessed by the ST in April 2011. A cross-verification with records of another HPC dealer¹⁰⁴ also registered with ST, Khliehriat, however, revealed that this dealer sold MS and HSD at ₹ 57.68 and ₹ 37.38 per litre respectively during January 2011 to March 2011. Going by these rates, the turnover on the sale of MS and HSD of the two dealers should have been ₹ 0.31 crore and ₹ 3.26 crore respectively. In consequence, the dealers concealed a turnover of ₹ 0.43 crore and evaded tax of ₹ 5.75 lakh on which surcharge of ₹ 0.12 lakh was leviable besides penalty of ₹ 8.80 lakh.

The case was reported to the Department in May 2011; reply was awaited (March 2013).

2.13 Irregular grant of exemption

A cement plant was allowed to avail of subsidy beyond its installed capacity resulting in underassessment of tax of ₹ 29.50 crore.

Under the Meghalaya Industries (Sales Tax Remission) Scheme, 2006, cement manufacturing units with installed capacity of more than 600 MT per day are entitled to retain 96 per cent of tax collected on sales, as subsidy. This benefit however, was to be restricted to their installed capacity. In Meghalaya, cement is taxable at the rate of 12.50 per cent.

A cement plant¹⁰⁵ registered with ST, Jowai with an installed capacity of 2.97 lakh MT of cement started commercial production from April 2006. A scrutiny of the assessment records revealed that during 2007-08 to 2009-10, the plant claimed and was allowed the benefit of

subsidy on sales of 14.31 MT of cement valued at ₹ 625.08 crore produced during this period. This was irregular as the plant was only entitled to subsidy on sale of 8.91 lakh MT¹⁰⁶ of cement valued at ₹ 389.12 crore. The unit was thus allowed the benefit of subsidy on an extra 5.40 lakh MT of cement sales at ₹ 235.96 crore on which it collected tax of ₹ 29.50 crore¹⁰⁷ out of which it irregularly retained ₹ 28.32 crore¹⁰⁸ as subsidy and thereby short changing the public exchequer to this extent.

The case was reported to the Department in June 2011; reply was awaited (March 2013)

¹⁰⁴ M/s Hatisingmari Service Station, 7th Mile, Jowai.

¹⁰⁵ M/s Meghalaya Cement Limited.

¹⁰⁶ 2.97 lakh MT per annum X 3 years = 8.91 lakh MT

¹⁰⁷ 12.50 per cent of ₹ 235.96 crore

¹⁰⁸ 96 per cent of ₹ 29.50 crore

2.14 Misuse of 'C' forms

Two cement companies misused 'C' forms for which they were liable to pay a penalty of ₹ 36.67 lakh.

Under the Central Sales Tax (CST) Act, 1956 a registered dealer by giving a declaration in form 'C', can purchase goods from a registered dealer of another State at a concessional rate of tax of two per cent. However, if the dealer after purchasing the goods fails to make use of the goods for the purpose he has declared in form 'C', he is liable to pay penalty not exceeding one and-a-half times the amount of tax calculated at the local rate of tax leviable on such goods.

2.14.1 Scrutiny of records of the ST, Jowai in May 2011 revealed that a cement company¹⁰⁹ purchased a motor car, plywood, furniture, etc. valued at ₹ 1.35 crore between April 2010 and March 2011 at concessional rate of tax against 'C'

forms for the declared use in the manufacture of cement. Since the goods so purchased cannot be used for the stated purpose, the purchase of these items against 'C' forms was not in order and for which the company was liable to pay a penalty not exceeding ₹ 21.31 lakh.

2.14.2 Another cement company¹¹⁰ registered with ST, Khliehriat purchased building materials, motor vehicles, etc. for ₹ 1.77 crore at concessional tax rate against 'C' forms between January 2009 and March 2010 for the declared use in the manufacture of cement. Since building materials, motor vehicles, etc. cannot be regarded as raw materials in the manufacture of cement, the purchase of these items against 'C' forms was not in order and for which the company was liable to pay a penalty not exceeding ₹ 15.36 lakh.

The cases were reported to the Department in June 2011; reply was awaited (March 2013).

¹⁰⁹ M/s Adhunik Cement, Lumshnong, Jaintia Hills.

¹¹⁰ M/s JUD Cement, Khliehriat, Jaintia Hills.

2.15 Irregular submission of 'C' forms

Irregular submission of 'C' forms by a dealer and their acceptance by the ST resulted in under assessment of tax by ₹ 37.02 lakh. Further, the dealer was liable to pay interest of ₹ 26.86 lakh on this account.

Pursuant to amendment of section 8 of the CST Act, 1956 with effect from 01 April 2007, sales by a dealer registered in one State to a government department of another State attracts tax at the rates applicable in the first State. Further, the Act precludes government departments from using 'C' forms to purchase of goods at concessional rate of tax. Inter-State sale of goods covered by 'C' form is taxable at 3 per cent upto 31 May 2008 and 2 per cent thereafter. For non-payment of tax, simple interest at 2 per cent per month on the tax payable is leviable under Section 40 of the MVAT Act.

In September 2011 it was noticed that a dealer¹¹¹ registered with the ST, Nongpoh sold goods valuing ₹ 3.77 crore to two departments of the Government of Arunachal Pradesh during April 2007 and March 2009. The said departments issued 'C' forms to the dealer for the goods purchased who in turn utilised them to claim concessional

rate of tax. Since 'C' forms cannot be used by a Government Department the ST should not have taken cognisance of them. The ST, however, accepted the validity of the forms and between April 2010 and June 2011 assessed the dealer at concessional rate of tax of two *per cent* for ₹ 10.15 lakh instead of at 12.50 *per cent* for ₹ 47.17 lakh. The irregular acceptance of the 'C' forms by the ST resulted in an under assessment of tax of ₹ 37.02 lakh. Besides, the dealer was also liable to pay interest of ₹ 26.86 lakh (calculated up to month of assessment - May 2011).

In January 2012 the ST stated that a showcause notice for rectification of the assessments had been issued to the dealer. Information on recovery of the tax and interest however, was still awaited (March 2013).

¹¹¹ M/s North East Expo Chemicals, Ri-bhoi

2.16 Turnover escaping assessment

Underassessment of turnover resulting in evasion of tax of ₹ 2.04 crore on which penalty of ₹ 4.08 crore was leviable.

2.16.1 Scrutiny of the assessment records of the ST, Williamnagar in March 2012 revealed that five dealers¹¹² utilised 12,847 'P' forms in course of

In Meghalaya, coal dealers can transport a maximum of upto 9 MT of coal per truck in the course of interstate trade against a single 'P' form which he obtains from the ST under whom he is registered on paying an advance tax of ₹1100 per form. A register of 'P' forms issued is maintained by the ST wherein details of their issue and utilisation are recorded and this information is correlated by the ST at the time of assessing the dealer. The COT in September 2010 fixed the minimum sale price of coal at ₹ 3044 per MT. Further, tax on interstate coal sales is leviable at two per cent if such sale is supported by 'C' forms, else at four per cent. Under section 96 of the MVAT Act, if any dealer conceals his turnover or evades the liability to pay tax he shall pay, in addition to the tax, penalty equal to double the amount of tax evaded.

interstate trade of coal between 01 October 2010 and March 2011 and disclosed a turnover of ₹ 31.15 crore for this period. Calculated at the maximum permissible load of 9 MT per 'P' form, this meant that they had sold 1.16 lakh MT of coal during the aforesaid period and computed at the minimum rate of ₹ 3044 per MT of coal as fixed by the COT, their turnover should have been ₹ 35.20 crore. The ST while completing their assessments between March-September 2011 failed to detect this discrepancy and

consequently, a turnover of ₹ 4.04 crore escaped assessment. This resulted in under-assessment of tax of ₹ 16.17 lakh calculated at the rate of four per cent. Besides, penalty of ₹ 32.34 lakh was also leviable.

2.16.2 Cross-verification of the records of the Divisional Mining Officer, Williamnagar with those of the ST, Williamnagar in March 2012 showed that 10 dealers¹¹³ had paid to the former royalty on 2.68 lakh MT of coal sold in course of inter-State trade between October 2010 and March 2011. However, in their returns filed with the ST they disclosed that they had utilised 12,648 'P' forms to transport 1.14 lakh MT of coal in course of inter-State sales during the same period and the ST assessed the dealers accordingly in July-August 2011. The dealers had thus under-reported to the ST, sales of coal to the extent of 1.54 lakh MT valued at ₹ 46.98 crore¹¹⁴ and thereby evaded tax

¹¹² (1) M/s Norallin M. Sangma (2) M/s Hillview Coal Agency (3) M/s Meghalaya Coal Dealers (4) M/s S.L. Coal Dealers (5) M/s Nangal Coal Agency.

¹¹³ (1) M/s S.R. Marak Coal Exporter (2) M/s B. Marak Coal Syndicate (3) M/s S.R. Marak Coal Agency (4) M/s Hill View Coal Agency (5) M/s Francis S. Marak (6) M/s S. Sangma Coal Syndicate (7) M/s BCMS Traders (P) Ltd. (8) M/s Santi Coal Traders (9) M/s B.K. Sangma (10) M/s Nangwin Sangma.

¹¹⁴ ₹ 154323 MT @ ₹ 3044/- per MT = ₹ 469759212

of ₹ 1.88 crore calculated at the rate of four *per cent*. Besides, penalty of ₹ 3.76 crore was also leviable.

The cases were reported to the Department in April 2012; reply was awaited (March 2013).

2.17 Irregular grant of Input Tax Credit

Irregular grant of ITC led to short payment of tax of ₹ 13.01 lakh on which penalty of ₹ 26.02 lakh and interest of ₹ 10.55 lakh was leviable.

Scrutiny of the assessment records of the ST, Circle I, Shillong in November 2011 revealed that a dealer¹¹⁵ purchased tobacco products valued at ₹ 1.04

*Under Section 11 (b) of the MVAT Act, Input Tax Credit (ITC) is not allowed on goods listed in Schedule V of the Act. 'Tobacco products' is listed in the said Schedule and hence not eligible for ITC. Under section 90(xii) of the MVAT Act, if any dealer falsely avails ITC he shall be punishable with imprisonment of up to six months or with a fine not exceeding ₹ 10,000. In lieu of prosecution, however, penalty at twice the tax payable is leviable under Section 96. Further under Section 40 of the Act *ibid*, simple interest at the rate of two per cent *per month* on the tax payable is also leviable.*

crore between April 2007 and March 2009 and claimed ITC of ₹ 13.01 lakh. The ST completed scrutiny of the tax returns for the aforesaid period of the said dealer in September 2011 and allowed the claim for ITC of ₹ 13.01 lakh. The action of the ST was irregular in view of the aforementioned provisions of the MVAT Act and

resulted in short payment of tax of ₹ 13.01 lakh on which penalty of ₹ 26.02 lakh and interest of ₹ 10.55 lakh (calculated up to month of scrutiny-September 2011) was also leviable.

The matter was reported to the Department in December 2011; reply was awaited (March 2013).

¹¹⁵ M/s Nawal Store, Mawkhar, Shillong

2.18 Loss of Revenue

Revenue loss of ₹ 34.15 lakh as the assessment became time-barred.

The MVAT Act and the Rules made thereunder stipulates that

- *every registered dealer must submit to the ST with whom he is registered, a quarterly tax return within 21 days of the end of the quarter [Section 35];*
- *if a dealer fails to pay the full amount of tax within 21 days from the close of the quarter, simple interest at the rate of two per cent from the first day of the month following the said date shall be payable on the amount of default [Section 40];*
- *the COT is to assess on best judgement basis the tax liability of any dealer who fails to submit his return for any period by the prescribed date [Section 55(5)];*
- *if the COT is satisfied that the dealer has wilfully not furnished his tax returns, the COT shall penalise the dealer by twice the amount of additional tax assessed [Section 55(6)]; and,*
- *no assessments shall be made after the expiry of five years from the end of the tax period to which the assessment relates [Section 57(1)].*

Test check of the assessment records of the ST, Circle IV, Shillong in February 2011 revealed that a dealer¹¹⁶ had never submitted any tax returns since April 2005 but deposited ₹ one lakh as tax for the period April 2005 to September 2005. Despite the non-submission of returns, no action was initiated to complete the assessments on best judgement basis and the case records were left unattended after November 2005.

It was also observed that the ST issued the dealer 25 road permits between May and September 2005.

A check of the 'Road Permit Register'¹¹⁷ maintained by the Circle revealed that the dealer purchased cosmetics, toilet articles¹¹⁸, etc. valuing ₹ 68.73 lakh between May 2005 and November 2005 by utilising 21 road permits and was thus liable to pay additional tax of ₹ 7.59 lakh¹¹⁹ for the period April 2005 to September 2005. In addition, the dealer was also liable to pay interest of ₹ 11.39 lakh (calculated upto April 2012) for non-payment of tax within the period due and a penalty of ₹ 15.18 lakh for wilfully avoiding payment of tax.

However, since the dealer made the purchases and sales more than five years ago i.e. in 2005-06, the case cannot be reopened as it has become time barred. Thus, the failure of the COT to initiate timely best judgement assessment led to a revenue loss of ₹ 34.15 lakh¹²⁰.

¹¹⁶ M/s Fadina Marketing & Co., 29 Cantonment, Shillong.

¹¹⁷ A record maintained in the Circle office indicating the dealers to whom road permits have been issued to import goods (along with details, value, etc) into the State.

¹¹⁸ Taxable at 12.50 per cent

¹¹⁹ (₹ 68.73 lakh X 12.50 per cent) = ₹ 8.59 lakh minus ₹ one lakh already paid = ₹ 7.59 lakh

¹²⁰ ₹ 34.15 lakh = (₹ 7.59 lakh + ₹ 11.38 lakh + ₹ 15.18 lakh)

After this was pointed out, the DCT in April 2012 stated that an Inspector had been entrusted to ascertain the whereabouts of the dealer. Further report in the matter was awaited (March 2013).

2.19 Non-levy of interest

Interest of ₹ 45.91 lakh for non-payment of tax was not levied and collected from dealers.

Scrutiny of records of the ST, Circle V, Shillong in January 2012 revealed that four coal dealers¹²¹ were assessed by the ST in October 2010 for different

Section 40 of the MVAT Act prescribes that if a dealer fails to pay the full amount of tax within 21 days from the close of the quarter, simple interest at the rate of two per cent from the first day of the month following the said date shall be payable on the amount of default. This provision of the MVAT Act is also applicable for calculation of interest under the Central Sales Tax (CST) Act. Tax on coal is payable under the CST Act.

quarterly periods falling between April 2006 and March 2008 for a tax liability of ₹ 77.20 lakh out of which however, they had only paid ₹ 25.85 lakh by the due dates. It was observed that the ST did not levy and recover interest amounting to ₹ 45.91 lakh¹²² from them on the balance amount of ₹ 51.35

lakh of tax payable.

The case was reported to the Department in April 2011; reply was awaited (March 2013).

2.20 Irregular exemption allowed on scrap

Two dealers sold waste by-products on which they were irregularly allowed tax remission of ₹ 29.82 lakh.

2.20.1 Scrutiny of the assessment records of the ST, Nongpoh in September 2011 revealed that a dealer¹²³

Under the Meghalaya Industries (Sales Tax Remission) Scheme 2006, eligible industrial units are entitled to retain 99 per cent of tax collected as subsidy in respect of 'finished goods' manufactured in such units.

manufacturing MS Ingots, TMT Bars, Runners and Risers sold scrap (end cuttings, miss rolls etc.) valuing ₹ 6.96 crore between October 2006 and March

2010 to other dealers within the State on which he collected tax of ₹ 27.85 lakh and retained 99 per cent of this amount (₹ 27.69 lakh) as subsidy which was accepted by the ST.

¹²¹ (1) M/s Universal Coal Suppliers (2) M/s Monak Sohpdang (3) M/s Sel Dkhar (4) M/s Narlong Coal Traders.

¹²² Interest calculated up to the months in which the four dealers were assessed for different periods

¹²³ M/s Pawan Casting (Meghalaya) Pvt. Ltd., Ri-bhoi.

2.20.2 Another dealer¹²⁴ registered with ST, Circle III, Shillong and manufacturing 'Ferro-Silicon' sold 'Ferro-silicon slag' valued at ₹ 71.16 lakh between October 2006 and December 2007 to dealers in other States and collected tax of ₹ 2.15 lakh of which he retained 99 per cent (₹ 2.13 lakh) as subsidy which was accepted by the ST.

'Scrap' and 'slag' are waste by-products arising out of the manufacturing process and cannot be termed as 'finished goods' and hence, the subsidy availed by the above two units was irregular and resulted in a revenue loss of ₹ 29.82 lakh.

After the cases were pointed out, the DCT stated in May 2012 that the scraps obtained from the manufacturing process were integral part of the process and the remission allowed was regular. The reply is not tenable as 'scrap' and 'slag' are not 'finished products'.

2.21 Non-realisation of revenue

Tax revenue ₹ 40.10 crore could not be realised due to the apathy of the Department to recover the amount as arrears of land revenue.

Test check of records of the ST, Nongpoh in September 2011 revealed that a dealer¹²⁵ dealing in cinematographic films, film rolls etc. claimed total tax

Section 45 of the MVAT Act enjoins upon the COT to assess the amount of tax due on best judgement basis in the event that a registered dealer does not furnish his returns or if the COT is satisfied that the returns furnished are not correct. Further, Section 107 of the Act ibid provides for the recovery of any unpaid tax, interest, penalty, etc. as arrears of land revenue and for which purpose, the COT was empowered to appoint a Bakijai Officer.

exemption on goods valued at ₹ 151.99 crore sold locally during April 2002 to March 2007. The ST however, in July 2007 directed the dealer to furnish revised returns before 20 August 2007 since the goods were sold in course of inter-State trade and not locally as claimed. The dealer failed to submit the revised returns. The ST on his part did not initiate any

action to complete the assessment of the dealer on best judgement basis. After this was pointed out by Audit in July 2008, the ST assessed the dealer in January 2009 on best judgement basis and levied tax of ₹ 18.33 crore and interest of ₹ 21.77 crore and a demand notice for payment of dues was issued. Although the dealer did not pay the dues, the ST did not refer the case to the Bakijai Officer (BO) for recovery of the dues as arrears of land revenue. It was observed that the dealer did not file any returns after 31 March 2007 indicating closure of business.

A verification by Audit of records of the Taxation check posts of Assam at Boxirhat and Srirampur however, revealed that the dealer had imported into

¹²⁴ M/s RNB Carbides and Ferro Alloys Pvt. Ltd., Umiam, Ri-bhoi.

¹²⁵ M/s Foto Industries, Khanapara, Ri-bhoi

Meghalaya three consignments of taxable goods valuing ₹ 5.49 crore during 2010-11 which not only escaped the notice of the Department but also proved that the dealer was still in business thereby revealing the utter ineffectiveness of the Department in monitoring the activities of the dealers in the State.

After the case was pointed out (October 2011), the ST stated in May 2012 that the case was being referred to the BO to recover the dues as arrears of land revenue. Further progress in the matter was awaited (March 2013).

EXECUTIVE SUMMARY

Increase in tax collection	<p>In 2011-12, the collection of revenue from State Excise increased by 25.84 <i>per cent</i> over the previous year due to increase in number of bonded warehouses, enforcement activities and revision of licence fee.</p>
Internal audit not conducted	<p>Audit of State Excise Department has not been conducted by the Examiner of Local Accounts over the past few years. This resultantly had its impact in terms of the weak internal controls in the Department leading to substantial leakage of revenue. It also led to the omissions on the part of the Department remaining undetected till we conducted audit.</p>
Very low recovery by the Department on observations pointed out by us in earlier years.	<p>During the period 2007-08 to 2011-12, we had pointed out non/short realisation of excise duty, licence fee, penalty <i>etc.</i> with revenue implication of ₹ 75.80 crore in 20 cases. Of these, the Department/Government accepted audit observation in eight cases involving ₹ 70.04 crore but recovered only ₹ 0.55 crore in five cases. The recovery position as compared to acceptance of objections was negligible.</p>
Results of audits conducted by us in 2010-11	<p>In 2011-12, we test checked the records of eight units relating to State excise and found short/non-realisation of excise duty, fees, fines <i>etc.</i> involving ₹ 42.95 crore in 39 cases. The Department failed to respond to any of the any of the audit observations. No recovery was intimated.</p>
What we have highlighted in this Chapter	<p>In this Chapter, we present illustrative cases of ₹ 0.90 crore selected from observations noticed during our test check of records relating to assessment and collection of duties, fees <i>etc.</i> by the Department, where we found that the</p>

provisions of the Acts/Rules were not observed.

It is a matter of concern that similar omissions have been pointed out by us repeatedly in the Audit Reports for the past several years, but the Department has not taken corrective action. We are also concerned that though these omissions were apparent from the records which were made available to us, the Department was unable to detect these mistakes.

Due to non-functioning of the internal audit wing, the Department could not address the system deficiencies and detect the loopholes and lacunae in its functioning.

Our conclusion

It also needs to initiate immediate action to recover the non-realisation of duties, fees penalties *etc.* pointed out by us, more so in those cases where it has accepted our contention.

CHAPTER III: STATE EXCISE

3.1 Tax administration

The Principal Secretary, Excise, Registration, Taxation and Stamps (ERTS) Department is the head of the Excise Department at the Government level. At the Department level, the Commissioner of Excise (CE) monitors the functioning of the Department. The implementing authority at the district level is the Superintendent of Excise (SE), who is responsible for the collection of all excise duties and fees as also for the proper functioning of the bonded warehouses and distilleries. The Assam Excise Act and Rules, the Assam Distillery Rules and the Assam Bonded Warehouse Rules (adopted by Meghalaya) regulate all excise related activities including revenue collection in the State. The Excise Department is one of the highest revenue earning departments in the State, after Taxation and Mining & Geology departments.

3.2 Trend of receipts

Actual receipts from excise during the years 2007-08 to 2011-12 along with the total tax receipts during the same period is exhibited in the following table and graph.

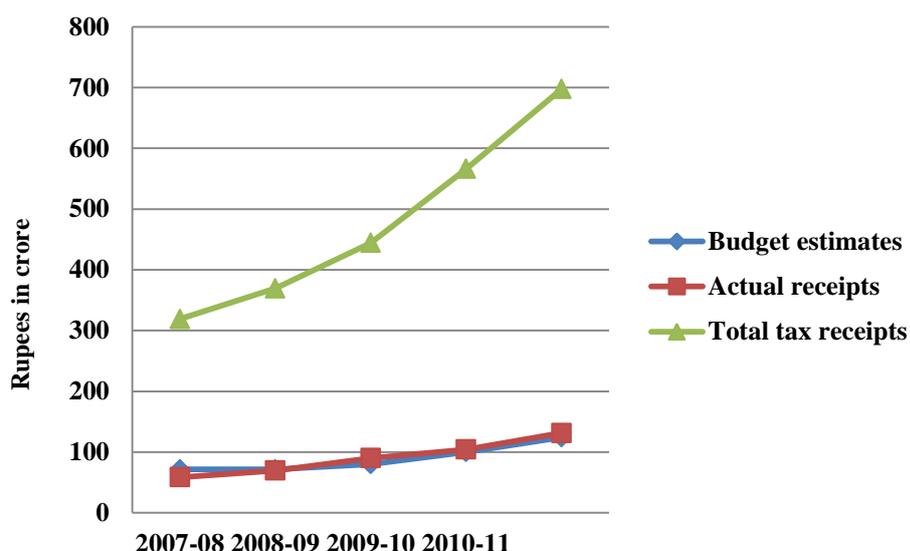
(₹ in crore)

Year	Budget estimates	Actual receipts	Variation Excess (+)/ shortfall (-)	Percentage of variation	Total tax receipts of the State	Percentage of actual receipts vis-à-vis total tax receipts
2007-08	71.58	58.62	(-) 12.96	18	319.10	18
2008-09	71.57	69.79	(-) 1.78	2	369.44	19
2009-10	80.15	90.29	(+) 10.14	13	444.29	20
2010-11	100.14	104.50	(+) 4.31	4	566.07	18
2011-12	124.44	131.50	(+) 7.06	6	697.54	19

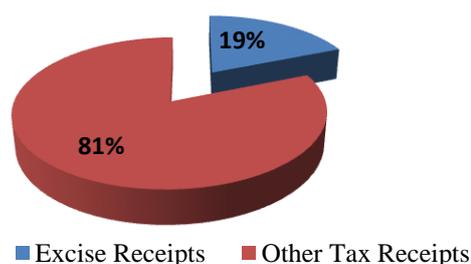
Thus, the percentage variation which was 18 *per cent* in 2007-08 had shown correction and went up to the level of 6 *per cent* in 2011-12. The variation is within limit and shows that the budget estimates were properly framed.

