



सत्यमेव जयते

**Report of the
Comptroller and Auditor General of India
on
Revenue Sector
for the year ended 31 March 2020**



लोकहितार्थं सत्यनिष्ठा
Dedicated to Truth in Public Interest



Government of Haryana
Report No. 2 of the year 2021

**Report of the
Comptroller and Auditor General of India**

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PREFACE

This Report of the Comptroller and Auditor General of India for the year ended 31 March 2020 has been prepared for submission to the Governor of Haryana under Article 151 of the Constitution of India.

The Report contains significant findings of audit of receipts and expenditure of major revenue earning departments under Revenue Sector conducted under the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

The instances mentioned in this Report are those which came to notice in the course of test audit during the period 2019-20 as well as those which came to notice in earlier years, but could not be reported in the previous Audit Reports. Instances relating to the period subsequent to 2019-20 have also been included, wherever necessary.

The audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

OVERVIEW

OVERVIEW

This Report contains 15 illustrative audit paragraphs relating to non/short levy of taxes, interest, penalty, non/short levy of excise duty, stamp duty etc. with revenue implications of ₹ 99.36 crore.

1. Chapter-I

General

The total revenue receipts of the State Government for the year 2019-20 were ₹ 67,858.13 crore as compared to ₹ 65,885.12 crore during the year 2018-19. Out of this, 74 *per cent* was raised through tax revenue (₹ 42,824.95 crore) and non-tax revenue (₹ 7,399.74 crore). The balance 26 *per cent* was received from the Government of India as State's share of divisible Union taxes (₹ 7,111.53 crore) and Grants-in-aid (₹ 10,521.91 crore). There was an increase in revenue receipts over the previous year by ₹ 1,973.01 crore (2.99 *per cent*).

(Paragraph 1.1.1)

Test check of the records of 163 units pertaining to Sales Tax/Value Added Tax, State Excise duty and Stamp Duty and Registration fees conducted during the year 2019-20 brought out under assessment/short levy/loss of revenue aggregating to ₹ 1,422.55 crore in 2,805 cases. During the year, the concerned Departments accepted under assessment and other deficiencies of ₹ 298.46 crore in 1,029 cases. The Departments recovered ₹ 1.17 crore (0.39 *per cent*) in 55 cases during 2019-20. Out of which ₹ 0.78 crore recovered in 24 cases pertain to this year and balance for previous financial years.

(Paragraph 1.10)

2. Chapter-II

Taxes/Value Added Tax on sales, trade

Assessing Authority failed to levy tax on interstate purchases, importing goods and purchases from unregistered dealers, resulting in under assessment of tax amounting to ₹ 4.98 crore. In addition, an interest of ₹ 3.62 crore was also leviable.

(Paragraph 2.3)

Assessing Authority allowed benefit of Input Tax Credit without verification of purchases from selling dealers, resulting in incorrect grant of Input Tax Credit of ₹ 9.27 crore.

(Paragraph 2.5)

The Assessing Authority did not take action to assess cases of suppressed turnover on inter-state purchases, resulting in loss of revenue of ₹ 27.89 crore, including penalty of ₹ 20.92 crore.

(Paragraph 2.6)

The Assessing Authorities did not verify/cross verify sale/purchase, which resulted in evasion of tax of ₹ 4.61 crore. In addition, penalty of ₹ 13.83 crore was also not levied.

(Paragraph 2.8)

Assessing Authority allowed concessional rate of tax without verification of statutory forms, which resulted in under assessment of tax of ₹ 5.55 crore. In addition, penalty of ₹ 16.66 crore was also not levied.

(Paragraph 2.9)

3. Chapter-III

State Excise

The Deputy Excise and Taxation Commissioners (Excise) neither initiated any action to seal the vends for non-deposit of monthly instalment in time nor levied interest of ₹ 1.61 crore for delayed payment of the license fee.

(Paragraph 3.3)

4. Chapter-IV

Stamp Duty

Misclassification of sale deeds as collaboration agreements instead of agreement to sell in case of five agreements resulted in short levy of stamp duty and registration fees of ₹ 0.45 crore.

(Paragraph 4.3)

Registering Authorities assessed 16 sale deeds of plots falling within municipal limits with an area less than 1,000 square yards at rates fixed for agricultural land instead of residential land, resulting in short levy of stamp duty and registration fees of ₹ 0.39 crore.