Excise receipts have consistently been in the range of 18-20 *per cent* of the total tax receipts of the State for the last five years.

A line graph of budget estimates, *vis-à-vis* the actual receipts and total tax receipts of the State may be seen below:



Also a pie chart showing the position of actual excise receipts *vis-à-vis* the total tax receipts during the year 2011-12 may be seen below:



3.3 Cost of collection

The percentage of cost of collection (expenditure incurred on collection) of the Excise Department during the year and the preceding two years mentioned in the following table indicates that it is more than the all India average percentage of the cost of collection. Besides, no reason for the high cost of collection was furnished. The Department needs to take appropriate measures to bring down the cost of collection.

Year	Actual revenue (in crore)	Cost of collection (in crore) ¹	Percentage of expenditure on collection	All India average percentage of preceding years
2009-10	90.29	7.23	8.19	3.66
2010-11	104.50	9.95	9.52	3.64
2011-12	131.50	10.99	8.36	3.05

¹ Departmental figures

3.4 Impact of audit reports

3.4.1 Revenue impact

During the last five years (including the current year's report), we have pointed out non/short levy, non/short realisation *etc.*, with revenue implication of ₹ 75.80 crore in 20 paragraphs. Of these, the Department/Government had accepted audit observations in eight paragraphs involving ₹ 70.04 crore and had since recovered ₹ 0.55 crore. The details are shown in the following table:

(₹ in crore)

Year of Audit Report	Paragraphs included		Paragraphs accepted		Amount recovered	
	No.	Amount	No.	Amount	No.	Amount
2007-08	3	0.43	1	0.16	-	--
2008-09	1	68.66	1	68.59	1	0.16
2009-10	8	4.82	2	0.39	2	0.12
2010-11	4	0.99	-	-	-	-
2011-12	4	0.90	4	0.90	2	0.27
Total	20	75.80	8	70.04	5	0.55

Thus, against the accepted cases involving ₹ 70.04 crore, the Department/Government has recovered an amount of ₹ 0.55 crore which is 0.79 *per cent* of the accepted amount.

We recommend that the Department needs to revamp its revenue recovery mechanism to ensure that they could recover at least the amount involved in the accepted cases.

3.5 Results of Audit

Test check of the assessment cases and other records of seven units relating to the Excise Department during the year 2011-12 revealed non-realisation of duties, fees *etc.*, amounting to ₹ 42.95 crore in 39 cases, which can be categorised as under:

(₹ in crore)

Sl. No.	Category	Number of cases	Amount
1.	Non-realisation of fees/duties <i>etc.</i>	9	33.29
2.	Non-renewal of licences	13	1.53
3.	Loss of revenue	10	7.6
3.	Other irregularities	7	0.53
Total		39	42.95

During the year, the Department failed to respond to any of the irregularities brought to their notice.

A few illustrative audit observations involving ₹ 0.90 crore are mentioned in the succeeding paragraphs.

3.6 Non-compliance of the provisions of the Acts/Rules

The provisions of the Assam Excise Act 1910 and Rules framed thereunder (adopted by Meghalaya) require levy and payment of:

- Annual fee in advance for renewal of licence at prescribed rate.
- Import Pass fee for import of absolute alcohol/IMFL.
- Security deposit in advance for ensuring prompt payment of licence fees, penalties.

Non-compliance of the provisions of the Act/Rules in some cases as mentioned in succeeding paragraphs resulted in non-realisation of ₹ 0.90 crore.

3.7 Loss of revenue

Delay in selling holograms resulted in a revenue loss of ₹ 17.76 lakh.

In August 2009, the Commissioner of Excise (COE), GOM procured one

A new Rule (Rule 373) inserted in the Meghalaya Excise Rules in April 2009 required all liquor and beer bottles sold in the State to have holograms to be supplied by the Excise Department to manufacturers/bottlers/bonded warehouses, who would then affix them to the bottles before effecting sales. The cost of each hologram was fixed by the Department as under:

Cost of hologram	₹ 1.25
Central Sales Tax	₹ 0.05
Government share	₹ 0.12
Total	₹ 1.42

crore holograms from a firm which however, could not be distributed to the manufacturers/bottlers/bonded warehouses due to a case filed by the Meghalaya Wine Dealers' Association in the Gauhati High Court challenging the GOM's decision to introduce the holograms. The Court dismissed the case on

12 March 2010. It was observed that COE instead of selling the holograms immediately from 13 March 2010 sold them in a phased manner *i.e.*, to distilleries from May 2010, bonded warehouses from June 2010 and retail wine shops from July 2010 onwards.

A check of the records of six² offices of the COE revealed that 1,47,99,848 bottles of IMFL, beer *etc.*, were sold by bonded warehouses in five³ out of seven districts in the State during 13 March 2010 to 31 July 2010 without holograms resulting in revenue loss of ₹ 17.76 lakh calculated on the basis of the GOM's share of ₹ 0.12 per hologram.

On this being pointed out (August 2011) the Department stated in September 2012 that affixation of holograms was done in three phases after consultations with the companies, wholesalers and retailers as a result of which there was a delay. The reply is not acceptable as there was no

²Superintendents of Excise, Tura, Williamnagar, Khliehriat, Nongpoh, Jowai and Deputy Commissioner of Excise, Shillong.

³ East Garo Hills, West Garo Hills, East Khasi Hills, Ri-bhoi and Jaintia Hills.

provision for affixation of holograms in three phases in the court order of 12 March 2010.

3.8 *Non-realisation of security deposit*

13 bonded warehouses had not paid security deposit of ₹ 39 lakh.

Under Rule 246 of the Meghalaya Excise Rules, a security in the form of a fixed deposit valid for five years and pledged in favour of the COE was to be furnished by all bonded warehouses as a guarantee for due observance of the conditions and terms of their licence and prompt payment of licence fees. The GOM on 11 October 2010 notified the security deposit for a bonded warehouse at ₹ 3 lakh.

A test check of records of the COE in April 2012 revealed that 13 bonded warehouses⁴ had not made the security deposit which, at the rate of ₹ 3 lakh per bonded warehouse, amounted to ₹ 39 lakh. Non-realisation of the security deposit is fraught with the risk of loss of revenue in case of default in payment of licence fees by the 13 bonded warehouses.

On this being pointed out (May 2012), the Department stated in September 2012 that out of 13 bonded warehouses, security deposit in respect of seven bonded warehouses has been realised. Realisation in respect of the remaining six⁵ bonded warehouses has not been intimated (March 2013).

⁴ (1) DMB Bonded Warehouse, Williamnagar (2) Simsang Bonded Warehouse, Williamnagar (3) MM Bonded Warehouse, Williamnagar (4) BM Bonded Warehouse, Shillong (5) ML Bonded Warehouse, Khliehriat (6) RAM Bonded Warehouse, Shillong (7) DS Bonded Warehouse, Jowai (8) BA Bonded Warehouse, Shillong (9) Reliance Bonded Warehouse, Shillong (10) VFR Bonded Warehouse, Jowai (11) SS Bonded Warehouse, Ladrymbai (12) BM Bonded Warehouse, Tura (13) Renaissance Bonded Warehouse, Ri-bhoi.

⁵ (1) Simsang bonded warehouse, Williamnagar (2) MM Bonded warehouse, Williamnagar (3) BM Bonded Warehouse, Tura (4) ML Bonded warehouse, Khanapara (5) BM Bonded Warehouse, Shillong (6) Renaissance Bonded Warehouse, Ri-bhoi.

3.9 Non-renewal of brand names

Twelve distilleries failed to register 41 brands of liquor which led to non-realisation of revenue of ₹ 19.50 lakh.

Under Rule 363(1) of the Meghalaya Excise Rules, no person can sell IMFL, beer, wine and bottled-in-origin (BIO) products in the State unless its brand name and label are registered with the COE. The registration is valid upto 31 March of the next year after which it may be renewed on payment of the prescribed renewal fees. The GOM fixed the fees for registration of IMFL at ₹ 45,000, beer at ₹ 22,000 and BIO products at ₹ 25,000.

A test check of records of the COE in April 2012 revealed that the registration of 41 brands of IMFL, beer, wine and BIO products of 12 distilleries⁶ were not renewed during 2011-12 although the distilleries were required to apply for re-registration of the brand names before the

last day of the preceding year. The COE also neither issued demand notices to them nor cancelled the brand name registration certificates authorising their sale within the State. Thus, the lack of timely action by the COE resulted in non-realisation of revenues of ₹ 19.50 lakh and the illegal sale of unregistered liquor products in the State.

On this being pointed out, the Department stated in September 2012 that in respect of two distilleries the renewal fees have been realised. In respect of the others, the brands were cancelled. The reply is not acceptable as the same should have been cancelled immediately on non-receipt of renewal fees at the beginning of the year and not subsequently.

⁶ (1) KDC Guwahati (2) Axis Enterprise, Guwahati (3) MDH Beverages Ltd Byrnihat (4) SKOL Breweries Ltd Mumbai (5) SKOL Breweries Ltd Aurangabad (6) Vallee de Vin Pvt. Ltd, Thane (7) Sikkim Distilleries, Rangpo (8) Carlsberg India Ltd. New Delhi (9) Bacardi Martini Pvt. Ltd, New Delhi (10) Prathamesh Wines Pvt. Ltd, Nashik (11) Associates Wines Pvt. Ltd. Pune. (12) Nashik Vintners Pvt Ltd, Mumbai.

3.10 Local chiefs failed to deposit licence fees collected from outstills

The Department failed to realise licence fees of ₹ 13.46 lakh collected by eight local chiefs from 299 outstills.

Examination of the records of the COE in April 2012 showed that eight

The GOM in November 2008 fixed fees for outstill licenses at ₹ 3000 per annum. In Meghalaya, the COE has empowered the local chiefs to act as excise officers with the authority to issue licences for manufacture and sale of country spirit within their respective territories. The chiefs were permitted to retain 50 per cent of the licence fees collected by them while the balance was to be deposited into Government account.

local chiefs⁷ out of ten chiefs appointed, collected licence fees totalling ₹ 26.91 lakh from 299 outstills⁸ during the period from April 2009 to March 2012. The chiefs however, failed to deposit the government's share of 50 per cent of the fees amounting to ₹ 13.46 lakh nor did the

Department also take any action to realise the revenue.

After this was pointed out (May 2012), the Department stated in September 2012 that the matter had been referred to the Government to revoke the powers of the local chiefs to collect the licence fees. The reply is, however, silent regarding non-deposit of the licence fees by the local chiefs.

⁷ (1) Syiem of Myllem (2) Syiem of Khyrim (3) Syiem of Nongspung (4) Syiem of Mawphlang (5) Syiem of Sohra (6) (7) Sirdar of Mawlong (8) Sirdar of Pamsangut.

⁸ an establishment where country liquor is manufactured and sold.

EXECUTIVE SUMMARY

Substantial increase in tax collection	In 2011-12, the collection of taxes from motor vehicles increased by 62.17 <i>per cent</i> over the previous year which was due to increase in registration of vehicles, increase in the enforcement activities and arrear collection.
Internal audit not conducted	Audit of Motor Vehicles Department has never been conducted by the Examiner of Local Accounts. This resultantly had its impact in terms of the weak internal controls in the Department leading to substantial leakage of revenue. It also led to the lapses on the part of the Department remaining undetected till we conducted our audit.
Very low recovery by the Department on observations pointed out by us in 2011-12	During the period 2007-08 to 2011-12, we have pointed out non/short realisation of tax, fees, fines with revenue impact of ₹ 1048.47 crore in 28 cases. Of these, the Department/Government accepted audit observations in seven cases involving ₹ 528.05 crore but failed to make any recovery.
Result of audit conducted by us in 2011-12	In 2011-12, we test checked the record of five units relating to taxes on motor vehicles and found non/short realisation/levy of tax, fee, fines <i>etc.</i> involving ₹ 189.95 crore in 29 cases. The Department accepted non/short realisation/levy of tax and other deficiencies of ₹ 1.10 crore in seven cases. No recovery was intimated.
What we have highlighted in this Chapter	In this Chapter, we present illustrative cases of ₹ 120.19 crore selected from observations noticed during our test check of records relating to assessment and collection of motor vehicle tax in the office of the Commissioner of Transport, State Transport Authority and District

Transport Offices were we found that the provisions of the Act/Rules were not observed.

It is a matter of concern that similar omissions have been pointed out by us repeatedly in the Audit Reports for the past several years, but the Department has not taken corrective action despite switching over to an IT-enabled system in all the District Transport offices. We are also concerned that though these omissions were apparent from the records which were made available to us, the District Transport Officers were unable to detect these mistakes.

Our conclusion

The Department needs to improve the internal control system including strengthening of internal audit so that weakness of the system are addressed and omissions of the nature detected by us are avoided in future.

It also needs to initiate immediate action to recover the non-realisation of tax, fees penalties *etc.* pointed out by us, more so in those cases where it has accepted our contention.

CHAPTER-IV: MOTOR VEHICLE RECEIPTS

4.1 Tax administration

The Secretary, Transport Department is the head of the Department at the Government level. At the Department level, the Commissioner of Transport (CT) is the administrative in-charge and is responsible for overseeing the functioning of various wings of the Department. The Deputy Commissioner of Transport, who is also the ex-officio secretary, State Transport Authority (STA), assists him. At the district level, the District Transport Officer (DTO), who is also the secretary, Regional Transport Authority (RTA) is responsible for collection of receipts under the provisions of the various acts and rules. The administration of the Department and collection of receipts are regulated by the Motor Vehicles (MV) Act, 1988 and the Assam Motor Vehicles Taxation (AMVT) Act, 1936 (as adopted by the Government of Meghalaya) and various rules made thereunder. In addition, the Department has an Enforcement Branch (EB) headed by a DTO, for enforcement of the rules in force.

4.2 Trend of receipts

Actual receipts of the Transport Department during the years 2007-08 to 2011-12 along with the total tax receipts during the same period is exhibited in the following table and graph.

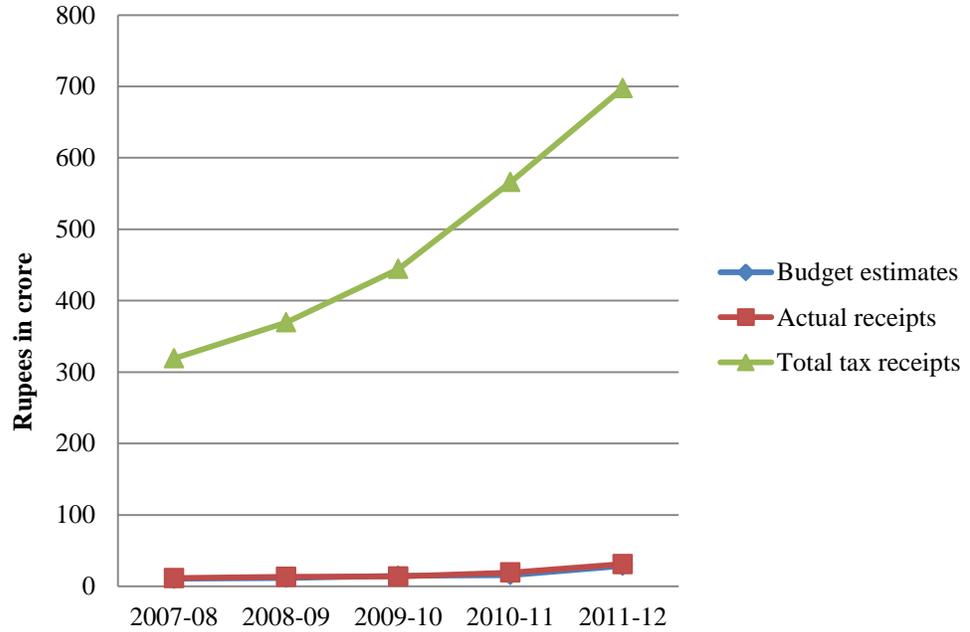
(₹ in crore)

Year	Budget estimates	Actual receipts	Variation excess (+)/ shortfall (-)	Percentage of variation	Total tax receipts of the State	Percentage of actual receipts vis-à-vis total tax receipts
2007-08	10.56	11.35	(+) 0.79	7	319.10	4
2008-09	11.62	13.21	(+) 1.59	14	369.44	4
2009-10	14.48	13.61	(-) 0.87	6	444.29	3
2010-11	15.64	19.19	(+) 3.55	23	566.07	3
2011-12	28.59	31.12	(+) 2.53	9	697.54	4

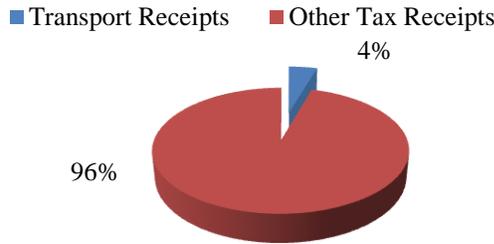
The percentage variation which was 7 per cent in 2007-08 increased to the level of 14 per cent in 2008-09. After that it abruptly went down to (-) six per cent in 2009-10 and again jumped to 23 per cent in 2010-11.

Motor vehicles receipts formed about 3-4 per cent of the total tax receipts of the State during the period 2007-08 to 2011-12.

A line graph of budget estimates, vis-à-vis the actual receipts and total tax receipts of the State may be seen below:



Also a pie chart showing the position of actual transport receipts *vis-à-vis* the total tax receipts during the year 2011-12 may be seen below:



4.3 Cost of collection

The cost of collection (expenditure incurred on collection) of the Transport Department during the year and the preceding two years is shown below:

Year	Actual revenue (₹ in crore)	Cost of collection (₹ in crore)	Percentage of expenditure on collection	All India average percentage of preceding year
2009-10	13.61	2.80	20.57	2.93
2010-11	19.19	3.55 ¹	18.50	3.07
2011-12	31.12	5.83	18.73	3.71

Thus, the cost of collection during all the three years remained well above the all India average percentage. The Government needs to take appropriate measures to bring down the cost of collection.

¹ Department figures

4.4 Impact of audit reports

During the last five years (including the current year's report), we have pointed out non/short levy, non/short realisation of taxes, fees and fines, loss of revenue *etc.*, with revenue implication of ₹ 1048.47 crore in 28 paragraphs. Of these, the Department/Government had accepted audit observations in seven paragraphs involving ₹ 528.05 crore. The details are shown in the following table:

(₹ in crore)

Year of Audit Report	Paragraphs included		Paragraphs accepted		Amount recovered	
	No.	Amount	No.	Amount	No.	Amount
2007-08	3	255.67	2	255.51	-	--
2008-09	7	272.69	3	272.33	-	--
2009-10	8	397.97	1	0.21	-	--
2010-11	6	1.95	1	0	-	-
2011-12	4	120.19	-	0	-	-
Total	28	1048.47	7	528.05	-	-

However, against the accepted cases involving ₹ 528.05 crore, the Department/ Government failed to make any recovery which is a matter of concern.

We recommend that the department needs to revamp its revenue recovery mechanism to ensure that they could recover at least the amount involved in the accepted cases.

4.5 Results of audit

Test check of the combined registers and other records of five units relating to the Transport Department during the year 2011-12 revealed non-realisation of taxes, fees and fines *etc.*, amounting to ₹ 189.95 crore in 29 cases, which can be categorised as under:

(₹ in crore)

Sl. No.	Category	Number of cases	Amount
1.	Non-levy of penalty	7	179.86
2.	Non-realisation of fees/duties <i>etc.</i>	11	1.59
3.	Loss of revenue	9	1.61
4.	Other irregularities	2	6.89
Total		29	189.95

During the course of the year, the Department accepted seven cases amounting to ₹ 1.10 crore. No recovery in respect of any of the cases was intimated.

A few illustrative audit observations involving ₹ 120.19 crore are mentioned in the succeeding paragraphs.

4.6 Non-compliance of the provisions of the Acts/Rules

The provision of the MV Act, 1988, AMVT Act, 1936 and Rules made thereunder require levy and payment of:

- Penalty for non-renewal of permits.
- Payment of composite fee to the STA.
- Prompt deposit of Government revenue into treasury.
- Non-revision of lumpsum payable by the lessees of weighbridges.

Non-compliance of the provision of the Act/Rules in some cases mentioned in paragraph 4.8 to 4.12 resulted in non/short realisation of ₹ 120.19 crore.

4.7 Loss of revenue due to non-renewal of licences

The leases of three weighbridge lease were not renewed by the State Government resulting in revenue loss of ₹ 1.10 crore.

During test check of records (May/June 2012) of the Commissioner of Transport (CT), GOM it was noticed that the GOM in a meeting held on 02 June 2010 which was chaired by the Chief Minister decided to set up an integrated checkgate at the exit point of National Highway (NH) 62² and in view of this, all existing weighbridges on NH 62 were to be allowed to

In Meghalaya, private parties are allowed to operate weighbridges on behalf of the Transport Department (TD) on payment of a lump sum annual amount to the GOM as agreed upon. There were nine private parties in the State who were granted licences to operate nine weighbridges for a period of two to three years from 2007-08 to 2009-10 on payment of annual leases ranging between ₹ 2,00,000 and ₹ 75,00,000.

operate till the term of their current leases and thereafter, no further extension was to be given. Out of the nine weighbridges, only one³ was located on NH 62.

The leases of all the nine weighbridges expired on various dates between 2009-10 and 2011-12. Of the nine lessees

- two lessees⁴ did not apply for renewal;
- one⁵ continued to operate the weighbridge on the strength of a High Court order although his application for renewal had been rejected by the TD;
- two⁶ applications for renewal were pending since November and December 2011 with the TD while one⁷ incomplete application

² National Highway from Dalu (West Garo Hills district in Meghalaya) to Damra (Goalpara district in Assam).

³ Dobu Weighbridge.

⁴ For Athiabari and Shallang weighbridges located on PWD Road, West Khasi Hills district.

⁵ For Umling weighbridge located on NH 44, Ri-Bhoi district.

⁶ For Mawpun and Borsora weighbridges on PWD Road, West Khasi Hills.

⁷ For Dobu weighbridge on NH 62, East Garo Hills.

had been returned back in January 2011 to the lessee for rectification; and

- the TD declined to renew the remaining three⁸ applications citing the decision taken in the meeting on 02 June 2010.

Audit observed that none of the last three weighbridges were situated on NH 62. The TD by its irrational decision not to renew the leases of these three weighbridges thus caused a revenue loss of ₹ 1.10 crore⁹ which could have accrued to the State exchequer had the leases of these three weighbridges been renewed. Further, as of June 2012, it was observed that the integrated checkgate on NH 62 was also yet to be set up.

The case was reported to the TD, GOM in June 2012; reply was awaited (March 2013).

4.8 Failure of check posts to detect overloading and short levy of fine on overloading

Three departmental check posts failed to detect overloading to the extent of 6,59,099 MT leading to non-imposition of fine and additional fine amounting to ₹ 118.50 crore.

Section 194(i) of the Motor Vehicles (MV) Act, 1988 Act states that loads carried in excess of the permissible limit is punishable with a minimum fine of ₹ 2000 plus an additional fine of ₹ 1000 per MT of excess load together with the liability to pay charges for off-loading of the excess load. In Meghalaya, the maximum legal permissible load for commercial trucks is 9 MT per truck effective from 09 November 2005.

4.8.1 It has been repeatedly brought out in past Audit Reports (AR)¹⁰ about the inability of the TD check posts to detect and penalise trucks carrying coal in excess of 9 MT per truck. The last three cases reported in the ARs are given in the following table:

⁸ Jaintia Hills, National Highway 40 (2 nos) and South Garo Hills, PWD Road.

Location	Licence period	Date of renewal	Lease amount (₹)	Period for which loss worked out	Amount per year (₹)	Total (₹)
Thangskai	20.12.07 to 19.12.10	20.12.10	30,00,000	2 years 6 months 14 days	30,00,000	7115068
7 th Mile (Pasyih)	25.01.09 to 24.01.12	25.01.12	75,00,000	5 months 6 days	75,00,000	3248288
Gasuapara	12.03.09 to 11.03.11	12.03.11	3,00,000	1 year 3 months	3,00,000	652397
						11015753

¹⁰ beginning with the Audit Report for the year ended 31 March 2002

AR for the year ended	Para No.	Amount (₹ in crore)
31 st March 2007	6.3.12.1	707.40
31 st March 2009	5.4	271.80
31 st March 2010	5.7	395.09
Total		1374.29

The TD has check posts at Umkiang (Jaintia Hills district), Athiabari and Dainadubi (both in East Garo Hills district) whose primary responsibility is check, detect and penalise vehicles carrying loads in excess of the legal permissible limit. The Directorate of Mineral Resources (DMR) also has check posts at these three places whose responsibility is to levy and collect royalty/additional royalty on coal being transported through these check posts.

A check of the records of the DMR check posts at Umkiang, Athiabari and Dainadubi for the period April 2009 to March 2011 showed that 2,62,954 trucks carrying a total of 30,25,685 MT of coal had passed through the check posts. Since the maximum permissible load was 9 MT per truck, this implied that 6,59,099 MT¹¹ of coal was carried in excess of the permissible limit by these trucks. The TD check posts at Umkiang, Athiabari and Dainadubi however, failed to detect or apprehend these overloaded trucks as a consequence of which fine and additional fine leviable under Section 194(i) of the MV Act amounting to ₹ 118.50 crore¹² was not collected.

The fact that the State of Meghalaya has, over the years, been deprived of a huge amount of revenues owing to the chronic inability of the TD check posts to detect overloading suggests that there are serious systemic and other issues which the TD inexplicably, was yet to identify and address.

The matter was reported to TD, GOM in April 2011 and June 2012; reply was awaited (March 2013).

The Enforcement Branch of the Department failed to levy additional fines of atleast ₹ 12.59 lakh on 1,259 trucks carrying loads in excess of the permissible limit.

4.8.2 A test check of the receipt books carried out in May/June 2012 of the Enforcement Branch (EB) of the CT, Meghalaya revealed that the EB had intercepted 1,259 trucks throughout the State during the period April 2010 to March 2012 carrying loads in excess of the maximum legal permissible load of 9 MT per truck and on whom the EB levied fines totaling ₹ 25.18 lakh at ₹ 2000 per truck. The EB however, neither recorded the quantity of excess load carried by each truck nor levied the additional fine of ₹ 1000 per MT per truck as prescribed under Section 194(i) of the MV Act. This resulted in a minimum short levy of additional fine of ₹ 12.59 lakh calculated at the rate of 01 MT of excess load per truck. The actual non-realisation of the additional fine would be higher if the exact quanta of excess load carried by these trucks could be established.

¹¹ 30,25,685 MT – (2,62,954 trucks X 9 MT per truck) = 6,59,099 MT

¹² (262954 trucks X ₹ 2000) + (659099 MT X ₹ 1000) = ₹ 1185007000

Since section 194(i) of the MV Act unambiguously stipulates the levy of an additional fine of ₹ 1000 per MT of excess load carried per truck (in addition to the minimum fine of ₹ 2000 per truck), the failure of the EB to levy the additional fine was inexcusable. It is recommended that the TD initiate disciplinary action against the concerned officials of the EB for dereliction of duty and causing a loss to the state exchequer on this account.

The case was reported to the TD, GOM in June 2012; reply was awaited (March 2013).

4.9 Non-receipt of bank drafts sent for revalidation

Failure to take follow up action to get 182 time-barred bank drafts re-validated resulted in non-realisation of revenue of ₹ 11.32 lakh.

Section 88 of the Motor Vehicles (MV) Act, 1988 stipulates that a permit granted in any one State shall not be valid in another State unless the permit is countersigned by the State Transport Authority (STA) of the latter State on payment of a Composite Fee (CF) fixed by the former State. The CF is payable by bank draft and remitted to the STA, Meghalaya when vehicles which have been issued permits by other States are authorised to ply in Meghalaya. The STA is required to maintain a 'Register of Valuables' (ROV) to watch the receipt of bank drafts from other States and ensure prompt credit of the amount into Government account.

Scrutiny of records of the STA, Meghalaya in May/June 2012 revealed that it did not maintain a ROV and further, bank drafts received from other States were not being deposited into government account in time. As a result, 182 bank drafts amounting to ₹ 11.32 lakh pertaining to the period from January 2008 to September

2011 had become time-barred. The STA, Meghalaya returned these bank drafts on various dates between March 2011 and March 2012 to the concerned STAs for revalidation. None of these were received back and neither did the STA, Meghalaya initiate any follow up action to get back the revalidated bank drafts thereby resulting in non-realisation of revenue of ₹ 11.32 lakh.

The case was reported to the TD, GOM in June 2011; reply was awaited (March 2013).

EXECUTIVE SUMMARY

Increase in tax collection	In 2011-12, the collection of revenue from Stamps & Registration decreased by 15.61 <i>per cent</i> over the previous year.
Very low recovery by the Department of observations pointed out by us in earlier years.	During the period 2007-08 to 2011-12, we had pointed out non/short realisation with revenue implication of ₹ 8.46 crore in 10 cases. Of these, the Department/ Government accepted audit observation in one case involving ₹ 0.84 crore but failed to make any recovery.
Result of audit conducted by us in 2010-11	In 2011-12, we test checked the records of two units relating to Stamps & Registration Department and found short/non-realisation <i>etc.</i> involving ₹ 0.07 crore in two cases. The Department did not respond to the audit observations. No recovery was intimated.
What we have highlighted in this Chapter	In this Chapter, we present illustrative cases of ₹ 0.84 crore selected from observations noticed during our test check of records relating to assessment and collection of duties, fees <i>etc.</i> by the Department, where we found that the provisions of the Acts/Rules were not observed. It is a matter of concern that similar omissions have been pointed out by us repeatedly in the Audit Reports for the past several years, but the Department has not taken corrective action. We are also concerned that though these omissions were apparent from the records which were made available to us, the Department was unable to detect these mistakes.
Our conclusion	Due to non-functioning of the internal audit wing, the Department

could not address the system deficiencies and detect the loopholes and lacunae in its functioning.

It also needs to initiate immediate action to recover the non-realisation of duties, fees penalties *etc.* printed out by us, more so in those cases where it has accepted our contention.

CHAPTER V: STAMP DUTY & REGISTRATION FEES

5.1 Tax administration

The levy and collection of tax is administered by Principal Secretary, Excise, Registration, Taxation and Stamps (ERTS) at the Department level. At the Directorate level, the Inspector General of Stamps & Registration monitors the functioning of the Department. Further, there are District Registrars/Sub-Registrars at the district level for levy and collection of Stamp Duty & Registration fees.

5.2 Trend of receipts

Actual receipts from Stamp Duty & Registration fees during the years 2007-08 to 2011-12 along with the total tax receipts during the same period is exhibited in the following table:

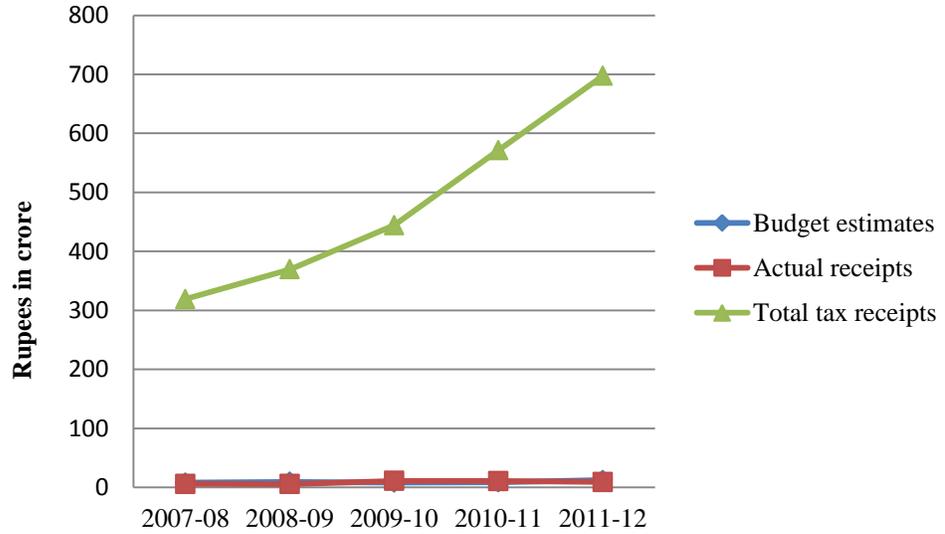
(₹ in crore)

Year	Budget estimates	Actual receipts	Variation Excess (+)/shortfall (-)	Percentage of variation	Total tax receipts of the State	Percentage of actual receipts vis-à-vis total tax receipts
2007-08	7.92	5.99	(-) 1.93	32	319.10	1.88
2008-09	9.50	5.54	(-) 3.96	71	369.44	1.50
2009-10	8.11	11.02	(+) 2.91	26	444.29	2.48
2010-11	8.60	10.76	(+) 2.16	20	571.45	1.88
2011-12	12.29	9.08	(-) 3.21	26	697.54	1.30

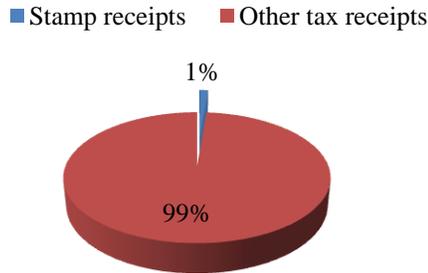
The wide variation between budget estimates in the last five years show that the budget is not being realistically framed.

Receipts from Stamp Duty & Registration formed about two *per cent* of the total tax receipts of the State for the last five years.

A line graph showing the budget estimates *vis-à-vis* the actual receipts and the total tax receipts is as follows:



Also a pie chart showing the actual receipts from Stamp Duty & Registration fees *vis-à-vis* the total tax receipts is as follows:



5.3 Impact of audit reports

During the last five years (including the current year's report), we have pointed out non/short levy, non/short realisation *etc.*, with revenue implication of ₹ 8.46 crore in 10 paragraphs. Not a single reply was furnished by the Department/Government in respect of any of the paragraphs and no recovery was intimated. The details are shown in the following table:

(₹ in crore)

Year of Audit Report	Paragraphs included		Paragraphs accepted		Amount recovered	
	No.	Amount	No.	Amount	No.	Amount
2007-08	3	0.22	--	--	--	--
2008-09	1	1.21	--	--	--	--
2009-10	2	0.71	--	--	--	--
2010-11	3	5.48	--	--	--	--
2011-12	1	0.84	1	0.84	--	--
Total	10	8.46	1	0.84	--	--

We recommend that the Department revamp its revenue recovery mechanism in order to effect recovery in the cases pointed out.

5.4 Results of Audit

Test check of the assessment cases and other records of two units relating to the Stamps & Registration Department during the year 2011-12 revealed non-realisation of stamp duty amounting to ₹ 0.07 crore in two cases. During the year, the Department failed to respond to any of the irregularities brought to their notice. No recovery in respect of any of the cases was intimated.

An audit observation involving ₹ 0.84 crore is mentioned in the succeeding paragraph.

5.5 Non-compliance of the provisions of the Acts/Rules

The provisions of the Indian Stamp Act, 1899 and the Rules made thereunder require levy and payment of:

- Stamp duty on documents of lease at prescribed rate
- Stamp duty for registration of conveyance deeds

Non-compliance of the provisions of the Act/Rules as mentioned in the succeeding paragraph resulted in non-realisation of ₹ 0.84 crore.

5.6 Short realisation of stamp duty

Stamp duty of ₹ 84.49 lakh was short levied on registration of conveyance deeds by three cement manufacturing companies.

During test check of records in Sub-Registrar office, Khliehriat in

Under Section 29(c) of the Indian Stamp Act, 1899 stamp duty for registration of a conveyance deed for transfer of ownership of land shall be paid by the purchaser in the absence of any agreement between the purchaser and the seller. Under Section 23 of the Indian Stamps (Meghalaya Amendment) Act, 1993 stamp duty for registration of a conveyance deed for transfer of land is 99 rupees for every thousand rupees. The ERTS Department, GOM vide a notification dated 11 July 1983 exempted 50 per cent of stamp duty payable for all instruments of conveyance executed by or in favour of members of Scheduled Castes/Tribes.

December 2010 it was noticed that 26 plots of land were purchased by three¹ cement manufacturing companies from two persons belonging to the Scheduled Tribe community on various dates² between March 2007 and October 2010 for a consideration of ₹ 16.97 crore. Since there was no agreement between the parties as to the incidence of stamp duty, the same was payable by the purchasers as per the Indian Stamp Act, 1899. Furthermore, companies do not fall within the category of Scheduled Castes/Tribes. However, it was observed that the conveyance deeds for

transfer of ownership of all the 26 plots were registered by the purchasers on payment of 50 per cent stamp duty payable amounting to ₹ 0.84 crore³ instead of ₹ 1.68 crore⁴ resulting in short realisation of ₹ 0.84 crore as stamp duty.

On this being pointed out, the Department stated in January 2012 that notices had been issued to the three companies for payment of the balance stamp duty. Further progress in the matter was awaited (March 2013).

¹ M/s Meghalaya Power Ltd; M/s Star Cement Co. Ltd; M/s JUD Cements Pvt Ltd.

² 01 plot on 14 March 2007, 11 plots on 19 August 2010 and 14 plots on 21 October 2010.

³ (₹ 16,97,01,914 X 99/1000) X 50 % = ₹ 84,00,248

⁴ ₹ 16,97,01,914 X 99/1000 = ₹ 1,68,00,489

CHAPTER VI: OTHER TAXES

6.1 Non-compliance of the provisions of the Acts/Rules

Non-compliance of the provisions of the Act/Rules in some cases as mentioned in succeeding paragraphs resulted in non-realisation of ₹ 1.33 crore.

6.2 Non-payment of Meghalaya Passengers and Goods Tax

Tax of ₹ 37.70 lakh was not paid by two transport corporations on which penalty of ₹ 75.40 lakh was also leviable.

Test check of records of the ST, Circle V, Shillong in January 2012 revealed non-payment of the above tax by the following entities:

*Under Section 3 of the Meghalaya Passengers and Goods Taxation (MPGT) Act, a 10 per cent tax is payable on fares charged by commercial vehicles carrying passengers and goods or in lieu thereof, a lump sum tax of ₹ 5473 and ₹ 6568 per vehicle¹ per annum payable in advance. Section 9 of the MPGT Act empowers the Superintendent of Taxes (ST) to assess the amount of tax from a vehicle owner who fails to pay the tax. For failure to pay the tax due within the prescribed period the vehicle owner, under Section 23 (i) of the Act *ibid*, is also liable to pay a penalty equal to double the amount of tax payable.*

6.2.1 Assam State Transport Corporation

(ASTC): It was seen that the ASTC paid tax only upto 2004-05 and thereafter, it neither submitted any returns nor paid any tax although at the time of audit, the ASTC was still very much operating passenger bus services in the State. The ST on his part also did not assess the amount of tax due from the ASTC. In 2004-05 the ASTC operated 14 buses and calculated on this

number, the tax payable by it from 2005-06 to 2011-12 worked out to ₹ 6.44 lakh¹ (at ₹ 6568 per vehicle per annum). Besides, a penalty of ₹ 12.88 lakh was also leviable for non-payment of the tax due within the prescribed period.

6.2.2 Meghalaya Transport Corporation (MTC): The MTC paid tax upto 1998-99. Thereafter, it neither submitted any returns nor paid any tax and neither did the ST assess the amount of tax due from the MTC. The MTC operated an average of 42 buses per year during 1999-2000 to 2004-05 and calculated on this number, the tax payable by it for the

¹ ₹ 6568 X 14 buses X 7 years = ₹ 6,43,664/-

12 years from 1999-2000 to 2011-12, worked out to ₹ 31.26 lakh² (at ₹ 5473 and ₹ 6568 per vehicle per annum). Besides, a penalty of ₹ 62.52 lakh was also leviable for non-payment of tax within the prescribed period.

The cases were reported to the Department in April 2012; reply was awaited (March 2013).

6.3 Non-registration of a hotel

Luxury tax of ₹ 28.80 lakh not realised due to non-registration of a hotel.

Test check of records of the ST, Nongpoh, in September 2011 revealed

Under Section 3(i) of the Meghalaya Tax on Luxuries (Hotel and Lodging Houses) Act, 1991, every hotelier whose room tariff per day per individual is ₹ 300 or more is liable to pay luxury tax at 20 per cent of the room tariff. Further, under Section 6(1) of the Act ibid, every hotelier liable to pay luxury tax is required to be registered with the ST and possess a valid certificate of registration.

that a hotel³ having 24 rooms with tariffs ranging from ₹ 1000 and ₹ 2333 per day per room had commenced business from October 1988 without a valid registration. The ST did not detect this fact and it was only after 19 years in April 2008 that the hotel

registered itself with the ST subsequent to an enquiry carried out by the area Inspector of Taxes. A verification of the records of the hotel from April 2004 (earliest year for which records were available) to March 2008 showed that the hotel had collected room tariff totaling ₹ 1.44 crore during this period on which luxury tax of ₹ 28.80 lakh⁴ was realisable – the amount would be higher if calculated from the time the hotel commenced operations.

After this was pointed out in September 2011, the DCT stated in May 2012 that a show cause notice had been issued to the hotel. A report of the recovery of tax was however awaited (March 2013).

² 42 buses X 4 years @ ₹ 5473 per bus per annum = ₹ 9.19 lakh
42 buses X 8 years @ ₹ 6568 per bus per annum = ₹ 22.07 lakh
Total = ₹ 31.26 lakh

³ M/s Orchid Lake Resort, Umiam.

⁴ ₹ 1.44 crore X 20 per cent = ₹ 28.80 lakh

6.4 Loss of revenue

Cancellation of 102 bookmakers' licenses without initiating action to recover dues as arrears of land revenue led to revenue loss of ₹ 66.20 lakh.

Test check of 'Register of Licenses' of the ST, Circle VII Shillong in February 2012 revealed that 400 bookmakers' licenses were cancelled by the ST in March 2009 due to non-payment of renewal fees. A scrutiny of 102 cases (out of the 400) by Audit revealed that the renewal fees payable in these cases totaled ₹ 66.20 lakh for periods ranging from one to 25 years.

Under Rule 45 of the Meghalaya Amusement and Betting Tax (Amendment) Rules, 1982 the renewal fee for a bookmaker's license is ₹ 3400 per annum which the licensee has to pay before the license is issued to him. As per Rule 39 (7), application for renewal of the licence shall be submitted within 30 days before the date of expiry of the period of its validity. Under Section 21 (2) of the Meghalaya Amusement and Betting Tax (Amendment) Act, 1982 all monies which a licensed bookmaker fails to pay shall be recoverable as arrears of land revenue.

Apart from the possibility that the delay on the part of the ST to cancel the licenses promptly may have allowed the bookmakers to carry on business for years together without payment of renewal fees, the action of the ST to cancel the licenses without initiating action to recover the dues as arrears of land revenue resulted in a revenue loss of ₹ 66.20 lakh in 102 cases alone – the figure would be much higher if worked out for all the 400 licenses cancelled.

The case was reported to the Department in April 2012; reply was awaited (March 2013).

EXECUTIVE SUMMARY

Marginal increase in collection of revenue	In 2011-12, the collection of revenue from forest receipts increased by 18.05 <i>per cent</i> over the previous year which was attributed by the department to increase in the enforcement activities and revision of rate of royalty on limestone from ₹ 45 to ₹ 63 per MT from 13 August 2009.
Internal audit not conducted	Audit of the Forest Department has never been conducted by the Examiner of Local Accounts. This resultantly had its impact in terms of weak internal controls in the Department leading to substantial leakage of revenue. It also led to the omission on the part of the Divisional Forest Officers remaining undetected till we conducted our audit.
No recovery by the Department of observations pointed out by us in earlier years.	During the period 2007-08 to 2011-12, we had pointed out non/short levy, non/short realisation of royalty, fee, fines <i>etc.</i> , with revenue implication of ₹ 114.88 crore in 21 cases. Of these, the Department/Government accepted audit observation in three cases involving ₹ 98.99 crore but no recovery was made.
Result of audits conducted by us in 2011-12	In 2011-12, we test checked the records relating to forest receipts and found non/short realisation/levy of royalty, fee, fines <i>etc.</i> involving ₹ 5.64 crore in 12 cases. The Department failed to respond to any of the irregularities brought to their notice and no recovery on the basis of our observations was made.
What we have highlighted in this Chapter	In this Chapter, we present illustrative cases of ₹ 2.18 crore selected from observations noticed during our test check of records relating to assessment and collection of motor vehicle tax in the office of the Divisional Forest Officers where we found that the provisions of the Act/Rules were not observed. It is a matter of concern that similar

omissions have been pointed out by us repeatedly in the Audit Reports for the past several years, but the Department has not taken corrective action. We are also concerned that though these omissions were apparent from the records, which were made available to us, the Department was unable to detect these mistakes.

Our conclusion

The Department needs to redress the internal control system including strengthening of internal audit to prevent omissions of the nature detected by us in future.

It also needs to initiate immediate action to recover the short realisation of royalty, fees, fines *etc.*, pointed out by us; more so in those cases where it has accepted our contention.

CHAPTER-VII: FOREST RECEIPTS

7.1 Tax administration

The Principal Secretary, Forest and Environment Department is the head of the Forest Department at the Government level. At the Department level, the Principal Chief Conservator of Forests (PCCF) monitors the overall implementation of forest related projects including forest receipts. The implementing authorities at the district level are the Divisional Forest Officers (DFO). All forest related activities including revenue collection are regulated by the Meghalaya Forest Regulation (Application and Amendment) Act, 1973, the Assam Settlement of Forest Coupes¹ and *Mahals*² by Tender System Rules, 1967 (as adopted), the Meghalaya Forest (Ejection of Unauthorised Person) Rules, the Meghalaya Tree (Preservation) Act, 1976 and the Meghalaya Removal of Timber Regulation Act, 1981 and various Rules made thereunder.

7.2 Trend of receipts

Actual receipts from Forest Department during the years 2006-07 to 2010-11 along with the total non-tax receipts during the same period is exhibited in the following table and graph.

(₹ in crore)

Year	Budget estimates	Actual receipts	Variation Excess (+)/ shortfall (-)	Percentage of variation	Total non-tax receipts of the State	Percentage of actual receipts vis-à-vis total non tax receipts
2007-08	17.85	15.60	(-) 2.25	13	199.35	8
2008-09	19.27	17.36	(-) 1.91	10	225.31	8
2009-10	20.35	20.03	(-) 0.32	2	275.09	7
2010-11	22.77	22.05	(-) 0.72	3	301.69	7
2011-12	25.05	26.03	(+) 0.98	4	368.24	7

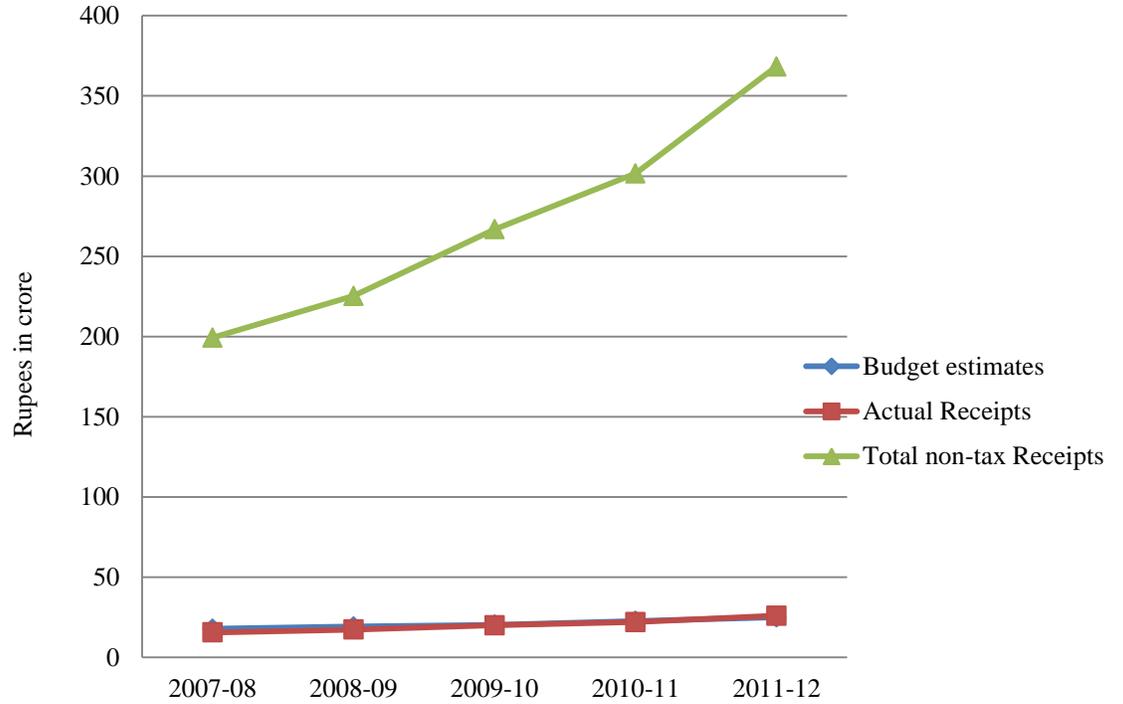
Thus, the percentage variation which was 13 *per cent* in 2007-08 has come down to an almost consistent level came down which indicates that the budget estimates are prudently framed.

Forest receipts formed about 7-8 *per cent* of the total non-tax receipts of the State during the period 2007-08 to 2011-12.

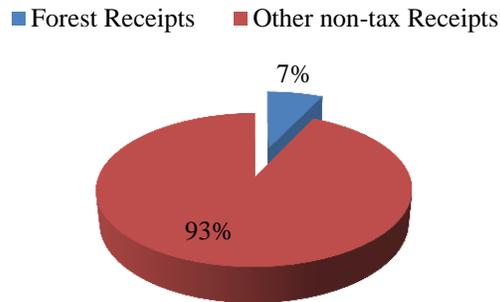
A line graph of budget estimates, *vis-à-vis* the actual receipts and total non-tax receipts of the State may be seen as follows:

¹ A compact area where a number of trees are pre marked for sale by way of auction or tender on condition of their removal within a specified period.

² A well defined area wherefrom certain types of forest produce are sold on condition of their removal within a specified period.



Also a pie chart showing the position of actual forests receipts *vis-à-vis* other non-tax receipts during the year 2011-12 may be seen below:



7.3 Impact of audit reports

During the last five years (including the current year's report), we have pointed out non/short levy, non/short realisation of royalty, fees *etc.*, with revenue implication of ₹ 114.88 crore in 21 paragraphs. Of these, the Department/ Government had accepted audit observations in three paragraphs involving ₹ 98.99 crore, in respect of which, no recovery has been made. The details are shown in the following table:

(₹ in crore)

Year of Audit Report	Paragraphs included		Paragraphs accepted		Amount recovered	
	No.	Amount	No.	Amount	No.	Amount
2007-08	6	9.93	-	--	-	--
2008-09	6	3.56	2	1.88	-	-

2009-10	5	2.10	-	--	-	-
2010-11	1	97.11	1	97.11	-	-
2011-12	3	2.18	-	-	-	-
Total	21	114.88	3	98.99	-	--

Though the Department/Government have accepted three paragraphs involving revenue of ₹ 98.99 crore, no recovery could be made during the past five years. This reflects that there is a need for the Department/Government to revamp the revenue recovery mechanism to ensure that at least the revenue involved in the accepted cases is recovered.

7.4 Results of audit

Test check of the records of 10 units relating to the Forest Department during the year 2011-12 revealed non-realisation of royalties, fees *etc.*, amounting to ₹ 5.64 crore in 12 cases which can be categorised as under:

<i>(₹ in crore)</i>			
Sl. no.	Category	Number of cases	Amount
1.	Non-realisation of fees	5	1.57
2.	Loss of revenue	4	1.51
3.	Other irregularities	3	2.56
Total		12	5.64

During the year 2011-12, the Department failed to respond to any of the irregularities brought to their notice.

A few illustrative audit observations involving ₹ 2.18 crore are mentioned in the succeeding paragraphs.

7.5 Non realisation of royalty at the revised rate

Royalty on 78,393.40 MT of limestone was collected at the rate of ₹ 45 per MT instead of ₹ 63 per MT resulting in a short realisation of ₹ 14.11 lakh.

Scrutiny of records (December 2011) of the Range Forest Officer (RFO), Southern Range under the Divisional Forest Officer (DFO), Khasi Hills Territorial Division³ (KHTD), Shillong revealed that between 01 October 2010⁴ to 31 December 2010, 78393.40 MT of limestone was extracted from the Range on which royalty of ₹ 49.39 lakh at the revised rate of ₹ 63 per MT was realisable. However, the RFO realised royalty of ₹ 35.28 lakh at the pre-revised rate of ₹ 45 per MT, thereby resulting in short realisation of royalty of ₹ 14.11 lakh⁵.

The Mining & Geology Department, Government of Meghalaya (GOM) revised the rate of royalty on limestone from ₹ 45 per MT to ₹ 63 per MT with effect from 28 September 2010.

The matter was reported to the Forests and Environment Department, GOM in December 2011; reply was awaited (March 2013).

7.6 Non-realisation of royalty on clay

A company purchased 63,555.80 MT of clay from suppliers on which royalty amounting to ₹ 19.55 lakh had not been realised.

The certified Annual Accounts of the Mawmluh Cherra Cements Limited⁶ (company) for the years 2006-07 to 2010-11 disclosed that the company purchased 63,555.80 MT⁷ (61,111.35 cum.) of clay between April 2006 and March 2011 from local suppliers. A cross-check of this information with the records of the DFO, KHTD, Shillong (December 2011) revealed that neither had any permits/passess been issued for extraction/removal of clay nor had any royalty been realised from the suppliers. The company also did not deduct any royalty from the suppliers before payment of the suppliers' bills.

Section 2(a) under Chapter 5 (Transit Rules) of the Rules framed under Assam Forest Regulation, 1891 stipulates that no forest produce shall be extracted/removed from a forest area unless a permit/pass is granted by the forest officer on realisation of royalty in full. The Forests and Environment Department, GOM fixed the rate of royalty on clay at ₹ 32 per cubic metre (cum.) with effect from 12 November 1998.

³ Out of the 8 Ranges under the KHTD, limestone is extracted only in Southern Range.

⁴ Audit could not work out the short realisation of royalty on limestone extracted from 28th to 30th September 2010 as the RFO, Southern Range was only submitting to the DFO, KHTD a consolidated month-wise statement of limestone extracted.

⁵ Royalty realisable = 78393.40 MT @ ₹ 63 per MT = ₹ 49.39 lakh
Royalty realised = 78393.40 MT @ ₹ 45 per MT = ₹ 35.28 lakh
Royalty less realised = ₹ 14.11 lakh

⁶ A state government owned cement manufacturing company.

⁷ 1040 kg clay = 1 cum. as per the *Indian Practical Civil Engineers' Handbook (P.N. Khanna)*

Thus, the unauthorised extraction of clay without payment of royalty led to a revenue loss of ₹ 19.55⁸ lakh.

Recommendation: Audit observed that the unauthorised extraction and supply of clay and consequent loss of revenue was possible because the Department has not prescribed procedures to ensure that Government departments and parastatals only consume forest produce on which royalty has been paid. It is recommended that the Department address this issue.

The matter was reported to the Forests and Environment Department, GOM in May 2012; reply was awaited (March 2013).

7.7 Non-remittance of forest royalty

Three agencies deducted royalty totalling ₹ 1.84 crore from contractors' bill which was not remitted into the Department's account.

All consuming departments/agencies of minor minerals like sand, stone, boulders etc., are liable to pay royalty and other charges as applicable on the minor minerals used by them. The royalty and other charges on such minerals are deducted by the consuming departments/agencies from the bills of the contractors according to the quantity so consumed and paid to the Forest Department.

A check of the records of three Government agencies who executed construction projects through contractors revealed that they had deducted royalties totalling ₹ 1.84 crore due on various forest produce (stone, sand, aggregates, etc) utilised in their projects, as shown in

the table below.

Name of the Agency	Royalty deducted (₹ in lakh)	Royalty deducted upto
Meghalaya Urban Development Authority	6.94	March 2008
State Sports Council	36.10	March 2011
Meghalaya Government Construction Corporation	141.36	March 2010
Total	184.40	

As of April 2012 these agencies had however, not remitted the above amounts to the Forests and Environment Department.

We reported the case to the Forests and Environment Department, GOM in May 2012; reply was awaited (March 2013).

⁸ 61,111.35 cum. X ₹ 32 per cum. = ₹ 19.55 lakh

EXECUTIVE SUMMARY

Marginal increase in collection of revenue

In 2011-12, the collection of revenue from Mines and Minerals increased by 21.80 *per cent* over the previous year which was due to revision of royalty on coal and limestone from ₹ 165 and ₹ 45 to ₹ 290 and ₹ 63 respectively.

Internal audit not conducted

The department did not have an internal audit organisation. The internal audit organisation functioning under the Examiner of Local Accounts is responsible to conduct internal audit. However, audit of Mining and Geology Department had never been conducted to evaluate the system of working of the Directorate and to suggest ways and means to plug leakage of revenue.

Negligible recovery by the Department on observations pointed out by us in earlier years.

During the period 2007-08 to 2011-12, we had pointed out non/short levy, non/short realisation of royalty, cess *etc.* on coal and limestone with revenue implication of ₹ 308.01 crore in 32 cases. Of these, the Department/Government accepted audit observation in eight cases involving ₹ 53.11 crore but recovered only ₹ 5.57 crore in one case. The recovery position as compared to acceptance of objections was negligible.

Result of audits conducted by us in 2011-12

In 2011-12, we test checked the records of four units relating to receipts from Mines and Minerals and found non/short realisation/levy of royalty cess, penalty *etc.* involving ₹ 77.99 crore in 14 cases.

The Department failed to reply to any of the cases during 2011-12. No recovery was intimated.

What we have highlighted in this Chapter

In this chapter, we present illustrative cases of ₹ 20.21 crore selected from observations noticed during our test check of records relating to collection of royalty, cess, penalty *etc.* in the office of the Director of Mineral Resources (DMR), Divisional Mining Officer (DMO), Jowai and Williamnagar where we found leakage of revenue due to delay in implementation of revised rate of royalty and evasion of royalty on export of limestone and coal.

It is matter of concern that similar omissions have been pointed out by us repeatedly in the Audit Reports for the past several years, but the Department has not taken corrective action to prevent recurring loss of revenue. We are also concerned that though these omissions were apparent from the records, which were made available to us, the Department was unable to detect these mistakes.

Our conclusion

The Department needs to improve the internal control system and internal audit system should be made functional. Inter departmental co-ordination should be strengthened to address the weakness in the system and avoid omission of the nature detected by us in future.

It also needs to initiate immediate action to recover the royalty, cess, penalty *etc.*, pointed out by us; more so in those cases where it has accepted our contention. Arrear revenue may be recovered as arrears of land revenue by initiating certificate proceedings.

CHAPTER VIII: MINING RECEIPTS

8.1 Tax administration

The State of Meghalaya is endowed with rich mineral deposits, particularly coal and limestone. Constitutionally, the State Government is the owner of the minerals and as such receives rent and royalty accruing from grant of prospecting and mining rights to individuals and firms. The Constitution of India, however, empowers the Parliament of India to make laws for regulation of mines and minerals. Under this power, the Central Government enacted the Mines and Minerals (Development and Regulation) (MMDR) Act, 1957, and the Mineral Concession (MC) Rules, 1960. Subsequently, the State Government introduced the Meghalaya Minerals Cess (MMC) Act, 1988 to mobilise additional revenue. In Meghalaya, the royalty and cess on coal were ₹ 165 and ₹ 55 per MT respectively, and royalty and cess on limestone were ₹ 45 and ₹ 20 respectively, with effect from 6 January 2009. The rate of royalty on coal was further revised to ₹ 290 per MT with effect from 1 September 2009 while the cess was withdrawn. The rate of royalty on limestone was revised from ₹ 45 to ₹ 63 per MT from 13 August 2009.

8.2 Trend of receipts

Actual receipts from Mining & Geology Department during the years 2007-08 to 2011-12 along with the non-tax receipts during the same period is exhibited in the following table and graph.

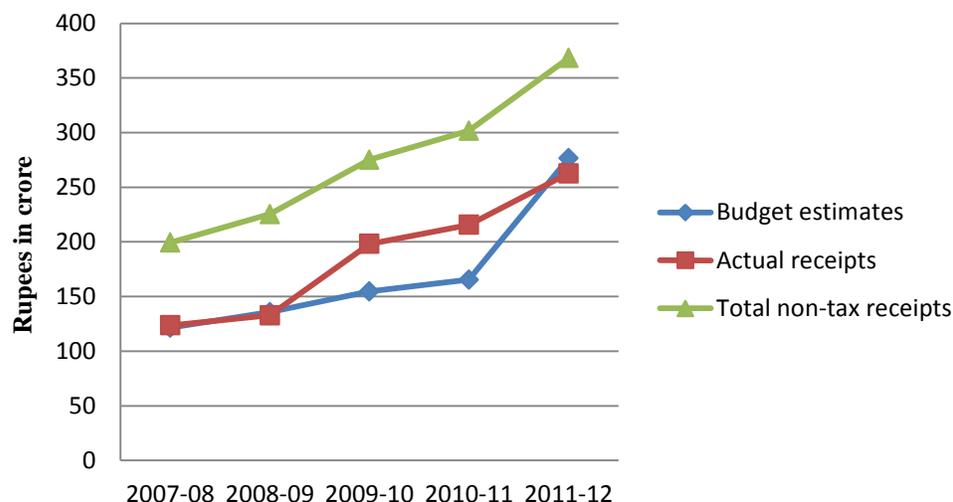
(₹ in crore)

Year	Budget estimates	Actual receipts	Variation excess (+)/ shortfall (-)	Percentage of variation	Total non-tax receipts of the State	Percentage of actual receipts vis-à-vis total non-tax receipts
2007-08	121.43	123.66	(+) 2.23	2	199.35	62
2008-09	135.69	132.73	(-) 2.96	2	225.31	59
2009-10	154.63	198.21	(+) 43.58	28	275.09	72
2010-11	165.44	215.58	(+) 50.14	30	301.69	71
2011-12	276.42	262.58	(-) 13.84	5	368.24	71

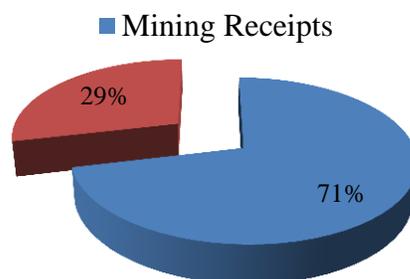
The wide variation between budget estimates and actual collection in the years 2009-10 and 2010-11 shows that the budget is not being realistically framed.

Mines and minerals receipts formed about 59-71 *per cent* of the total non-tax receipts of the State during the last five years.

A line graph of budget estimates, actual receipts and total non-tax receipts may be seen below:



Also a pie chart showing the position of actual mining receipts *vis-à-vis* the other non-tax receipts of the State during the 2011-12 may be seen below:



8.3 Impact of audit reports

During the last five years (including the current year's report), we have pointed out non/short levy, non/short realisation, underassessment/loss of revenue, incorrect exemption, concealment/suppression of turnover, application of incorrect rate of tax, incorrect computation *etc.*, with revenue implication of ₹ 308.01 crore in 32 paragraphs. Of these, the Department / Government had accepted audit observations in 8 paragraphs involving ₹ 53.11 crore and had since recovered ₹ 5.57 crore. The details are shown in the following table:

(₹ in crore)

Year of Audit Report	Paragraphs included		Paragraphs accepted		Amount recovered	
	No	Amount	No	Amount	No	Amount
2007-08	5	21.35	-	-	-	--
2008-09	5	41.12	-	-	-	--
2009-10	10	151.42	1	0.46	-	--
2010-11	8	73.91	7	52.65	1	5.57
2011-12	4	20.21	-	-	-	-
Total	32	308.01	8	53.11	1	5.57

Thus, against the accepted cases involving ₹ 53.11 crore, the Department/ Government has recovered an amount of ₹ 5.57 crore which is 10.49 per cent.

We recommend that the Department needs to revamp its revenue recovery mechanism to ensure that they could recover atleast the amount involved in the accepted cases.

8.4 Results of audit

Test check of the records of four units of the Mining & Geology Department during the year 2011-12 revealed non-realisation of duties, royalties etc., amounting to ₹ 77.99 crore in 14 cases which can be categorised as under:

(₹ in crore)

Sl. No.	Category	Number of cases	Amount
1.	Non/Short realisation of revenue	7	15.10
2.	Loss of revenue	4	62.13
3.	Other irregularities	3	0.76
Total		14	77.99

During the year, the Department failed to respond to any of the cases. No recovery was intimated.

8.5 Non-compliance of the provisions of the Acts/Rules

The provision of the MMDR Act, 1957, MC Rules, 1960 and MMC Act, 1988 require levy and payment of:

- Collection of royalty on coal and limestone at rate(s) as prescribed by the GOI from time to time.
- Collection of cess on limestone at prescribed rate.
- Interest at prescribed rate for default in payment of dues.
- Levy of interest due to default in payment of dues.

Non-compliance of the provision of the Act/Rules in some cases as mentioned in the following paragraphs. This resulted in non/short realisation of ₹ 20.21 crore.

8.6 In Meghalaya the maximum legal permissible load per truck is 9 MT. The royalty on coal fixed by the GOM was ₹ 290 per MT effective from 01 September 2009. Coal can only be transported after the royalty is deposited in advance at the Directorate of Mineral Resources (DMR), Shillong or the Divisional Mining offices in the districts whereupon a Mineral Transport Challan (MTC) is issued to the transporter authorising the movement of the quantity of coal on which royalty has been paid subject to the maximum legal permissible load of 9 MT per truck per MTC. The DMR check posts located throughout the State check that coal is transported on the strength of MTCs and that the load is not more than 9 MT per truck. If the load is in excess of this capacity the transporter is required to pay at the check post, the royalty on the quantity of excess coal transported *plus* an additional 25 per cent as additional royalty.

8.6.1 Check posts taken over by miscreants

Failure of the Department to regain control of Borsora and Cherragaon check posts from miscreants for over three years was a complete abdication of the State's authority and led to a revenue loss of around ₹ 1.35 crore.

It was noticed during test check of records of the DMR in December 2011 that the DMR check posts in West Khasi Hills District (WKHD) at Borsora and Cherragaon in the 32-month period from April 2009 to December 2011 collected royalty/additional royalty on coal only during two months, in April and November 2009 totalling ₹ 2.45 lakh.

An enquiry into the reasons revealed that the officer in-charge of the two check posts reported to the DMR on 23 July 2010 that exporters transporting coal through Borsora and Cherragaon refused to produce their MTCs at the two check posts. The DMR on 14 August 2010 then requested the Deputy Commissioner, WKHD to provide police protection to the check posts officials to enable them to carry out their duties which however, was only provided on 28 October 2010 and subsequently withdrawn after three days. No further follow up action was taken by the DMR to seek police protection for its staff at Borsora and Cherragaon. On 03 November 2010 the staff deserted their posts because of threats from miscreants who had by then taken over both check posts. Audit observed that the DMR staff was again available at the two check posts from 25 February 2011 to 31 October 2011 as monthly statements of number of coal carrying trucks passing through these check posts during this period were being received by the DMR.

In April 2012, Audit further ascertained that there was no revenue collection during the remaining three months of 2010-11 (January-March 2011) as also during 2011-12 which implied that though the DMR staff were physically present at both check posts from 25 February 2011 to 31 October 2011, they were unable to or prevented from discharging their duties.

The fact that control of the two check posts of the DMR was usurped by miscreants for over three years¹ indicated a complete abdication of the State's authority and the Department's indifference to this situation. Calculated with reference to the average royalty/additional royalty² collected by the Borsora and Cherragaon check posts in the three years ending 2008-09, the total revenue foregone during 2009-10, 2010-11 and 2011-12 was around ₹ 1.35 crore.

The matter was reported to the Mining & Geology Department, GOM in January 2012; reply was awaited (March 2013).

8.6.2 Loss of revenue due to issue of an irregular order

Issue of an irregular verbal order by the DMR led to non-realisation of royalty/additional royalty on coal amounting to ₹ 3.35 crore.

A test check of records of the Divisional Mining Officer (DMO), Williamnagar in January 2012 revealed that 20 exporters³ were issued MTCs to export 7,400 MT of coal to Bangladesh through the Daluagre check post in West Garo Hills District. Verification of the check post records however, revealed that the exporters between December 2009 and May 2010 actually exported 99,749 MT of coal *i.e.*, 1348 *per cent* in excess of the amount authorised against the MTCs issued to them and were thus liable to pay royalty and additional royalty amounting to ₹ 3.35 crore⁴ which however, the check post did not levy on the exporters. Records indicated that the reason for this was because the Director, DMR on 10 December 2009 had apparently issued verbal directions over phone to the DMO, Williamnagar directing that royalty and additional royalty was not to be collected.

The matter was reported to the Mining & Geology Department, GOM in January 2012; reply was awaited (March 2013).

¹ from May 2009 to April 2012 during which no revenue was collected except for one month in November 2009.

(₹ in lakh)

Royalty/additional royalty collected by Borsora/Cherragaon checkposts			Average collection for the three years
Year	2006-07	2007-08	
Amount	20.90	35.69	77.95
			44.85

³ (1) Joy International (2) Subash Agarwal (3) Akriti Exporter (4) Khagen Saha (5) Barshilla N. Sangma (6) Heldina N. Marak (7) Manik Sarkar (8) Rhino Ispat (P) Ltd., (9) Pransish A. Sangma (10) Sadhara Koch (11) Utpal Marak (12) Anup Industries (13) N.N. Sangma (14) Meghalaya Seed Bhandar (15) Anay Choudhury (16) Sumati Enterprise (17) Srinijay International (18) Sankar Kalwar (19) Madhu Sudhar Bania (20) Solmi Marak.

⁴ (99,749 MT - 7,400 MT) X ₹ 290 per MT) + 25 *per cent* = ₹ 3.35 crore

8.7 Evasion of royalty on coal

The DMR check post failed to detect 4.03 lakh MT of coal carried in excess of the permissible limit resulting in evasion of royalty of ₹ 14.60 crore.

Coal can only be transported in the State

- *after royalty on coal is paid in advance to the DMR/DMOs whereupon Mineral Transport Challans (MTC) are issued to the transporter authorising the movement of coal on which royalty has been paid subject to the maximum legal permissible load of 9 MT per truck per MTC; and*
- *after the tax on coal is paid in advance to the Taxation Department (TD) whereupon the TD issues ‘P’ forms to the transporter authorising the movement of coal on which tax has been paid subject to the maximum legal permissible load of 9 MT per truck.*

DMR and TD check posts verify that coal is transported on the strength of ‘MTCs’ and ‘P’ forms respectively and that the load per truck is not more than 9 MT. Where the load is in excess of 9 MT,

- *the DMR check post levies royalty on the quantity of coal transported in excess of 9 MT plus an additional 25 per cent as additional royalty; and,*
- *the TD check post levies a penalty of ₹ 120 per MT on the quantity of coal transported in excess of 9 MT.*

Cases of evasion of payment of royalty /additional royalty at DMR check posts which were detected by Audit through a cross verification of records of the TD check posts located at the same place, had been reported in past Audit Reports (AR). Such cases featured in the AR 2003-04 and onwards are listed below:

(₹ in crore)

Audit Report for the year ended	Para No.	Where evasion occurred	Period	Royalty/ penalty evaded
31.3.2004	5.13	DMR Shillong and DMO, Jowai	Oct 2000 to Feb 2003	1.51
31.3.2006	6.11	DMO Williamnagar	Apr 2000 to Mar 2004	0.08
31.3.2011	7.11	DMOs Williamnagar and Jowai	Mar 2008 to Mar 2010	4.32
Total				5.91

A similar exercise was carried out by Audit in February 2012 with respect to the TD and DMR check posts (which are adjacent to each other) at Dainadubi⁵ in East Garo Hills District.

The records of the TD check post indicated that between April 2010 to March 2011 it had detected that 12.15 lakh MT of coal was carried in excess of the permissible load of 9 MT per truck. The records of the DMR check post however, indicated that only 8.12 lakh MT of coal was carried in excess of the permissible load of 9 MT per truck during the same period. Thus, 4.03 lakh MT of coal on which royalty and additional royalty was required to be collected by the DMR check post passed undetected resulting in evasion of royalty/additional royalty of ₹ 14.60 crore⁶.

The case was reported to the Mining & Geology Department, GOM in April 2012; reply was awaited (March 2013).

8.8 Non-realisation and short realisation of royalty

Non-realisation and short realisation of royalty on limestone totalling ₹ 67.56 lakh.

Royalty and cess is leviable on limestone extracted in the State. Royalty on limestone was ₹ 63 per MT effective from 13 August 2009.

8.8.1 It was previously noticed that while the DMO, Williamnagar was levying and collecting cess on limestone, the corresponding royalty on limestone was not being realised.

These cases were reported in earlier Audit Reports as under:

Audit Report for	Para No.	Period for which royalty not realised	Royalty not realised (₹ in lakh)
2009-10	7.12	April 2006 to March 2008	45.58
2010-11	7.13	April 2008 to March 2010	54.32
Total			99.90

A test check of the records of the DMO, Williamnagar in February 2012 indicated that situation remain unchanged. While the DMO, Williamnagar realised cess of ₹ 19.67 lakh on 98,380 MT of limestone extracted between April 2010 and December 2011, the royalty amounting to ₹ 61.98 lakh was not realised.

The fact that the only other DMO in the State *i.e.*, DMO, Jowai was realising royalty on limestone while the same was not being collected by the DMO, Williamnagar for years together indicated that there was a serious problem in the latter which the Department was yet to ascertain or address. The loss to the public exchequer on account of the royalty on limestone which was not

⁵ coal is the major item transported through Dainadubi.

⁶ Royalty = ₹ 290 X 4.03 lakh MT = ₹ 11.68 crore + Additional royalty = 25 per cent of royalty = ₹ 2.92 crore = ₹ 14.60 crore.

realised by the DMO, Williamnagar during April 2006 to December 2011 was ₹ 1.62 crore.

8.8.2 Scrutiny of the monthly returns ('Form -H8') submitted by a lessee⁷ to DMO, Jowai in November 2011 revealed that 30,984.80 MT of limestone was consumed by the lessee between May 2010 and December 2010 on which royalty of ₹ 19.52 lakh was payable. The lessee however, paid royalty of only ₹ 13.94 lakh thereby resulting in short realisation of ₹ 5.58 lakh⁸.

The cases were reported to the Mining & Geology Department, GOM in December 2011 and April 2012; replies were awaited (March 2013).

8.9 Non-levy of interest

Interest amounting to ₹ 23.32 lakh was not realised from a lessee for belated payment of dues.

Scrutiny of records of the DMR in November 2011 revealed that M/s Komorrah Limestone Mining Company Ltd. (KLMCL) extracted 2.35 lakh MT of limestone between July 2009 and August 2010 for which it was liable to pay royalty and cess of ₹ 98.73 lakh between 31 January 2010 and 31 January 2011. However, the KLMCL paid the amount belatedly between August 2010 and September 2011, much after expiry of the sixtieth day from the due date. For the belated payment of dues, interest of ₹ 23.32 lakh was leviable but was not levied by the DMR.

Rule 64A of Mineral Concession Rules, 1960 provides that if the dues payable by a lessee are not paid within the time specified, simple interest at the rate of 24 per cent per annum may be charged on the amount remaining unpaid from the sixtieth day of the expiry of the date fixed for payment of such dues. For the purpose of calculation of interest, the GOM fixed the due dates as follows:

Half yearly ending	Due date
30 June	31 July
31 December	31 January

⁷ M/s JUD Cement Limited

⁸ Royalty realisable = 30984.80 MT x ₹ 63 = ₹ 19.52 lakh
 Royalty realised = ₹ 13.94 lakh
 Royalty less realised = ₹ 5.58 lakh

The case was reported to the Mining & Geology Department, GOM in January 2012; reply was awaited (March 2013).

Shillong
The

(A.W.K. Langstieh)
Principal Accountant General (Audit)
Meghalaya

Countersigned

New Delhi
The

(Vinod Rai)
Comptroller & Auditor General of India

ANNEXURE-I (REFERENCE PARA NO. 2.8.8.3)

SL No.	Name of dealer	TIN No	Date of Liability	Remarks	Circle
1	SMT. BAI NONGRUM	17060737040	01/05/2005	NO RETURN	CIRCLE-VI
2	BASHISHA DELIKET MAWKON	17060212056	01/05/2005	NO RETURN	CIRCLE-VI
3	DONSKOBAR TEIDOR KHONGWIR	17060521021	01/05/2005	NO RETURN	CIRCLE-VI
4	ASSUNTA MARY WARSHONG	17060205072	01/05/2005	NO RETURN	CIRCLE-VI
5	B.M.ENTERPRISE	17061709077	06/07/2009	NO RETURN	CIRCLE-VI
6	T.K.DAS	17060758089	21/01/2005	NO RETURN	CIRCLE-VI
7	U. S. STORE	17061622068	05/05/2009	NO RETURN	CIRCLE-VI
8	ANDY KHONGSIT	17061799093	19/11/2009	NO RETURN	CIRCLE-VI
9	DAPHISHISHA NONGKYNRIH	17061153073	17/05/2007	NO RETURN	CIRCLE-VI
10	DEIBANRI MAWBLEI	17061951092	14/06/2010	NO RETURN	CIRCLE-VI
11	FRANCIS COLOL MAWIONG	17061400035	08/07/2008	NO RETURN	CIRCLE-VI
12	GLORINA M. WANKHAR	17061338052	29/05/2008	NO RETURN	CIRCLE-VI
13	H. AITIMON MAWROH	17061305072	28/03/2008	NO RETURN	CIRCLE-VI
14	HYNNIEW TREP MOTOR WORKS	17061565032	01/11/2008	NO RETURN	CIRCLE-VI
15	MIDAS TOUCH	17061315063	24/04/2008	NO RETURN	CIRCLE-VI
16	SABRINA KHRIAM	17061414003	22/07/2008	NO RETURN	CIRCLE-VI
17	SHLUR SING KHONGSDAM	17061045015	06/09/2006	NO RETURN	CIRCLE-VI
18	SILVERMAN MAWRIE	17061430008	11/07/2008	NO RETURN	CIRCLE-VI
19	T.S.ENTERPRISES	17060817065	01/05/2005	NO RETURN	CIRCLE-VI
20	AIOM PAMTHIED	17100228068	01/05/2005	NO RETURN	JOWAI
21	BILL STEN	17102044005	19/02/2009	NO RETURN	JOWAI
22	BONSING RYNGKHLEM	17101958063	02/02/2010	NO RETURN	JOWAI
23	DEIBORMITRE KYNDIAH	17101336002	01/07/2007	NO RETURN	JOWAI
24	EVODEA FLORA GATPHOH	17101830023	21/07/2006	NO RETURN	JOWAI
25	FAZAL WAR NONGBRI	17101978045	03/06/2008	NO RETURN	JOWAI
26	FULLNESS RYNGKHLEM	17100224091	17/07/2006	NO RETURN	JOWAI
27	IARAP DKHAR	17102938054	31/05/2006	NO RETURN	JOWAI
28	IENGBOK SURONG	17100584058	16/06/2006	NO RETURN	JOWAI
29	JOPHAS KHARBITHAI	17100595019	31/05/2006	NO RETURN	JOWAI
30	K. POHLENG ENTERPRISE	17102294071	01/05/2005	NO RETURN	JOWAI
31	KAM KHAI	17100636050	23/06/2006	NO RETURN	JOWAI
32	KITBOK NONGSEIJ	17101842051	09/08/2007	NO RETURN	JOWAI
33	KMEN PAKMA	17101538053	24/07/2006	NO RETURN	JOWAI
34	KYRMEN AMTRA	17100729073	12/07/2006	NO RETURN	JOWAI
35	LUCYBELL PASSAH	17102458098	17/08/2006	NO RETURN	JOWAI
36	MANGKARA BAREH	17102765006	23/04/2009	NO RETURN	JOWAI
37	MEMORANDA PYRNGAP	17100399079	23/03/2006	NO RETURN	JOWAI
38	MIT PHAWA	17100546034	31/05/2006	NO RETURN	JOWAI
39	MIWAN POHLONG	17101613034	31/07/2006	NO RETURN	JOWAI
40	O.C PASSAH	17100515091	22/05/2006	NO RETURN	JOWAI
41	OMRIS LYNGDOH	17103015072	27/05/2010	NO RETURN	JOWAI
42	PANHOK SHILLA	17100818022	24/11/2006	NO RETURN	JOWAI
43	RIMIKI NANGHULOO	17101522048	31/05/2006	NO RETURN	JOWAI
44	SALAN MYRIA	17102841054	24/07/2006	NO RETURN	JOWAI
45	SHEDRACK SUMER	17102230051	19/10/2009	NO RETURN	JOWAI
46	SIBIL SURONG	17101783075	03/03/2008	NO RETURN	JOWAI
47	TAM POHTI	17102761029	19/07/2006	NO RETURN	JOWAI
48	TAN PAMTHIED	17100295095	03/02/2006	NO RETURN	JOWAI
49	THROWIS LAMO	17102585071	30/06/2006	NO RETURN	JOWAI
50	WANBAIT LAPASAM	17100993010	22/05/2007	NO RETURN	JOWAI
51	WANJANHAKA SUTING	17102416097	17/05/2010	NO RETURN	JOWAI
52	WINOOS LAMARE	17102232088	16/06/2006	NO RETURN	JOWAI
53	KHREHBHA RYMBAI	17101061007	22/05/2007	NO RETURN	JOWAI
54	ABHIJIT SYIEM	17090455027	01/06/2007	NO RETURN	NONGPOH
55	BALAJIED KONJIR	17090520017	01/06/2007	NO RETURN	NONGPOH
56	FRANCIS RANI	17090490044	02/07/2007	NO RETURN	NONGPOH
57	PYNSNGEWBHA RYMPEI	17090820038	28/05/2008	NO RETURN	NONGPOH
58	SOBITA MARY DKHAR	17091005017	31/05/2008	NO RETURN	NONGPOH
59	SPAINDERNESS MARWEIN	17091433078	01/04/2010	NO RETURN	NONGPOH
60	STEIN NONGBSAP	17091373035	01/04/2010	NO RETURN	NONGPOH

61	MARBINROI KHARBULI	17091039064	01/02/2008	NO RETURN	NONGPOH
62	PATRICIA BASAIWMOIT	17090443096	21/06/2007	NO RETURN	NONGPOH
63	BLOSSOM WAHLANG	17090631057	02/08/2007	NO RETURN	NONGPOH
64	PRELINA PARIONG	17091018015	01/07/2008	NO RETURN	NONGPOH
65	S.S. ENTERPRISE	17090286053	14/02/2007	NO RETURN	NONGPOH
66	ABDUL RAFFI	17111537007	06/07/2010	NO RETURN	TURA
67	ALEXANDER GRAHAMBEL R MARAK	17111392089	01/07/2010	NO RETURN	TURA
68	ARBINSTONE B MARAK	17111533030	10/05/2010	NO RETURN	TURA
69	ASHOK KHANDELWAL	17110555076	04/12/2006	NO RETURN	TURA
70	BABA BASTRALAYA	17110141060	01/05/2005	NO RETURN	TURA
71	BETHUEL CH MARAK	17111354065	22/06/2010	NO RETURN	TURA
72	BILLIPSTAR N SANGMA	17111271033	27/04/2010	NO RETURN	TURA
73	BLINSON M MARAK	17111433023	01/07/2010	NO RETURN	TURA
74	CLARA A MARAK	17111274040	06/05/2006	NO RETURN	TURA
75	ETHINDRA B MARAK	17110596010	01/02/2007	NO RETURN	TURA
76	FRIDINA D SHIRA	17111055014	05/08/2009	NO RETURN	TURA
77	GOODMONY MARAK	17110937062	04/12/2008	NO RETURN	TURA
78	HERCULES A. SANGMA	17110916013	11/11/2008	NO RETURN	TURA
79	HILSTONE CH MARAK	17111477061	17/06/2010	NO RETURN	TURA
80	JHONCLIF SANGMA	17110548092	30/11/2006	NO RETURN	TURA
81	JIM M MARAK	17111293052	19/05/2010	NO RETURN	TURA
82	JYOTI CONSTRO COMMERCIALS	17110913006	26/06/2007	NO RETURN	TURA
83	KEJENDRO SANGMA	17110532087	29/10/2006	NO RETURN	TURA
84	LEELA ARENGH	17111458049	24/08/2010	NO RETURN	TURA
85	LOUIS T SANGMA	17110665074	10/06/2007	NO RETURN	TURA
86	MINGGAM N. SANGMA	17111156088	09/11/2009	NO RETURN	TURA
87	MITILLA A SANGMA	17111565040	30/06/2010	NO RETURN	TURA
88	MOKBUL HOSSAIN	17111540014	17/06/2010	NO RETURN	TURA
89	NIRANJAN NAG	17111173063	02/11/2009	NO RETURN	TURA
90	PIJUSH BHATTACHARJEE	17110455069	07/08/2006	NO RETURN	TURA
91	PROMILLA R MARAK	17110000261	01/12/2005	NO RETURN	TURA
92	SALSENG R MARAK	17110682049	11/07/2007	NO RETURN	TURA
93	SANGMA ENTERPISE	17160225090	01/05/2008	NO RETURN	TURA
94	SAZIDUR RAHMAN MOLLAH	17111550005	28/06/2010	NO RETURN	TURA
95	TARSEY A SANGMA	17111245037	03/03/2010	NO RETURN	TURA
96	WATSENG SANGMA	17110648002	01/06/2007	NO RETURN	TURA
97	WILLARFORD SANGMA	17110538004	23/11/2006	NO RETURN	TURA
98	WINSTONE D. SANGMA	17110920087	17/11/2008	NO RETURN	TURA
99	SRITI THREAD ISLAND	17110019067	01/05/2005	NO RETURN	TURA
100	BOTHINDRO CH MARAK	17111336023	30/06/2010	NO RETURN	TURA
101	PREJINI CH MARAK	17111573091	29/04/2010	NO RETURN	TURA
102	ASHISH & ASSOCIATES	17130171095	05/01/2009	NO RETURN	CIRCLE 2
103	CANE FURNITURE SHOP	17020457014	05/10/2005	NO RETURN	CIRCLE 2
104	CHOWDHURY PHARMACY	17020721048	13/06/2006	NO RETURN	CIRCLE 2
105	CITY MOBILE	17021285006	23/10/2008	NO RETURN	CIRCLE 2
106	D. S. SYSTEMS PVT. LTD.	17130223087	30/06/2010	NO RETURN	CIRCLE 2
107	ESSAR OIL LIMITED	17130190010	28/08/2009	NO RETURN	CIRCLE 2
108	GUNJ ASSOCIATES	17130216006	27/03/2010	NO RETURN	CIRCLE 2
109	HINDUSTAN METAL REFINING WORKS PVT LTD	17130175072	19/02/2009	NO RETURN	CIRCLE 2
110	INDIANG BANK,SHILLONG BRANCH	17130189040	25/08/2009	NO RETURN	CIRCLE 2
111	LALOO'S SHILLONG FED	17020678077	09/05/2006	NO RETURN	CIRCLE 2
112	LITALIN SUNN	17021242035	07/11/2007	NO RETURN	CIRCLE 2
113	MOBILE CENTRE	17130109015	14/06/2005	NO RETURN	CIRCLE 2
114	POOJA ASSOCIATES (CONTRACT DIV.)	17130166051	24/11/2008	NO RETURN	CIRCLE 2
115	QUIPPPO TELECOM INFRASTRUCTURE LTD	17130164014	29/10/2008	NO RETURN	CIRCLE 2
116	SHREE GAUTAM CONST.CO.PVT.LTD.	17130114059	11/05/2006	NO RETURN	CIRCLE 2
117	TRIBENI CONSTRUCTIONS (P)LTD	17130142092	05/05/2008	NO RETURN	CIRCLE 2
118	WANTER DIENGDOH	17060510060	01/05/2005	NIL RETURN	CIRCLE-VI
119	DAGLEY LYNGSKOR	17061412063	01/05/2005	NIL RETURN	CIRCLE-VI
120	PHROLY SURONG	17060238052	01/05/2005	NIL RETURN	CIRCLE-VI
121	MERIT SYIEMIONG	17060882055	01/05/2005	NIL RETURN	CIRCLE-VI

122	BEAUTY SHADAP	17060661089	01/05/2005	NIL RETURN	CIRCLE-VI
123	HESTON BUHPHANG	17060303042	01/05/2005	NIL RETURN	CIRCLE-VI
124	HESTON BUHPHANG	17060303042	01/05/2005	NIL RETURN	CIRCLE-VI
125	SYNROPBORLANG MYNSONG	17060282090	01/05/2005	NIL RETURN	CIRCLE-VI
126	HORELL MAWTHOH	17060329038	01/05/2005	NIL RETURN	CIRCLE-VI
127	IDUNA MYNSONG	17061536029	02/01/2009	NIL RETURN	CIRCLE-VI
128	IOHBOR SOHTUN	17061023093	01/08/2006	NIL RETURN	CIRCLE-VI
129	JOKES WARBAH	17060248043	01/05/2005	NIL RETURN	CIRCLE-VI
130	TEIBORLANG WANKHAR	17061712084	20/07/2009	NIL RETURN	CIRCLE-VI
131	TELLING BUHPHANG	17061759032	16/09/2009	NIL RETURN	CIRCLE-VI
132	TYMPANG POHSHNA	17061652041	25/06/2008	NIL RETURN	CIRCLE-VI
133	YORINA KHONGSIT	17061655048	12/05/2009	NIL RETURN	CIRCLE-VI
134	A. MARWEIN	17061719068	30/07/2009	NIL RETURN	CIRCLE-VI
135	AKADIUS MARBANIANG	17061382090	12/06/2008	NIL RETURN	CIRCLE-VI
136	ARTIST SKHAR	17061701026	26/06/2009	NIL RETURN	CIRCLE-VI
137	AUGUSTINE MARBANIANG	17061700056	02/07/2009	NIL RETURN	CIRCLE-VI
138	BANLUMLANG THANGKHIEW	17061560085	25/02/2009	NIL RETURN	CIRCLE-VI
139	BATEINAM S LYNGDOH NONGBRI	17061380053	09/05/2008	NIL RETURN	CIRCLE-VI
140	CALLISTUS SYIEMLIEH	17061670083	24/06/2009	NIL RETURN	CIRCLE-VI
141	CARMELSTONE SOHTUN	17061093030	14/11/2006	NIL RETURN	CIRCLE-VI
142	CHRISTINE SYIEMLIEH	17061675030	25/05/2009	NIL RETURN	CIRCLE-VI
143	DISLON KHRIAM	17062022096	01/06/2010	NIL RETURN	CIRCLE-VI
144	DRIALSINA NONGKYNRIH	17060908051	01/05/2006	NIL RETURN	CIRCLE-VI
145	FLORENCE SUTING	17061952062	11/06/2010	NIL RETURN	CIRCLE-VI
146	GRACE LAMBERT RYMBAI	17061224077	22/08/2007	NIL RETURN	CIRCLE-VI
147	HAMDON DKHAR	17061343096	25/05/2008	NIL RETURN	CIRCLE-VI
148	HAPPYSON KHONGLAM	17061458041	0427/8/8	NIL RETURN	CIRCLE-VI
149	JANSING M TYNSONG	17061375009	17/06/2008	NIL RETURN	CIRCLE-VI
150	JENNYSON MAJAW	17061377046	26/06/2008	NIL RETURN	CIRCLE-VI
151	JOE ENGINEERING WORK'S	17061258027	03/12/2007	NIL RETURN	CIRCLE-VI
152	JORLY LYTING	17061999010	01/04/2010	NIL RETURN	CIRCLE-VI
153	JUSTIN UMSONG	17061391014	30/06/2008	NIL RETURN	CIRCLE-VI
154	KESTO KHONGMALAI	17061711017	15/07/2009	NIL RETURN	CIRCLE-VI
155	KINO KHARKONGOR	17061203028	31/07/2007	NIL RETURN	CIRCLE-VI
156	KISHON WARLARPIH	17061050059	26/09/2006	NIL RETURN	CIRCLE-VI
157	KITKUPAR MARBOH	17061829066	02/05/2009	NIL RETURN	CIRCLE-VI
158	KOMA THABAH	17061614017	30/04/2009	NIL RETURN	CIRCLE-VI
159	KORDOR POHTHMI	17061940034	19/06/2010	NIL RETURN	CIRCLE-VI
160	KROSSTAR KHONGSIT	17061995033	09/07/2010	NIL RETURN	CIRCLE-VI
161	KYNSAI DKHAR	17060804067	01/05/2008	NIL RETURN	CIRCLE-VI
162	LAMBERT KHARPATI	17061172085	29/06/2007	NIL RETURN	CIRCLE-VI
163	LEO KHARKONGOR	17061455034	31/07/2008	NIL RETURN	CIRCLE-VI
164	LIBYA NONGSPUNG	17061870097	01/05/2005	NIL RETURN	CIRCLE-VI
165	LURSTAR LYMBA	17061723045	30/07/2009	NIL RETURN	CIRCLE-VI
166	P. IAWPHNIAW	17061963023	10/05/2010	NIL RETURN	CIRCLE-VI
167	P.FASTER FILL NONGKYNRIH	17061052096	07/09/2006	NIL RETURN	CIRCLE-VI
168	PEIPHANG SHANGPLIANG	17061434082	11/08/2008	NIL RETURN	CIRCLE-VI
169	PHILEMON KHARMYNDAI	17060985069	01/05/2005	NIL RETURN	CIRCLE-VI
170	PHRINGLEY MARWEIN	17061567069	24/02/2009	NIL RETURN	CIRCLE-VI
171	PRECIOUS SUMER	17062028013	23/07/2010	NIL RETURN	CIRCLE-VI
172	PROTASIOUS LYNGDOH	17061540006	23/01/2009	NIL RETURN	CIRCLE-VI
173	SARANI BORO	17060708037	01/05/2005	NIL RETURN	CIRCLE-VI
174	SINOPHIL TARIANG	17061433015	03/07/2008	NIL RETURN	CIRCLE-VI
175	IOANIS JWOR LYNGBA	17062178072	02/02/2011	NIL RETURN	CIRCLE-VI
176	SUNITA KHARUMNUID	17061913068	19/05/2010	NIL RETURN	CIRCLE-VI
177	THWEN MUKHIM	17061853025	01/04/2010	NIL RETURN	CIRCLE-VI
178	TRON NONGRUM	17060736070	01/05/2005	NIL RETURN	CIRCLE-VI
179	ALBERT BAMON	17102336072	09/06/2008	NIL RETURN	JOWAI
180	AMSTRONG THMA	17100609084	26/06/2006	NIL RETURN	JOWAI
181	ANTHONY SHYLLA	17102530072	09/06/2008	NIL RETURN	JOWAI
182	ARLY SHYLLA	17102560045	08/06/2010	NIL RETURN	JOWAI
183	ARWANKI SUNGOH	17102807007	30/06/2010	NIL RETURN	JOWAI
184	BELONG POHTAM	17100983019	13/07/2006	NIL RETURN	JOWAI

185	BENDRO LAKASHIANG	17102526095	24/05/2006	NIL RETURN	JOWAI
186	BLOIN SHYLLA	17100625089	28/06/2006	NIL RETURN	JOWAI
187	DARWIN F. GATPHOH	17102763066	31/07/2006	NIL RETURN	JOWAI
188	DETERJONE SHYLLA	17100770007	12/07/2006	NIL RETURN	JOWAI
189	EARLY PALE	17102867050	09/06/2007	NIL RETURN	JOWAI
190	FRANCOSTER MYLLIEM	17102909051	11/08/2006	NIL RETURN	JOWAI
191	HAMLET LANGBANG	17100076069	01/05/2005	NIL RETURN	JOWAI
192	HEIMON TANG	17103031077	22/09/2010	NIL RETURN	JOWAI
193	HINSIMAI DKHAR	17102299018	..	NIL RETURN	JOWAI
194	JASPER IOUS SLONG	17101693059	12/05/2006	NIL RETURN	JOWAI
195	LAKHON NANGHULOO	17102410083	25/06/2007	NIL RETURN	JOWAI
196	LAWANDAP SLONG	17102280006	01/02/2010	NIL RETURN	JOWAI
197	LUMKI LATO	17100286074	30/06/2006	NIL RETURN	JOWAI
198	MORNING DHAR	17102993053	11/06/2008	NIL RETURN	JOWAI
199	NALBAS RYMBAI	17101197098	09/08/2007	NIL RETURN	JOWAI
200	NIYANGA LALOO	17101129004	28/04/2006	NIL RETURN	JOWAI
201	RIWANKA RYNGKHEM	17100708024	12/07/2006	NIL RETURN	JOWAI
202	RIYOMIKI DHAR	17102370022	15/04/2008	NIL RETURN	JOWAI
203	SATURDAY GASHNGA	17102204055	05/05/2005	NIL RETURN	JOWAI
204	SOOKI LHUID	17101821002	04/07/2006	NIL RETURN	JOWAI
205	WAIBORLANGKI SOHLANG	17102330058	21/05/2008	NIL RETURN	JOWAI
206	KOPHIN MUKHIM	17102617081	21/05/2008	NIL RETURN	JOWAI
207	MARSHAL MYRPHET	17100292088	02/02/2006	NIL RETURN	JOWAI
208	THEODOROUS. Q SUIAM	17102482057	24/05/2010	NIL RETURN	JOWAI
209	ATLAN LALOO	17091107061	01/05/2009	NIL RETURN	NONGPOH
210	SHARITILIN NONGRUM	17091370028	01/04/2010	NIL RETURN	NONGPOH
211	SYLVESTER MASHARING	17090543006	01/06/2007	NIL RETURN	NONGPOH
212	JUDITHMARY WAHLANG	17090889005	26/06/2008	NIL RETURN	NONGPOH
213	KITBOKLANG MARWEIN	17090850011	13/06/2008	NIL RETURN	NONGPOH
214	LOWIS UMBAH	17091489047	05/07/2010	NIL RETURN	NONGPOH
215	BAILENSON DOHLING	17090713047	19/09/2007	NIL RETURN	NONGPOH
216	LERISNORA RYNGHANG	17091350046	01/04/2010	NIL RETURN	NONGPOH
217	B. MARBANIANG	17091530078	19/07/2010	NIL RETURN	NONGPOH
218	BANIL KLEIN	17090683074	28/08/2008	NIL RETURN	NONGPOH
219	BUNG MAWLONG	17090220093	04/07/2006	NIL RETURN	NONGPOH
220	C. MUKHIM	17090837013	10/06/2008	NIL RETURN	NONGPOH
221	DECISION KSHIAR	17091287093	01/04/2010	NIL RETURN	NONGPOH
222	DENGROY KHARNAIOR	17090996093	10/09/2008	NIL RETURN	NONGPOH
223	DMIKLY LYNGKHOI	17091499038	26/07/2010	NIL RETURN	NONGPOH
224	DRIBON MAWLONG	17090716054	01/08/2007	NIL RETURN	NONGPOH
225	ELIBON MARBANIANG	17090768046	29/01/2008	NIL RETURN	NONGPOH
226	EMILY T. COMMUNICATION	17090158013	13/02/2008	NIL RETURN	NONGPOH
227	F. R. MARAK	17091399031	01/04/2010	NIL RETURN	NONGPOH
228	O. MONGU	17090982028	05/09/2008	NIL RETURN	NONGPOH
229	PRINA WARDKHAR	17090576083	01/07/2007	NIL RETURN	NONGPOH
230	PUDON THANGKHIEW	17090782014	23/04/2008	NIL RETURN	NONGPOH
231	R. KHARHUNAI	17090867083	25/06/2008	NIL RETURN	NONGPOH
232	RISMELA NONGSIEJ	17090527098	01/06/2007	NIL RETURN	NONGPOH
233	ROCKING LYNGDOH	17091390010	09/06/2010	NIL RETURN	NONGPOH
234	S. KHARSATI	17091496031	26/07/2010	NIL RETURN	NONGPOH
235	S. SUTING	17090919075	03/07/2008	NIL RETURN	NONGPOH
236	SUNDMORN SHADAP	17091478086	01/07/2010	NIL RETURN	NONGPOH
237	SAMUEL CH. MOMIN	17111025041	07/05/2010	NIL RETURN	TURA
238	POL SANGMA	17111401013	18/06/2010	NIL RETURN	TURA
239	PURBALLINE A. SANGMA	17110595040	08/03/2007	NIL RETURN	TURA
240	PRESBINA D SANGMA	17111269093	12/05/2010	NIL RETURN	TURA
241	RITA PALA	17110708045	15/10/2007	NIL RETURN	TURA
242	RIKGITCHAM RANGITCHAM ENTERPRISE	17111305080	21/05/2010	NIL RETURN	TURA
243	ABDUL JALIL SK	17110997008	05/06/2009	NIL RETURN	TURA
244	AKHUNNI CH MARAK	17110806015	29/06/2008	NIL RETURN	TURA
245	ANDREAS T. SANGMA	17110972079	24/03/2009	NIL RETURN	TURA
246	ARTHERSON CH SANGMA	17111530023	20/05/2010	NIL RETURN	TURA

247	ARWISH C. MARAK	17111137076	22/10/2009	NIL RETURN	TURA
248	BENITHA N MARAK	17111081010	08/09/2009	NIL RETURN	TURA
249	BINA HAJONG	17110249041	01/01/2006	NIL RETURN	TURA
250	BRIHOSDINA CH MOMIN	17111504027	01/10/2010	NIL RETURN	TURA
251	BULBUL W MOMIN	17110786033	04/06/2008	NIL RETURN	TURA
252	ELBINA CH MARAK	17111026011	01/07/2009	NIL RETURN	TURA
253	ENJIL G. MOMIN	17110915043	04/11/2008	NIL RETURN	TURA
254	FARITHA CH MARAK	17111450095	05/08/2010	NIL RETURN	TURA
255	FLORENCE D. MARAK	17111138046	21/10/2009	NIL RETURN	TURA
256	GLADYS CH MARAK	17111215064	21/01/2010	NIL RETURN	TURA
257	GOLAM SORWAR MONDAL	17110851023	30/07/2008	NIL RETURN	TURA
258	GRIKSENG CH MARAK	17111376084	07/06/2010	NIL RETURN	TURA
259	GUNICHON MARAK	17111013013	08/06/2009	NIL RETURN	TURA
260	HEWLETT B. SANGMA	17111417018	04/08/2010	NIL RETURN	TURA
261	JEMETHY R MARAK	17111466003	01/07/2010	NIL RETURN	TURA
262	JOHN KENNEDY SANGMA	17110955007	05/02/2009	NIL RETURN	TURA
263	LUXMERRY D SHIRA	17111399073	09/07/2010	NIL RETURN	TURA
264	MEGHA ENTERPRISE	17111457079	21/09/2010	NIL RETURN	TURA
265	METHILA R MARAK	17110959081	13/02/2009	NIL RETURN	TURA
266	MOTISH SANGMA	17110890017	22/10/2008	NIL RETURN	TURA
267	NONJEN M MARAK	17110508031	04/10/2006	NIL RETURN	TURA
268	RAJENDRA HAJONG	17110289005	01/02/2006	NIL RETURN	TURA
269	RENISH R MARAK	17111007096	17/06/2009	NIL RETURN	TURA
270	RODALINE R MARAK	17111365026	23/06/2010	NIL RETURN	TURA
271	SALGINCHI CH MARAK	17111071019	03/08/2009	NIL RETURN	TURA
272	SILSANG R MARAK	17111435060	01/09/2010	NIL RETURN	TURA
273	SLEEVIN SANGMA	17110893024	21/10/2008	NIL RETURN	TURA
274	PAROLISH N MARAK	17111439037	23/09/2010	NIL RETURN	TURA
275	SOBESWARI KOCH	17111321085	30/04/2010	NIL RETURN	TURA
276	SOMERSON A SANGMA	17111272003	13/05/2010	NIL RETURN	TURA
277	SUNITA ENTERPRISE	17110091008	01/05/2005	NIL RETURN	TURA
278	WITHNEN SANGMA	17110868095	16/09/2008	NIL RETURN	TURA
278	WITHNEN SANGMA	17110868095	16/09/2008	NIL RETURN	TURA

ANNEXURE-II (REFERENCE PARA NO. 2.8.9.1)

Sl. No.	Name of Dealer	TIN No.	Date of Liability	Circle	Number of quarterly returns due (calculated from April 2007 to March 2012)
1	SMT. BAI NONGRUM	17060737040	01/05/2005	CIRCLE-VI	20
2	BASHISHA DELIKET MAWKON	17060212056	01/05/2005	CIRCLE-VI	20
3	DONSKOBAR TEIDOR KHONGWIR	17060521021	01/05/2005	CIRCLE-VI	20
4	ASSUNTA MARY WARSHONG	17060205072	01/05/2005	CIRCLE-VI	20
5	B.M. ENTERPRISE	17061709077	06/07/2009	CIRCLE-VI	11
6	T.K.DAS	17060758089	21/01/2005	CIRCLE-VI	20
7	U. S. STORE	17061622068	05/05/2009	CIRCLE-VI	11
8	ANDY KHONGSIT	17061799093	19/11/2009	CIRCLE-VI	10
9	DAPHISHISHA NONGKYNRIH	17061153073	17/05/2007	CIRCLE-VI	20
10	DEIBANRI MAWBLEI	17061951092	14/06/2010	CIRCLE-VI	7
11	FRANCIS COLOL MAWIONG	17061400035	08/07/2008	CIRCLE-VI	15
12	GLORINA M. WANKHAR	17061338052	29/05/2008	CIRCLE-VI	16
13	H. AITIMON MAWROH	17061305072	28/03/2008	CIRCLE-VI	16
14	HYNNIEW TREP MOTOR WORKS	17061565032	01/11/2008	CIRCLE-VI	14
15	MIDAS TOUCH	17061315063	24/04/2008	CIRCLE-VI	16
16	SABRINA KHRIAM	17061414003	22/07/2008	CIRCLE-VI	15
17	SHLUR SING KHONGSDAM	17061045015	06/09/2006	CIRCLE-VI	20
18	SILVERMAN MAWRIE	17061430008	11/07/2008	CIRCLE-VI	15
19	T.S. ENTERPRISES	17060817065	01/05/2005	CIRCLE-VI	20
20	AIOM PAMTHIED	17100228068	01/05/2005	JOWAI	20
21	BILL STEN	17102044005	19/02/2009	JOWAI	13
22	BONSING RYNGKHEM	17101958063	02/02/2010	JOWAI	9
23	DEIBORMITRE KYNDIAH	17101336002	01/07/2007	JOWAI	19
24	EVODEA FLORA GATPHOH	17101830023	21/07/2006	JOWAI	20
25	FAZAL WAR NONGBRI	17101978045	03/06/2008	JOWAI	15
26	FULLNESS RYNGKHEM	17100224091	17/07/2006	JOWAI	20
27	IARAP DKHAR	17102938054	31/05/2006	JOWAI	20
28	IENGBOK SURONG	17100584058	16/06/2006	JOWAI	20
29	JOPHAS KHARBITHAI	17100595019	31/05/2006	JOWAI	20
30	K. POHLENG ENTERPRISE	17102294071	01/05/2005	JOWAI	20
31	KAM KHAI	17100636050	23/06/2006	JOWAI	20
32	KITBOK NONGSEJ	17101842051	09/08/2007	JOWAI	19
33	KMEN PAKMA	17101538053	24/07/2006	JOWAI	20
34	KYRMEN AMTRA	17100729073	12/07/2006	JOWAI	20
35	LUCYBELL PASSAH	17102458098	17/08/2006	JOWAI	20
36	MANGKARA BAREH	17102765006	23/04/2009	JOWAI	11
37	MEMORANDA PYRNGAP	17100399079	23/03/2006	JOWAI	20
38	MIT PHAWA	17100546034	31/05/2006	JOWAI	20
39	MIWAN POHLONG	17101613034	31/07/2006	JOWAI	20
40	O.C PASSAH	17100515091	22/05/2006	JOWAI	20
41	OMRIS LYNGDOH	17103015072	27/05/2010	JOWAI	8
42	PANHOK SHILLA	17100818022	24/11/2006	JOWAI	20
43	RIMIKI NANGHULOO	17101522048	31/05/2006	JOWAI	20
44	SALAN MYRIA	17102841054	24/07/2006	JOWAI	20
45	SHEDRACK SUMER	17102230051	19/10/2009	JOWAI	10
46	SIBIL SURONG	17101783075	03/03/2008	JOWAI	16
47	TAM POHTI	17102761029	19/07/2006	JOWAI	20
48	TAN PAMTHIED	17100295095	03/02/2006	JOWAI	20
49	THROWIS LAMO	17102585071	30/06/2006	JOWAI	20
50	WANBAIT LAPASAM	17100993010	22/05/2007	JOWAI	20
51	WANJANHAKA SUTING	17102416097	17/05/2010	JOWAI	8
52	WINOOS LAMARE	17102232088	16/06/2006	JOWAI	20
53	KHREHBHA RYMBAI	17101061007	22/05/2007	JOWAI	20
54	ABHIJIT SYIEM	17090455027	01/06/2007	NONGPOH	19
55	BALAJIED KONJIR	17090520017	01/06/2007	NONGPOH	19
56	FRANCIS RANI	17090490044	02/07/2007	NONGPOH	19
57	PYNSNGEWBHA RYMPEI	17090820038	28/05/2008	NONGPOH	16
58	SOBITA MARY DKHAR	17091005017	31/05/2008	NONGPOH	16

59	SPAINDERNESS MARWEIN	17091433078	01/04/2010	NONGPOH	8
60	STEIN NONGBSAP	17091373035	01/04/2010	NONGPOH	8
61	MARBINROI KHARBULI	17091039064	01/02/2008	NONGPOH	17
62	PATRICIA BASAIWMOIT	17090443096	21/06/2007	NONGPOH	20
63	BLOSSOM WAHLANG	17090631057	02/08/2007	NONGPOH	19
64	PRELINA PARIONG	17091018015	01/07/2008	NONGPOH	15
65	S.S. ENTERPRISE	17090286053	14/02/2007	NONGPOH	20
66	ABDUL RAFFI	17111537007	06/07/2010	TURA	7
67	ALEXANDER GRAHAMBEL R MARAK	17111392089	01/07/2010	TURA	7
68	ARBINSTONE B MARAK	17111533030	10/05/2010	TURA	8
69	ASHOK KHANDELWAL	17110555076	04/12/2006	TURA	20
70	BABA BASTRALAYA	17110141060	01/05/2005	TURA	20
71	BETHUEL CH MARAK	17111354065	22/06/2010	TURA	7
72	BILLIPSTAR N SANGMA	17111271033	27/04/2010	TURA	8
73	BLINSON M MARAK	17111433023	01/07/2010	TURA	7
74	CLARA A MARAK	17111274040	06/05/2006	TURA	20
75	ETHINDRA B MARAK	17110596010	01/02/2007	TURA	20
76	FRIDINA D SHIRA	17111055014	05/08/2009	TURA	11
77	GOODMONY MARAK	17110937062	04/12/2008	TURA	13
78	HERCULES A. SANGMA	17110916013	11/11/2008	TURA	14
79	HILSTONE CH MARAK	17111477061	17/06/2010	TURA	7
80	JHONCLIF SANGMA	17110548092	30/11/2006	TURA	20
81	JIM M MARAK	17111293052	19/05/2010	TURA	8
82	JYOTI CONSTRO COMMERCIALS	17110913006	26/06/2007	TURA	20
83	KEJENDRO SANGMA	17110532087	29/10/2006	TURA	20
84	LEELA ARENGH	17111458049	24/08/2010	TURA	7
85	LOUIS T SANGMA	17110665074	10/06/2007	TURA	20
86	MINGGAM N. SANGMA	17111156088	09/11/2009	TURA	10
87	MITILLA A SANGMA	17111565040	30/06/2010	TURA	7
88	MOKBUL HOSSAIN	17111540014	17/06/2010	TURA	7
89	NIRANJAN NAG	17111173063	02/11/2009	TURA	10
90	PIJUSH BHATTACHARJEE	17110455069	07/08/2006	TURA	20
91	PROMILLA R MARAK	17110000261	01/12/2005	TURA	20
92	SALSENG R MARAK	17110682049	11/07/2007	TURA	19
93	SANGMA ENTERPISE	17160225090	01/05/2008	TURA	16
94	SAZIDUR RAHMAN MOLLAH	17111550005	28/06/2010	TURA	7
95	TARSEY A SANGMA	17111245037	03/03/2010	TURA	8
96	WATSENG SANGMA	17110648002	01/06/2007	TURA	20
97	WILLARFORD SANGMA	17110538004	23/11/2006	TURA	20
98	WINSTONE D. SANGMA	17110920087	17/11/2008	TURA	14
99	SRITI THREAD ISLAND	17110019067	01/05/2005	TURA	20
100	BOTHINDRO CH MARAK	17111336023	30/06/2010	TURA	7
101	PREJINI CH MARAK	17111573091	29/04/2010	TURA	8
102	ASHISH & ASSOCIATES	17130171095	05/01/2009	CIRCLE 2	13
103	CANE FURNITURE SHOP	17020457014	05/10/2005	CIRCLE 2	20
104	CHOWDHURY PHARMACY	17020721048	13/06/2006	CIRCLE 2	20
105	CITY MOBILE	17021285006	23/10/2008	CIRCLE 2	14
106	D. S. SYSTEMS PVT. LTD.	17130223087	30/06/2010	CIRCLE 2	7
107	ESSAR OIL LIMITED	17130190010	28/08/2009	CIRCLE 2	11
108	GUNJ ASSOCIATES	17130216006	27/03/2010	CIRCLE 2	8
109	HINDUSTAN METAL REFINING WORKS PVT LTD	17130175072	19/02/2009	CIRCLE 2	13
110	INDIANG BANK,SHILLONG BRANCH	17130189040	25/08/2009	CIRCLE 2	11
111	LALOO'S SHILLONG FED	17020678077	09/05/2006	CIRCLE 2	20
112	LITALIN SUNN	17021242035	07/11/2007	CIRCLE 2	15
113	MOBILE CENTRE	17130109015	14/06/2005	CIRCLE 2	20
114	POOJA ASSOCIATES (CONTRACT DIV.)	17130166051	24/11/2008	CIRCLE 2	14
115	QUIPPO TELECOM INFRASTRUCTURE LTD	17130164014	29/10/2008	CIRCLE 2	14
116	SHREE GAUTAM CONST.CO.PVT.LTD.	17130114059	11/05/2006	CIRCLE 2	20
117	TRIBENI CONSTRUCTIONS (P) LTD	17130142092	05/05/2008	CIRCLE 2	16
TOTAL					1211

ANNEXURE-III (REFERENCE PARA NO. 2.8.9.1)

SI No	Name OF Dealer	TIN No.	Circle	Annual returns to be submitted	Number of quarterly returns due
1	SMT. BAI NONGRUM	17060737040	CIRCLE-VI	2007-08 to 2011-12	5
2	BASHISHA DELIKET MAWKON	17060212056	CIRCLE-VI	2007-08 to 2011-12	5
3	DONSKOBAR TEIDOR KHONGWIR	17060521021	CIRCLE-VI	2007-08 to 2011-12	5
4	ASSUNTA MARY WARSHONG	17060205072	CIRCLE-VI	2007-08 to 2011-12	5
5	B.M.ENTERPRISE	17061709077	CIRCLE-VI	2009-10 to 2011-12	3
6	T.K.DAS	17060758089	CIRCLE-VI	2007-08 to 2011-12	5
7	U. S. STORE	17061622068	CIRCLE-VI	2009-10 to 2011-12	3
8	ANDY KHONGSIT	17061799093	CIRCLE-VI	2009-10 to 2011-12	3
9	DAPHISHISHA NONGKYNRIH	17061153073	CIRCLE-VI	2007-08 to 2011-12	5
10	DEIBANRI MAWBLEI	17061951092	CIRCLE-VI	2010-11 to 2011-12	2
11	FRANCIS COLOL MAWIONG	17061400035	CIRCLE-VI	2008-09 to 2011-12	4
12	GLORINA M. WANKHAR	17061338052	CIRCLE-VI	2008-09 to 2011-12	4
13	H. AITIMON MAWROH	17061305072	CIRCLE-VI	2008-09 to 2011-12	4
14	HYNNIEW TREP MOTOR WORKS	17061565032	CIRCLE-VI	2008-09 to 2011-12	4
15	MIDAS TOUCH	17061315063	CIRCLE-VI	2008-09 to 2011-12	4
16	SABRINA KHRIAM	17061414003	CIRCLE-VI	2008-09 to 2011-12	4
17	SHLUR SING KHONGSDAM	17061045015	CIRCLE-VI	2007-08 to 2011-12	5
18	SILVERMAN MAWRIE	17061430008	CIRCLE-VI	2008-09 to 2011-12	4
19	T.S.ENTERPRISES	17060817065	CIRCLE-VI	2007-08 to 2011-12	5
20	AIOM PAMTHIED	17100228068	JOWAI	2007-08 to 2011-12	5
21	BILL STEN	17102044005	JOWAI	2009-10 to 2011-12	3
22	BONSING RYNGKHEM	17101958063	JOWAI	2010-11 to 2011-12	2
23	DEIBORMITRE KYNDIAH	17101336002	JOWAI	2007-08 to 2011-12	5
24	EVODEA FLORA GATPHOH	17101830023	JOWAI	2007-08 to 2011-12	5
25	FAZAL WAR NONGBRI	17101978045	JOWAI	2008-09 to 2011-12	4
26	FULLNESS RYNGKHEM	17100224091	JOWAI	2007-08 to 2011-12	5
27	IARAP DKHAR	17102938054	JOWAI	2007-08 to 2011-12	5
28	IENGBOK SURONG	17100584058	JOWAI	2007-08 to 2011-12	5
29	JOPHAS KHARBITHAI	17100595019	JOWAI	2007-08 to 2011-12	5
30	K. POHLENG ENTERPRISE	17102294071	JOWAI	2007-08 to 2011-12	5
31	KAM KHAI	17100636050	JOWAI	2007-08 to 2011-12	5
32	KITBOK NONGSEI	17101842051	JOWAI	2007-08 to 2011-12	5
33	KMEN PAKMA	17101538053	JOWAI	2007-08 to 2011-12	5
34	KYRMEN AMTRA	17100729073	JOWAI	2007-08 to 2011-12	5
35	LUCYBELL PASSAH	17102458098	JOWAI	2007-08 to 2011-12	5
36	MANGKARA BAREH	17102765006	JOWAI	2009-10 to 2011-12	3
37	MEMORANDA PYRNGAP	17100399079	JOWAI	2007-08 to 2011-12	5
38	MIT PHAWA	17100546034	JOWAI	2007-08 to 2011-12	5
39	MIWAN POHLONG	17101613034	JOWAI	2007-08 to 2011-12	5
40	O.C PASSAH	17100515091	JOWAI	2007-08 to 2011-12	5
41	OMRIS LYNGDOH	17103015072	JOWAI	2007-08 to 2011-12	2
42	PANHOK SHILLA	17100818022	JOWAI	2007-08 to 2011-12	5
43	RIMIKI NANGHULOO	17101522048	JOWAI	2007-08 to 2011-12	5
44	SALAN MYRIA	17102841054	JOWAI	2007-08 to 2011-12	5
45	SHEDRACK SUMER	17102230051	JOWAI	2009-10 to 2011-12	3
46	SIBIL SURONG	17101783075	JOWAI	2008-09 to 2011-12	4
47	TAM POHTI	17102761029	JOWAI	2007-08 to 2011-12	5
48	TAN PAMTHIED	17100295095	JOWAI	2007-08 to 2011-12	5
49	THROWIS LAMO	17102585071	JOWAI	2007-08 to 2011-12	5
50	WANBAIT LAPASAM	17100993010	JOWAI	2007-08 to 2011-12	5
51	WANJANHAKA SUTING	17102416097	JOWAI	2010-11 to 2011-12	2

52	WINOOS LAMARE	17102232088	JOWAI	2007-08 to 2011-12	5
53	KHREHBHA RYMBAI	17101061007	JOWAI	2007-08 to 2011-12	5
54	ABHIJIT SYIEM	17090455027	NONGPOH	2007-08 to 2011-12	5
55	BALAJIED KONJIR	17090520017	NONGPOH	2007-08 to 2011-12	5
56	FRANCIS RANI	17090490044	NONGPOH	2007-08 to 2011-12	5
57	PYNSNGEWBHA RYMPEI	17090820038	NONGPOH	2008-09 to 2011-12	4
58	SOBITA MARY DKHAR	17091005017	NONGPOH	2008-09 to 2011-12	4
59	SPAINDERNESS MARWEIN	17091433078	NONGPOH	2010-11 to 2011-12	2
60	STEIN NONGBSAP	17091373035	NONGPOH	2010-11 to 2011-12	2
61	MARBINROI KHARBULI	17091039064	NONGPOH	2008-09 to 2011-12	4
62	PATRICIA BASAIWMOIT	17090443096	NONGPOH	2007-08 to 2011-12	5
63	BLOSSOM WAHLANG	17090631057	NONGPOH	2007-08 to 2011-12	5
64	PRELINA PARIONG	17091018015	NONGPOH	2008-09 to 2011-12	4
65	S.S. ENTERPRISE	17090286053	NONGPOH	2007-08 to 2011-12	5
66	ABDUL RAFFI	17111537007	TURA	2010-11 to 2011-12	2
67	ALEXANDER GRAHAMBEL R MARAK	17111392089	TURA	2010-11 to 2011-12	2
68	ARBINSTONE B MARAK	17111533030	TURA	2010-11 to 2011-12	2
69	ASHOK KHANDELWAL	17110555076	TURA	2007-08 to 2011-12	5
70	BABA BASTRALAYA	17110141060	TURA	2007-08 to 2011-12	5
71	BETHUEL CH MARAK	17111354065	TURA	2010-11 to 2011-12	2
72	BILLIPSTAR N SANGMA	17111271033	TURA	2010-11 to 2011-12	2
73	BLINSON M MARAK	17111433023	TURA	2010-11 to 2011-12	2
74	CLARA A MARAK	17111274040	TURA	2007-08 to 2011-12	5
75	ETHINDRA B MARAK	17110596010	TURA	2007-08 to 2011-12	5
76	FRIDINA D SHIRA	17111055014	TURA	2009-10 to 2011-12	3
77	GOODMONY MARAK	17110937062	TURA	2008-09 to 2011-12	4
78	HERCULES A. SANGMA	17110916013	TURA	2008-09 to 2011-12	4
79	HILSTONE CH MARAK	17111477061	TURA	2010-11 to 2011-12	2
80	JHONCLIF SANGMA	17110548092	TURA	2007-08 to 2011-12	5
81	JIM M MARAK	17111293052	TURA	2010-11 to 2011-12	2
82	JYOTI CONSTRO COMMERCIALS	17110913006	TURA	2007-08 to 2011-12	5
83	KEJENDRO SANGMA	17110532087	TURA	2007-08 to 2011-12	5
84	LEELA ARENGH	17111458049	TURA	2010-11 to 2011-12	2
85	LOUIS T SANGMA	17110665074	TURA	2007-08 to 2011-12	5
86	MINGGAM N. SANGMA	17111156088	TURA	2009-10 to 2011-12	3
87	MITILLA A SANGMA	17111565040	TURA	2010-11 to 2011-12	2
88	MOKBUL HOSSAIN	17111540014	TURA	2010-11 to 2011-12	2
89	NIRANJAN NAG	17111173063	TURA	2009-10 to 2011-12	3
90	PIJUSH BHATTACHARJEE	17110455069	TURA	2007-08 to 2011-12	5
91	PROMILLA R MARAK	17110000261	TURA	2007-08 to 2011-12	5
92	SALSENG R MARAK	17110682049	TURA	2007-08 to 2011-12	5
93	SANGMA ENTERPISE	17160225090	TURA	2008-09 to 2011-12	4
94	SAZIDUR RAHMAN MOLLAH	17111550005	TURA	2010-11 to 2011-12	2
95	TARSEY A SANGMA	17111245037	TURA	2010-11 to 2011-12	2
96	WATSENG SANGMA	17110648002	TURA	2007-08 to 2011-12	5
97	WILLARFORD SANGMA	17110538004	TURA	2007-08 to 2011-12	5
98	WINSTONE D. SANGMA	17110920087	TURA	2009-10 to 2011-12	3
99	SRITI THREAD ISLAND	17110019067	TURA	2007-08 to 2011-12	5
100	BOTHINDRO CH MARAK	17111336023	TURA	2010-11 to 2011-12	2
101	PREJINI CH MARAK	17111573091	TURA	2010-11 to 2011-12	2
102	ASHISH & ASSOCIATES	17130171095	CIRCLE 2	2009-10 to 2011-12	3
103	CANE FURNITURE SHOP	17020457014	CIRCLE 2	2007-08 to 2011-12	5
104	CHOWDHURY PHARMACY	17020721048	CIRCLE 2	2007-08 to 2011-12	5
105	CITY MOBILE	17021285006	CIRCLE 2	2009-10 to 2011-12	3
106	D. S. SYSTEMS PVT. LTD.	17130223087	CIRCLE 2	2010-11 to 2011-12	2

107	ESSAR OIL LIMITED	17130190010	CIRCLE 2	2009-10 to 2011-12	3
108	GUNJ ASSOCIATES	17130216006	CIRCLE 2	2010-11 to 2011-12	2
109	HINDUSTAN METAL REFINING WORKS PVT LTD	17130175072	CIRCLE 2	2009-10 to 2011-12	3
110	INDIANG BANK,SHILLONG BRANCH	17130189040	CIRCLE 2	2009-10 to 2011-12	3
111	LALOO'S SHILLONG FED	17020678077	CIRCLE 2	2007-08 to 2011-12	5
112	LITALIN SUNN	17021242035	CIRCLE 2	2008-09 to 2011-12	4
113	MOBILE CENTRE	17130109015	CIRCLE 2	2007-08 to 2011-12	5
114	POOJA ASSOCIATES (CONTRACT DIV.)	17130166051	CIRCLE 2	2009-10 to 2011-12	3
115	QUIPO TELECOM INFRASTRUCTURE LTD	17130164014	CIRCLE 2	2009-10 to 2011-12	3
116	SHREE GAUTAM CONST.CO.PVT.LTD.	17130114059	CIRCLE 2	2007-08 to 2011-12	5
117	TRIBENI CONSTRUCTIONS (P)LTD	17130142092	CIRCLE 2	2008-09 to 2011-12	4
118	SUCHI ENTERPRISE	17060898060	Circle-6	2007-08 to 2010-11	4
119	CUSTODIAN GAS AGENCY	17060040075	Circle-6	2009-10 to 2010-11	2
120	MAHINDER ELECTRICALS	17060522688	Circle-6	2007-08 to 2010-11	4
121	NORTH EAST BOTTLING	17060194014	Circle-6	2007-08 to 2010-11	4
122	VW BONDED WAREHOUSE	17060066071	Circle-6	2009-10 to 2010-11	2
123	ASHOK INDUSTRIES	17020044065	Circle-2	2007-08 to 2010-11	4
124	FITWELL FASHION	17021028053	Circle-2	2007-08 to 2010-11	4
125	DELHI MISTAN BHANDAR	17020596015	Circle-2	2007-08 to 2010-11	4
126	BIDYUT ENTERPRISE	17020251063	Circle-2	2007-08 to 2010-11	4
127	BROADWAY RESTAURANT	17020087036	Circle-2	2007-08 to 2010-12	5
128	RUCHI GOLD OILS AND FOODS PVT LTD	17130074095	Circle-2	2007-08 to 2010-11	4
129	LARSEN & TOUBRO LTD-ECC DIVN	17130086026	Circle-2	2007-08 to 2010-11	4
130	INFOTECH DISTRIBUTORS	17130091070	Circle-2	2007-08 to 2010-11	4
131	ERICSSON INDIA PVT LTD	17130050039	Circle-2	2007-08 to 2010-11	4
132	H.P.CONSTRUCTION	17130141025	Circle-2	2007-08 to 2010-11	4
133	KANSAI NEROLAC PAINTS LTD	17130056053	Circle-2	2007-08 to 2010-11	4
134	BERGER PAINTS INDIA LTD	17130038011	Circle-2	2007-08 to 2010-11	4
135	EAST INDIA CONSTRUCTION CO	17130049069	Circle-2	2007-08	1
136	EVEREADY INDUSTRIES INDIA LTD	17130048002	Circle-2	2007-08 to 2010-11	4
137	FOREVER LIVING PRODUCTS (I) PVT LTD	17130054016	Circle-2	2007-08 to 2010-11	4
138	NESTLE INDIA LTD	17130014052	Circle-2	2007-08 to 2010-11	4
139	OBER CONSTRUCTION ENTERPRISE	17130103098	Circle-2	2007-08 to 2010-11	4
140	P & R ENGINEERING SERVICES	17130128027	Circle-2	2007-08	1
141	PEPSICO INDIA HOLDINGS PYT LTD	17130026080	Circle-2	2007-08 to 2009-10	3
142	PES & SEW (JOINT VENTURE)	17130138018	Circle-2	2007-08 to 2010-11	4
143	RECKITT BENCKISER INDIA LTD	17130062067	Circle-2	2007-08 to 2010-11	4
144	S. TEL PRIVATE LTD.	17130208052	Circle-2	2009-10 to 2010-11	2
145	SUMO DIGITAL TECHNOLOGICS PVT LTD.	17130017059	Circle-2	2007-08 to 2010-11	4
146	TATA MOTORS	17130122013	Circle-2	2007-08 to 2010-11	4
147	VISHAL RETAIL LIMITED (VISHAL MEGHA MART)	17130133071	Circle-2	2008-09 to 2010-11	3
148	ZOPAR EXPORTS PRIVATE LIMITED	17130088063	Circle-2	2007-08 to 2010-11	4
149	OK BONDED WARE HOUSE	17100013096	Jowai	2007-08 to 2010-11	4
Total					579
Penalty				579 x 10000	5790000

ANNEXURE-IV (REFERENCE PARA NO. 2.8.9.1)

Sl No	Name of dealer	TIN No	Year	Amount of turnover (₹)	Date of submission of audit report	Penalty @ 0.1% of turnover (₹)	Circle
1	DHANANI SHOES LTD	17130047032	2007-08	34387568	Nov-11	34388	Circle-2
			2008-09	40296330	Nov-11	40296	Circle-2
			2009-10	14073954	Nov-11	14074	Circle-2
			2010-11	15175736	Nov-11	15176	Circle-2
2	CADBURY INDIA LTD	17130046062	2007-08	18204953	Nov-09	18205	Circle-2
			2008-09	21325008	Nov-09	21325	Circle-2
			2009-10	27111126	NS	27111	Circle-2
			2010-11	32831125	NS	32831	Circle-2
3	SAJ FOOD PRODUCTS PVT. LTD	17130127057	2007-08	7551500	Nov-11	7552	Circle-2
			2008-09	33062522	Nov-11	33063	Circle-2
			2009-10	48816119	Nov-11	48816	Circle-2
			2010-11	47656236	Nov-11	47656	Circle-2
4	ITD CEMENTATION INDIA LTD	17130067014	2007-08	183024082	NS	183024	Circle-2
			2008-09	321718196	NS	321718	Circle-2
			2009-10	192352232	NS	192352	Circle-2
			2010-11	145246076	Dec-12	145246	Circle-2
5	TEESTA AGRO INDUSTRIES LTD	17130029087	2007-08	12796748	Jul-11	12797	Circle-2
			2009-10	9486000	Jul-11	9486	Circle-2
			2010-11	11932350	Jul-11	11932	Circle-2
6	GUJARAT COOPERATIVE MILK MARKETING FEDERATION LTD	17130033064	2007-08	135036372	Sep-11	135036	Circle-2
			2008-09	159727046	Sep-11	159727	Circle-2
			2009-10	184090363	Sep-11	184090	Circle-2
7	PERFETTI VANMELLE INDIA PVT LTD	17130089033	2007-08	61695304	Nov-11	61695	Circle-2
			2008-09	81204474	Nov-11	81204	Circle-2
			2009-10	97052215	Nov-11	97052	Circle-2
			2010-11	121376181	Nov-11	121376	Circle-2
8	VST INDUSTRIES LTD	17130065074	2007-08	19230800	Jan-10	19231	Circle-2
			2008-09	13020323	Mar-10	13020	Circle-2
9	RUCHI GOLD OILS AND FOODS PVT LTD	17130074095	2007-08	63530555	Dec-11	63531	Circle-2
10	MAHINDRA & MAHINDRA LIMITED	17130024043	2007-08	192000690	NS	192001	Circle-2
			2008-09	166355039	NS	166355	Circle-2
			2009-10	79605320	NS	79605	Circle-2
11	ERICSSON INDIA PVT LTD	17130050039	2007-08	59873133	NS	59873	Circle-2
			2008-09	225583814	NS	225584	Circle-2
			2009-10	109749826	NS	109750	Circle-2
12	H.P.CONSTRUCTION	17130141025	2008-09	10472011	NS	10472	Circle-2
			2009-10	16535495	NS	16535	Circle-2
13	KANSAI NEROLAC PAINTS LTD	17130056053	2007-08	13635425	NS	13635	Circle-2
			2008-09	18215087	Jun-10	18215	Circle-2
			2009-10	17921853	Dec-10	17922	Circle-2
			2010-11	18268572	Feb-12	18269	Circle-2
14	ACE 3 MARKETING	17130197091	2010-11	5481160	NS	5481	Circle-2
15	ASIAN PAINTS LIMITED	17130184093	2009-10	17102127	NS	17102	Circle-2
16	ASTER TELESERVICES PVT LTD	17130019096	2007-08	4608556	NS	4609	Circle-2
			2009-10	14981525	NS	14982	Circle-2
			2010-11	8671839	NS	8672	Circle-2
17	BERGER PAINTS INDIA LTD	17130038011	2007-08	56414322	Feb-12	56414	Circle-2
			2008-09	68329969	Feb-12	68330	Circle-2
			2009-10	76436146	Feb-12	76436	Circle-2
			2010-11	104126224	Feb-12	104126	Circle-2
18	EAST INDIA CONSTRUCTION CO	17130049069	2007-08	4686959	NS	4687	Circle-2
19	EMAMI BIOTECH LTD.	17130196024	2009-10	51574833	Mar-11	51575	Circle-2

			2010-11	86509677	Nov-11	86510	Circle-2
20	ENGINEERING PROJECT (INDIA) LTD	17130052076	2007-08	26371569	NS	26372	Circle-2
21	EVEREADY INDUSTRIES INDIA LTD	17130048002	2007-08	27905436	Aug-11	27905	Circle-2
			2008-09	31763504	Aug-11	31764	Circle-2
			2009-10	64434797	Aug-11	64435	Circle-2
22	FOREVER LIVING PRODUCTS (I) PVT LTD	17130054016	2007-08	24368862	NS	24369	Circle-2
			2008-09	46416530	NS	46417	Circle-2
			2009-10	95325788	NS	95326	Circle-2
			2010-11	78322209	NS	78322	Circle-2
23	JENSON AND NICHOLSON (I) LTD.	17130104068	2008-09	9918323	NS	9918	Circle-2
			2009-10	16054759	NS	16055	Circle-2
			2010-11	16054759	NS	16055	Circle-2
24	J.K TYRE AND INDUSTRIES LTD	17130111052	2007-08	48000065	Sep-11	48000	Circle-2
			2008-09	79055889	Sep-11	79056	Circle-2
			2009-10	99204626	Sep-11	99205	Circle-2
			2010-11	163351102	Jan-12	163351	Circle-2
25	NESTLE INDIA LTD	17130014052	2007-08	304974326	Dec-11	304974	Circle-2
			2008-09	365172492	Dec-11	365172	Circle-2
			2009-10	453184608	Dec-11	453185	Circle-2
			2010-11	600545245	Dec-11	600545	Circle-2
26	NORTH EAST TRANSMISSION COMPANY LTD	17130195054	2010-11	169097415	NS	169097	Circle-2
27	OBER CONSTRUCTION ENTERPRISE	17130103098	2007-08	97995150	NS	97995	Circle-2
			2008-09	50804093	NS	50804	Circle-2
			2009-10	64159339	NS	64159	Circle-2
			2010-11	74944602	NS	74945	Circle-2
28	PEPSICO INDIA HOLDINGS PYT LTD	17130026080	2007-08	56427534	NS	56428	Circle-2
			2008-09	60645359	NS	60645	Circle-2
			2009-10	57952629	NS	57953	Circle-2
29	PES & SEW (JOINT VENTURE)	17130138018	2007-08	62383742	NS	62384	Circle-2
			2008-09	179165942	NS	179166	Circle-2
			2009-10	89522334	NS	89522	Circle-2
			2010-11	17654097	NS	17654	Circle-2
30	PRASAD CONSTRUCTION CO.	17130210089	2010-11	45071617	NS	45072	Circle-2
31	RECKITT BENCKISER INDIA LTD	17130062067	2007-08	28268860	NS	28269	Circle-2
			2008-09	31596721	NS	31597	Circle-2
			2009-10	41155348	NS	41155	Circle-2
			2010-11	43408768	NS	43409	Circle-2
32	TATA MOTORS	17130122013	2008-09	276598066	NS	276598	Circle-2
			2009-10	83523961	NS	83524	Circle-2
			2010-11	37895447	NS	37895	Circle-2
33	VISHAL RETAIL LIMITED (VISHAL MEGHA MART)	17130133071	2008-09	150064217	NS	150064	Circle-2
			2009-10	154090386	NS	154090	Circle-2
			2010-11	155641336	NS	155641	Circle-2
34	ZOPAR EXPORTS PRIVATE LIMITED	17130088063	2007-08	12096821	NS	12097	Circle-2
			2008-09	17730203	NS	17730	Circle-2
			2009-10	5939858	NS	5940	Circle-2
			2010-11	24352320	NS	24352	NR
35	SELECTION CENTRE	17020204018	2007-08	5703836	Aug-09	5704	Circle-2
36	IN FASHION	17020265031	2007-08	16789618	Mar-10	16790	Circle-2
			2008-09	20223048	Mar-10	20223	Circle-2
			2009-10	25670147	Mar-11	25670	Circle-2
			2010-11	30694046	NS	30694	Circle-2
37	ELITE DRUG DISTRIBUTOR	17020006041	2007-08	11333677	Jul-10	11334	Circle-2
			2008-09	13244419	Jul-10	13244	Circle-2

			2009-10	13991450	Mar-11	13991	Circle-2
			2010-11	10789657	NS	10790	Circle-2
38	SHEETAL	17020472049	2007-08	26026092	Jul-10	26026	Circle-2
			2008-09	36956430	Jul-10	36956	Circle-2
			2009-10	66647997	Dec-10	66648	Circle-2
			2010-11	85531866	Nov-11	85532	Circle-2
39	KRISHNA'S	17020144072	2007-08	17019542	Feb-10	17020	Circle-2
			2008-09	8994583	Feb-10	8995	Circle-2
			2009-10	21741324	Feb-11	21741	Circle-2
			2010-11	7634379	NS	7634	Circle-2
40	ABCO DIVISION	17020097027	2007-08	6720360	Jul-10	6720	Circle-2
			2008-09	7471532	Jul-10	7472	Circle-2
			2009-10	6648089	Dec-10	6648	Circle-2
			2010-11	7517970	NS	7518	Circle-2
41	CSD CANTEEN	17061435052	2009-10	6797916	NS	6798	Circle-6
			2010-11	7971558	NS	7972	Circle-6
42	SUCHI ENTERPRISE	17060898060	2007-08	7372125	NS	7372	Circle-6
			2008-09	8083703	NS	8084	Circle-6
			2009-10	10355914	NS	10356	Circle-6
			2010-11	11865913	NS	11866	Circle-6
43	JAINTIA OIL AGENC	17060269092	2009-10	70311086	NS	70311	Circle-6
			2010-11	62267844	NS	62268	Circle-6
44	CUSTODIAN GAS AGENCY	17060040075	2007-08	4277370	Apr-10	4277	Circle-6
			2008-09	5175318	Apr-10	5175	Circle-6
			2009-10	4643383	NS	4643	Circle-6
			2010-11	5537862	NS	5538	Circle-6
45	MAHINDER ELECTRICALS	17060522688	2007-08	5596421	NS	5596	Circle-6
			2008-09	9228440	NS	9228	Circle-6
			2009-10	11329476	NS	11329	Circle-6
			2010-11	10580804	NS	10581	Circle-6
46	V.W.BONDED WAREHOUSE	17060066071	2010-11	88622325	NS	88622	Circle-6
			2011-12	107762091	NS	107762	Circle-6
47	NORTH EAST BOTTLING	17060194014	2007-08	58223755	NS	58224	Circle-6
			2008-09	161243539	NS	161244	Circle-6
			2009-10	213488887	NS	213489	Circle-6
			2010-11	339770111	NS	339770	Circle-6
48	OK BONDED WARE	17100013096	2007-08	54929341	NS	54929	Jowai
			2008-09	55957838	NS	55958	Jowai
			2009-10	112557974	NS	112558	Jowai
			2010-11	125179848	NS	125180	Jowai
			TOTAL	10312224514		10312225	

(NS: Not Submitted)

ANNEXURE-V (REFERENCE PARA NO. 2.8.9.6)

SI No	Name of dealer	TIN No.	Date of Liability	Remarks	Circle
1	SMT. BAI NONGRUM	17060737040	01/05/2005	NO RETURN	CIRCLE-VI
2	BASHISHA DELIKET MAWKON	17060212056	01/05/2005	NO RETURN	CIRCLE-VI
3	DONSKOBAR TEIDOR KHONGWIR	17060521021	01/05/2005	NO RETURN	CIRCLE-VI
4	ASSUNTA MARY WARSHONG	17060205072	01/05/2005	NO RETURN	CIRCLE-VI
5	B.M.ENTERPRISE	17061709077	06/07/2009	NO RETURN	CIRCLE-VI
6	T.K.DAS	17060758089	21/01/2005	NO RETURN	CIRCLE-VI
7	U. S. STORE	17061622068	05/05/2009	NO RETURN	CIRCLE-VI
8	ANDY KHONGSIT	17061799093	19/11/2009	NO RETURN	CIRCLE-VI
9	DAPHISHISHA NONGKYNRIH	17061153073	17/05/2007	NO RETURN	CIRCLE-VI
10	DEIBANRI MAWBLEI	17061951092	14/06/2010	NO RETURN	CIRCLE-VI
11	FRANCIS COLOL MAWIONG	17061400035	08/07/2008	NO RETURN	CIRCLE-VI
12	GLORINA M. WANKHAR	17061338052	29/05/2008	NO RETURN	CIRCLE-VI
13	H. AITIMON MAWROH	17061305072	28/03/2008	NO RETURN	CIRCLE-VI
14	HYNNEW TREP MOTOR WORKS	17061565032	01/11/2008	NO RETURN	CIRCLE-VI
15	MIDAS TOUCH	17061315063	24/04/2008	NO RETURN	CIRCLE-VI
16	SABRINA KHRIAM	17061414003	22/07/2008	NO RETURN	CIRCLE-VI
17	SHLUR SING KHONGSDAM	17061045015	06/09/2006	NO RETURN	CIRCLE-VI
18	SILVERMAN MAWRIE	17061430008	11/07/2008	NO RETURN	CIRCLE-VI
19	T.S.ENTERPRISES	17060817065	01/05/2005	NO RETURN	CIRCLE-VI
20	AIOM PAMTHIED	17100228068	01/05/2005	NO RETURN	JOWAI
21	BILL STEN	17102044005	19/02/2009	NO RETURN	JOWAI
22	BONSING RYNGKHEM	17101958063	02/02/2010	NO RETURN	JOWAI
23	DEIBORMITRE KYNDIAH	17101336002	01/07/2007	NO RETURN	JOWAI
24	EVODEA FLORA GATPHOH	17101830023	21/07/2006	NO RETURN	JOWAI
25	FAZAL WAR NONGBRI	17101978045	03/06/2008	NO RETURN	JOWAI
26	FULLNESS RYNGKHEM	17100224091	17/07/2006	NO RETURN	JOWAI
27	IARAP DKHAR	17102938054	31/05/2006	NO RETURN	JOWAI
28	IENGBOK SURONG	17100584058	16/06/2006	NO RETURN	JOWAI
29	JOPHAS KHARBITHAI	17100595019	31/05/2006	NO RETURN	JOWAI
30	K. POHLENG ENTERPRISE	17102294071	01/05/2005	NO RETURN	JOWAI
31	KAM KHAI	17100636050	23/06/2006	NO RETURN	JOWAI
32	KITBOK NONGSEIJ	17101842051	09/08/2007	NO RETURN	JOWAI
33	KMEN PAKMA	17101538053	24/07/2006	NO RETURN	JOWAI
34	KYRMEN AMTRA	17100729073	12/07/2006	NO RETURN	JOWAI
35	LUCYBELL PASSAH	17102458098	17/08/2006	NO RETURN	JOWAI
36	MANGKARA BAREH	17102765006	23/04/2009	NO RETURN	JOWAI
37	MEMORANDA PYRNGAP	17100399079	23/03/2006	NO RETURN	JOWAI
38	MIT PHAWA	17100546034	31/05/2006	NO RETURN	JOWAI
39	MIWAN POHLONG	17101613034	31/07/2006	NO RETURN	JOWAI
40	O.C PASSAH	17100515091	22/05/2006	NO RETURN	JOWAI
41	OMRIS LYNGDOH	17103015072	27/05/2010	NO RETURN	JOWAI
42	PANHOK SHILLA	17100818022	24/11/2006	NO RETURN	JOWAI
43	RIMIKI NANGHULOO	17101522048	31/05/2006	NO RETURN	JOWAI
44	SALAN MYRIA	17102841054	24/07/2006	NO RETURN	JOWAI
45	SHEDRACK SUMER	17102230051	19/10/2009	NO RETURN	JOWAI
46	SIBIL SURONG	17101783075	03/03/2008	NO RETURN	JOWAI
47	TAM POHTI	17102761029	19/07/2006	NO RETURN	JOWAI
48	TAN PAMTHIED	17100295095	03/02/2006	NO RETURN	JOWAI
49	THROWIS LAMO	17102585071	30/06/2006	NO RETURN	JOWAI
50	WANBAIT LAPASAM	17100993010	22/05/2007	NO RETURN	JOWAI
51	WANJANHAKA SUTING	17102416097	17/05/2010	NO RETURN	JOWAI
52	WINOOS LAMARE	17102232088	16/06/2006	NO RETURN	JOWAI
53	KHREHBHA RYMBAI	17101061007	22/05/2007	NO RETURN	JOWAI
54	ABHIJIT SYIEM	17090455027	01/06/2007	NO RETURN	NONGPOH
55	BALAJIED KONJIR	17090520017	01/06/2007	NO RETURN	NONGPOH
56	FRANCIS RANI	17090490044	02/07/2007	NO RETURN	NONGPOH
57	PYNSNGEWBHA RYMPEI	17090820038	28/05/2008	NO RETURN	NONGPOH
58	SOBITA MARY DKHAR	17091005017	31/05/2008	NO RETURN	NONGPOH
59	SPAINDERNESS MARWEIN	17091433078	01/04/2010	NO RETURN	NONGPOH
60	STEIN NONGBSAP	17091373035	01/04/2010	NO RETURN	NONGPOH

61	MARBINROI KHARBULI	17091039064	01/02/2008	NO RETURN	NONGPOH
62	PATRICIA BASAIAWMOIT	17090443096	21/06/2007	NO RETURN	NONGPOH
63	BLOSSOM WAHLANG	17090631057	02/08/2007	NO RETURN	NONGPOH
64	PRELINA PARIONG	17091018015	01/07/2008	NO RETURN	NONGPOH
65	S.S. ENTERPRISE	17090286053	14/02/2007	NO RETURN	NONGPOH
66	ABDUL RAFFI	17111537007	06/07/2010	NO RETURN	TURA
67	ALEXANDER GRAHAMBEL R MARAK	17111392089	01/07/2010	NO RETURN	TURA
68	ARBINSTONE B MARAK	17111533030	10/05/2010	NO RETURN	TURA
69	ASHOK KHANDELWAL	17110555076	04/12/2006	NO RETURN	TURA
70	BABA BASTRALAYA	17110141060	01/05/2005	NO RETURN	TURA
71	BETHUEL CH MARAK	17111354065	22/06/2010	NO RETURN	TURA
72	BILLIPSTAR N SANGMA	17111271033	27/04/2010	NO RETURN	TURA
73	BLINSON M MARAK	17111433023	01/07/2010	NO RETURN	TURA
74	CLARA A MARAK	17111274040	06/05/2006	NO RETURN	TURA
75	ETHINDRA B MARAK	17110596010	01/02/2007	NO RETURN	TURA
76	FRIDINA D SHIRA	17111055014	05/08/2009	NO RETURN	TURA
77	GOODMONY MARAK	17110937062	04/12/2008	NO RETURN	TURA
78	HERCULES A. SANGMA	17110916013	11/11/2008	NO RETURN	TURA
79	HILSTONE CH MARAK	17111477061	17/06/2010	NO RETURN	TURA
80	JHONCLIF SANGMA	17110548092	30/11/2006	NO RETURN	TURA
81	JIM M MARAK	17111293052	19/05/2010	NO RETURN	TURA
82	JYOTI CONSTRO COMMERCIALS	17110913006	26/06/2007	NO RETURN	TURA
83	KEJENDRO SANGMA	17110532087	29/10/2006	NO RETURN	TURA
84	LEELA ARENGH	17111458049	24/08/2010	NO RETURN	TURA
85	LOUIS T SANGMA	17110665074	10/06/2007	NO RETURN	TURA
86	MINGGAM N. SANGMA	17111156088	09/11/2009	NO RETURN	TURA
87	MITILLA A SANGMA	17111565040	30/06/2010	NO RETURN	TURA
88	MOKBUL HOSSAIN	17111540014	17/06/2010	NO RETURN	TURA
89	NIRANJAN NAG	17111173063	02/11/2009	NO RETURN	TURA
90	PIJUSH BHATTACHARJEE	17110455069	07/08/2006	NO RETURN	TURA
91	PROMILLA R MARAK	17110000261	01/12/2005	NO RETURN	TURA
92	SALSENG R MARAK	17110682049	11/07/2007	NO RETURN	TURA
93	SANGMA ENTERPISE	17160225090	01/05/2008	NO RETURN	TURA
94	SAZIDUR RAHMAN MOLLAH	17111550005	28/06/2010	NO RETURN	TURA
95	TARSEY A SANGMA	17111245037	03/03/2010	NO RETURN	TURA
96	WATSENG SANGMA	17110648002	01/06/2007	NO RETURN	TURA
97	WILLARFORD SANGMA	17110538004	23/11/2006	NO RETURN	TURA
98	WINSTONE D. SANGMA	17110920087	17/11/2008	NO RETURN	TURA
99	SRITI THREAD ISLAND	17110019067	01/05/2005	NO RETURN	TURA
100	BOTHINDRO CH MARAK	17111336023	30/06/2010	NO RETURN	TURA
101	PREJINI CH MARAK	17111573091	29/04/2010	NO RETURN	TURA
102	ASHISH & ASSOCIATES	17130171095	05/01/2009	NO RETURN	CIRCLE 2
103	CANE FURNITURE SHOP	17020457014	05/10/2005	NO RETURN	CIRCLE 2
104	CHOWDHURY PHARMACY	17020721048	13/06/2006	NO RETURN	CIRCLE 2
105	CITY MOBILE	17021285006	23/10/2008	NO RETURN	CIRCLE 2
106	D. S. SYSTEMS PVT. LTD.	17130223087	30/06/2010	NO RETURN	CIRCLE 2
107	ESSAR OIL LIMITED	17130190010	28/08/2009	NO RETURN	CIRCLE 2
108	GUNJ ASSOCIATES	17130216006	27/03/2010	NO RETURN	CIRCLE 2
109	HINDUSTAN METAL REFINING WORKS PVT LTD	17130175072	19/02/2009	NO RETURN	CIRCLE 2
110	INDIANG BANK,SHILLONG BRANCH	17130189040	25/08/2009	NO RETURN	CIRCLE 2
111	LALOO'S SHILLONG FED	17020678077	09/05/2006	NO RETURN	CIRCLE 2
112	LITALIN SUNN	17021242035	07/11/2007	NO RETURN	CIRCLE 2
113	MOBILE CENTRE	17130109015	14/06/2005	NO RETURN	CIRCLE 2
114	POOJA ASSOCIATES (CONTRACT DIV.)	17130166051	24/11/2008	NO RETURN	CIRCLE 2
115	QUIPPO TELECOM INFRASTRUCTURE LTD	17130164014	29/10/2008	NO RETURN	CIRCLE 2
116	SHREE GAUTAM CONST.CO.PVT.LTD.	17130114059	11/05/2006	NO RETURN	CIRCLE 2
117	TRIBENI CONSTRUCTIONS (P)LTD	17130142092	05/05/2008	NO RETURN	CIRCLE 2

ANNEXURE VI- (REFERENCE PARA NO.2.8.11.2)

Name of DDO: EE, PWD Electrical Division, Shillong

Sl. No.	Name of Contractor	Item of work	Period	Value (₹)	VAT to be deducted (₹)	VAT deducted (₹)
1	SW Marwein	Providing digital conference system for Yojana Bhavan	2005-06	6719920	755991	630000
2	Collee Dkhar	Electrical Work	2008-09	432046	48605	40520
3	T Kurbah	- do -	2008-09	3543736	398670	91350
4	F Nongtdu	- do -	2008-09	94814	10667	8890
5	E Roy Dkhar	- do -	2008-09	52216	5874	4900
6	DH Nongrum	- do -	2008-09	48621	5470	4560
7	S Swer	- do -	2008-09	47008	5288	4410
8	Rockywill Sutnga	- do -	2008-09	37969	4271	3560
9	R Lyngdoh	- do -	2008-09	271701	30566	25460
10	JS Massar	- do -	2008-09	298829	33618	28020
11	Friday Hinge	- do -	2008-09	61611	6931	3810
12	Pyrkhat Hinge	- do -	2008-09	73166	8231	4500
13	Kyrshanlang Shullai	- do -	2008-09	55291	6220	3432
14	GM Lanong	- do -	2008-09	190213	21399	17830
15	Starlin Rynjah	- do -	2009-10	3040391	342044	97520
16	Shen Swer	- do -	2009-10	71738	8071	6730
17	K Lyngdoh	- do -	2009-10	157561	17726	9450
18	Badkupar Nongsiej	- do -	2009-10	897818	101004	84170
19	GM Lanong	- do -	2009-10	1053781	118550	98790
20	Sunday Marbaniang	- do -	2009-10	98900	11126	9270
21	Dinsland Lyngdoh	- do -	2009-10	98893	11125	9270
22	Anthony Warjarain	- do -	2009-10	74269	8355	6960
23	Vincent Mawlong	- do -	2009-10	158987	17886	14900
24	RL Mawlong	- do -	2009-10	94992	10687	8910
25	KR Nongsiej	- do -	2009-10	83272	9368	7810
26	M/s Pearls	- do -	2009-10	2650680	298202	248500
27	JS Khardewsaw	- do -	2008-09	59800	6728	5610
28	Peter Jyrwa	- do -	2008-09	356884	40149	33458
29	A Lyngdoh	- do -	2008-09	205539	22123	19270
30	T Kurbah	- do -	2009-10	98898	11126	9270
31	D Jarain	- do -	2009-10	181815	20454	17050
32	Saian Wahlang	- do -	2009-10	299985	33748	28120
33	RS Wahlang	- do -	2009-10	403442	45387	37870
34	Marry Rame Pohshna	- do -	2009-10	149972	16872	14060
35	R Lyngdoh	- do -	2009-10	596800	67140	55950
36	C Lyngdoh	- do -	2009-10	563073	63346	52790
37	NW Windiangdoh	- do -	2009-10	1099978	123635	103120
38	H Kharsati	- do -	2009-10	93988	10574	8810
				18765875	2111161	1778900

Difference: (₹ 2111161 – ₹ 1778900) = ₹ 332261

ANNEXURE-VII (REFERENCE PARA NO. 2.8.11.2)

Name of DDO: EE, PWD Electrical Division, Shillong

Sl. No	Name of Contractor/Supplier	Bill Value (₹)	VAT to be deducted (₹)	VAT deducted (₹)	Difference (₹)
1	A LYNGDOH	260203	24394	10319	14075
2	A MARBANIANG	209888	19677	8944	10733
3	B SOHPHOH	375634	35216	17344	17872
4	C SHANGPLIANG	182153	17077	6632	10445
5	C WAHLANG	110943	10401	8826	1575
6	D LYNGDOH	253784	23792	11851	11941
	D LYNGDOH	179696	16847	14566	2281
7	D MYRTHONG	198951	18652	8652	10000
8	H MYLLIEM	197966	18559	13011	5548
	H MYLLIEM	197533	18519	12990	5529
9	H RAMSIEJ	502300	47091	39692	7399
	H RAMSIEJ	410139	38451	17514	20937
10	H SHADAP	167347	15689	5843	9846
11	I IAWPHNIAW	248091	23259	7181	16078
12	J KHARBANI	1297660	121656	108456	13200
	J KHARBANI	555575	52085	12194	39891
13	J KHARKONGOR	374295	35090	17221	17869
14	J LYNGDOH	258005	24188	13591	10597
15	JS KHARDEWSAW	405903	38053	16158	21895
16	K IAWPHNIAW	207576	19460	8738	10722
	K IAWPHNIAW	251818	23608	19831	3777
17	K JYRWA	81607	7651	6223	1428
18	K NONGBSAP	375645	35217	17345	17872
19	K SOHLONG	181745	17039	16987	52
20	KK LYNGDOH	207538	19457	9173	10284
21	L LYNGKHOI	238429	22353	17959	4394
	L LYNGKHOI	181745	17039	6605	10434
22	R LYNGDOH	207576	19460	9174	10286
23	R MARNGAR & R LYNGDOH	2675928	250868	163517	87351
24	R MARNGAR & R LYNGDOH	1926242	180585	118134	62451
	R MARNGAR & R LYNGDOH	2450304	229716	216123	13593
25	RAJENDRA MARNGAR	281463	26387	22517	3870
26	S KHARBANI	2572998	241219	170616	70603
	S KHARBANI	1322372	123972	110772	13200
	S KHARBANI	520444	48792	33743	15049
	S KHARBANI	3353236	314366	187582	126784
	S KHARBANI	416226	39021	23624	15397
	S KHARBANI	5799968	543747	482565	61182
27	S LYNGDOH	581709	54535	14589	39946
	S LYNGDOH	490373	45972	31491	14481
	S LYNGDOH	416226	39021	23624	15397
28	S SOHPHOH	374290	35090	17221	17869
29	S SOHSHANG	99185	9299	7877	1422
	S SOHSHANG	181337	17000	6911	10089
30	SRI MARHTONG	198951	18652	8652	10000
31	T MARWEIN	397549	37270	33024	4246
32	T NONGSIEJ	6689710	627160	596333	30827
33	T SHYLLA	173440	16260	8928	7332
	T SHYLLA	207896	19490	4762	14728
34	TK LYNGDOH	171979	16123	10446	5677
35	WC LYNGDOH	209936	19682	9389	10293
	Total	39831507	3734204	2765460	968744

ABSTRACT OF ANNEXURE-VIII (REFERENCE PARA NO. 2.8.11.3)

Name of DDO	Period	No of dealers	Value (₹)	VAT not deducted (₹)
DRDA, Shillong	2007-11	20	23823350	1226938
DIPR Shillong	2006-11	3	6516209	260648
EE, WGH Irrigation Division, Tura	2008-09	15	11291982	1058623
SP, Fire & Emergency, Shillong	2007-10	4	4911355	613919
Director, NEPA, Umsaw, Umiam, Shillong	2009-10	2	1197887	149736
EE, PWD Eng. Wing, Meghalaya	2005-10	24	16692304	1631903
Dir. Housing, Shillong	2005-10	67	32999983	3093748
Total	2005-11	135	97433070	8035515

ANNEXURE-VIII (REFERENCE PARA NO. 2.8.11.3)

1. DDO: PROJECT DIRECTOR DISTRICT RURAL DEVELOPMENT AGENCY

SI No	Name	Amount (₹)	Vat to be deducted (₹)
1	INDIAN EXPORT & IMPORT CO	1348872	53955
2	DD LALOO & CO	1572142	62886
3	NICE INFOTECH	1604606	64184
4	KYRMEN ENTERPRISE	323820	40478
5	COMPUTECH ENTERPRISE	33334	13334
6	OBA COMPUTER SALES & SERVICES	80005	3200
7	FK ENTERPRISE	2858800	114352
8	DE-CORA STEELAGE	133592	16699
9	MM ENTERPRISE	2121900	84876
10	JW ENTERPRISE	1258000	50320
11	RKS ENTERPRISE	296117	37015
12	RICKY NONGRUM ENTERPRISE	4680661	187226
13	WALVERS	919000	36760
14	SHIRUP SUPPLY SYNDICATE	544000	21760
15	MP SINGHANIA & CO.	481800	19272
16	SINGHANIA OFFSET PRESS	2654423	106177
17	SHILLONG ARTS	142240	5690
18	KURBAH FURNITURE WORKSHOP	375558	46945
19	MOSAIC ART GALLERY CUM STUDIOS	200000	25000
20	RLM CONTRACTOR SUPPLIER	1894470	236809
TOTAL		23523350	1226938

2. DDO: DIPR, MEGHALAYA, SHILLONG

SI No	Name	Amount (₹)	Vat to be deducted (₹)
1	SINGHANIA OFFSET PRESS	2120930	84837
2	SYIEM ENTERPRISE	2487655	99506
3	RKS ENTERPRISE	1907624	76305
TOTAL		6516209	260648

3. DDO: EE, WEST GARO HILLS IRRIGATION DIVISION, TURA

SI No	Name	Amount (₹)	Vat to be deducted (₹)
1	MOBIN G MOMIN	1105859	103674
2	SANJEEV HAJONG	151963	14247
3	PAUL MARAK	242189	22705
4	MEKNA MARAK	230600	21619
5	RAMU R MARAK	1000099	93759
6	SANGMA & DOUGLASS	418740	39257
7	SA SANGMA	286867	26894
8	JC MOMIN	95613	8964
9	S MARAK	479535	44956
10	A SANGMA	269920	25305
11	ANIMA MANN	6425484	602389
12	UN SAHA	98147	9201
13	T ARENG	230496	21609
14	P SANGMA	166000	15563
15	MG SANGMA	90470	8482
TOTAL		11291982	1058623

4. DDO: Superintendent of Police (Fire and Emergency), Meghalaya, Shillong

SI No	Name	Amount (₹)	Vat to be deducted (₹)
1	KT MARBANIANG	2479680	309960
2	RAW INDUSTRIES	217687	27210
3	RL ENTERPRISE	1724540	215568
4.	STANLEY ROY CONSTRUCTION	489448	61181
TOTAL		4911355	613919

5. DDO: Director, NEPA, Umsaw, Umiam, Shillong

SI No	Name	Amount (₹)	Vat to be deducted (₹)
1	BB VARMA	900669	122584
2	SN ENTERPRISE	297218	37152
TOTAL		1197887	149736

6. DDO: EE PWD Engg Wing DHS, Meghalaya

SI No	Name	Amount (₹)	Vat to be deducted (₹)
1	SG MOMIN	367410	34445
2	V SANGMA	436578	40929
3	R ELECTRICALS	1854780	208663
4	CP MARAK	1177227	110365
5	JP MARAK	2421858	227049
6	JA SANGMA	1224240	114773
7	D MARAK	292181	27392
8	B SANGMA	1217508	114141
9	A SANGMA	477948	44808
10	JS MARAK	529930	49681
11	SGC MOMIN	83113	7792
12	C MARAK	147046	13786
13	AC SUTRADHAR	148455	13918
14	D MARAK	140256	13149
15	CONARA	343724	32224
16	S JHUNGHUNWALE	485126	45481
17	S HAJONG	321063	30100
18	W MARBANIANG	235158	22046
19	LB SANGMA	99038	9285
20	JR SANGMA	129351	12127
21	NATIONAL ELECTRICAL	1718418	193322
22	L SANGMA	366027	34315
23	N SANGMA	475721	44599
24	RP MARAK	2000137	187513
TOTAL		16692304	1631903

7. DDO: Director Housing

SI No	Name	Amount (₹)	Vat to be deducted (₹)
1	E LYNGDOH	249244	23367
2	S CH. MOMIN	382307	35841
3	S SANGMA	382445	43363
4	MG MOMIN	383425	35946
5	J MARAK	791236	74178
6	R SYIEM	283432	26572
7	NL LYNGDOH	283468	26572
8	B MARYAN	283519	26580
9	M BYRSAT	283145	26545
10	M LYNGKHOI	175108	16416
11	RR NAJIAR	177501	16641
12	S KHARKONGOR	215182	20173
13	RN SANGMA	214245	20085
14	BR MARAK	115296	10809
15	B NONGRUM	346793	32512
16	P BLAH	160561	15053
17	SL NONGBRI	154122	14449
18	M SANGMA	108056	10130
19	N MARAK	201553	18896
20	LM SANGMA	169333	15875
21	N MOMIN	110748	10383
22	T SANGMA	1117928	104806
23	E M ARAK	114702	10753
24	RR MARAK	114621	10746
25	BW MOMIN	164485	15420

26	EW SANGMA	358522	33611
27	S CH. MOMIN	397779	37292
28	G MARAK	150814	14139
29	PM SANGMA	102817	9639
30	BR MARAK	686870	64394
31	HK WAN	135667	12719
32	S RYNJAH	455508	42704
33	T WANKER	242887	22771
34	R MARAK	776797	72825
35	TR MARAK	324533	30425
36	S CH MOMIN	439389	41193
37	SM SANGMA	488534	45800
38	TD SANGMA	261093	24477
39	M MAKRI	261582	24523
40	LK SAWKMIE	835095	78290
41	SN MARAK	162978	15279
42	SW MARWEIN	328135	30763
43	ES MARAK	1198636	112372
44	P MARAK	1199141	112419
45	S MOMIN	138996	13031
47	S MARAK	937526	87893
48	L SYIEMLIEH	369892	34677
49	E LYNGDOH	141818	13295
50	J CH SANGMA	160078	15007
51	SD SHIRA	338492	31734
52	S MARAK	159841	14985
53	M BYRSAT	140713	13192
54	K MYLLIEMPDAAH	315134	29544
55	S SANGMA	1067480	100076
56	KS MARAK	162535	15238
57	L SANGMA	237446	22261
58	D KHARBANI	221460	20762
59	A ROY BYRSAT	568992	53343
60	H SYNGKON	535730	50225
61	AN LYNGDOH	596771	55947
62	H SUN	101947	9558
63	M NANGBAH	2826432	264978
64	D SYIEM	2452031	229878
65	S CH MOMIN	2954749	277008
66	M KHARBANI	906897	85022
	M KHARBANI	163098	15290
	M KHARBANI	283468	26572
	M KHARBANI	105291	9871
	M KHARBANI	231999	21750
	M KHARBANI	213265	19994
	M KHARBANI	389336	36500
67	BJ KHARBANI	280831	26328
	BJ KHARBANI	283432	26572
TOTAL		32999983	3093748

ANNEXURE-IX (REFERENCE PARA NO. 2.8.11.3)

Sl. No.	Name of the Contractor/Supplier	Total value of work done (₹)	75% of value of work done (₹)	VAT @ 12.5% on the 75%
1	SHRI SAPLIN A. SANGMA	170000	127500	15938
2	SHRI KHITISH SAHA	120,000	90000	11250
3	SHRI SUDANGSHU MARAK	99038	74279	9285
4	SHRI DULAL CH. BORA	98581	73936	9242
5	SHRI SUREN G. MOMIN	31020	23265	2908
6	SHRI ANSON MOMIN	73108	54831	6854
7	SMTI. DEPALLY MOMIN	61706	46280	5785
8	SHRI SILLASH SANGMA	63061	47296	5912
9	M.S. SILPA MANDIR	49960	37740	4684
10	SHRI JOHN BIRTH SANGMA	99990	74993	9374
11	ONITH SANGMA	50351	37763	4720
12	GIRIJA MARAK	50388	37791	4724
13	SRI. GRITHSON A. SANGMA	99886	74915	9364
14	SRI. PENALSON SANGMA	40320	30240	3780
15	SRI. SUKUMAR HAJONG	92413	69310	8664
16	SRI. CHENGNO SANGMA	68117	51088	6386
17	SRI. JOHN T. SANGMA	98596	73947	9243
18	SRI. SUKUMAR HAJONG	98442	73832	9229
19	SRI. M. N. SANGMA	99967	74975	9732
20	SMT. MARALISH MARAK	72437	54328	6791
21	SMT. MARALISH MARAK	62116	46587	5823
22	SMT. GUESTALINE SANGMA	77097	57823	7228
23	SRI. JOHN BIRTH SANGMA	99982	74987	9373
24	SMT. SENG CHILLA S. MARAK	74116	54837	6855
25	SRI. INNAL R. MARAK	63845	47884	5985
26	SRI. JOHN T. SANGMA	99889	74917	9365
27	SRI. BETHMINGSON SANGMA	98198	73649	9206
28	SMT. NARGISH N. MARAK	129993	97494	12187
29	SMT. CHAN CHALLA R. MARAK	99970	74978	9372
30	SRI. HERANLES G. MOMIN	99982	74987	9373
31	SHRI. WILSANG MARAK	99996	74997	9375
32	SRI. SURJO BH. THAPA	635000	476250	59531
33	SRI. SIMBERTH SANGMA	140000	105000	13,125
34	SRI. LESAMLAL N. SANGMA	160000	120000	15000
35	SRI. SALSENG MARAK	345000	258750	32344
36	SMTI. NARMILLA MARAK	246000	184500	23063
37	SRI. MANORANJAN DAS	508000	381000	47625
38	SRI. PORIM M. SANGMA	437000	327750	40969
39	SRI. ALYESTINE SENSAK CH. MOMIN	159000	119250	14906
40	SRI. SALSENG R. MARAK	167000	125250	15656
41	SRI. UPENDRA NATH SAHA	599363	449522	56190
42	SRI. STARLISH SANGMA	501963	376472	47059
43	SRI. MILON PENDEY	401037	300778	37597
44	SMT. MALME R. MARAK	403130	302348	37793
45	SMT. BINA ROY MOMIN	199866	149899	18737
46	SMT. BULBULINE R. MARAK	2960844	2220633	277579
47	SRI. DULAR BORS	409980	307485	38436
48	SRI. KALBINGOTONE MARAK	1644400	1233300	154162
49	SRI. PREMCHISH A. SANGMA	1845683	1384262	173033
50	SRI. PREMCHISH A. SANGMA	3158552	2368914	296114
51	SRI. HERALESH C. MOMIN	198897	149173	18647
52	SRI. SEEMA N. SANGMA	143700	107775	13472
53	SRI WELSENG MARAK	245343	184007	23001
Total		18152323	13613767	1702046