(Paragraph 4.6)

CHAPTER-I
GENERAL

CHAPTER I: GENERAL

1.1 Trend of revenue receipts

1.1.1 The tax and non-tax revenue raised by the Government of Haryana, the State's share of net proceeds of divisible Union taxes and duties assigned to States and Grants-in-aid received from the Government of India (GoI) during the year 2019-20 and the corresponding figures for the preceding four years are depicted below:-

Table 1.1.1: Trend of revenue receipts

(₹ in crore)						
Sr. No.	Particulars	2015-16	2016-17	2017-18	2018-19	2019-20 ¹
1.	Revenue raised by the State Government					
	Tax revenue	30,929.09	34,025.69	41,099.38	42,581.34	42,824.95
	Non-tax revenue	4,752.48	6,196.09	9,112.85	7,975.64	7,399.74
	Total	35,681.57	40,221.78	50,212.23	50,556.98	50,224.69
2.	Receipts from the Government of India					
	Share of net proceeds of divisible Union taxes and duties	5,496.22	6,597.47	7,297.52	8,254.60	7,111.53 ²
	Grants-in-aid	6,378.76	5,677.57	5,185.12	7,073.54	10,521.91 ³
	Total	11,874.98	12,275.04	12,482.64	15,328.14	17,633.44
3.	Total revenue receipts of the State Government (1 and 2)	47,556.55	52,496.82	62,694.87	65,885.12	67,858.13
4.	Percentage of 1 to 3	75	77	80	77	74

(Source: Finance Accounts)

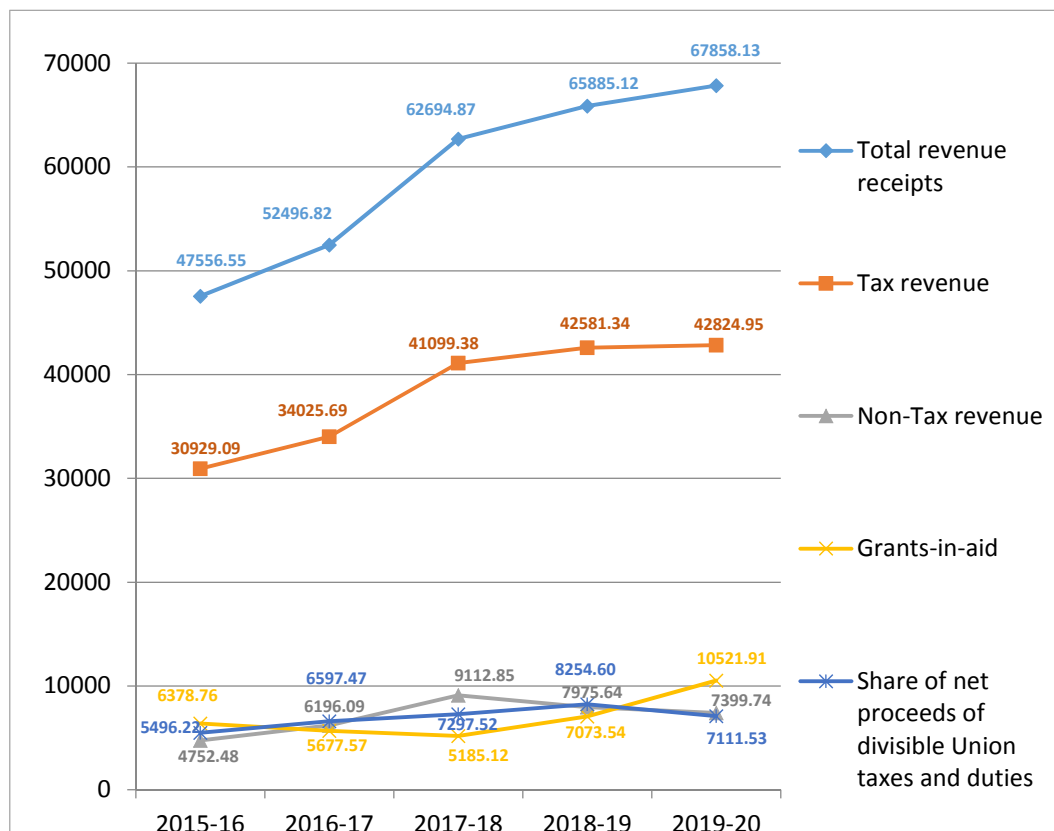
¹ Finance Account of the State Government.

² This includes amount of ₹ 2,018.07 crore received from Government of India as share of Central Goods and Services Tax.

³ This includes amount of ₹ 5,453.43 crore received from Government of India as compensation for loss due to implementation of Goods and Services Tax against the receivable amount of compensation of ₹ 6,779.25 crore during 2019-20.

The trend in revenue receipts during 2015-16 to 2019-20 is depicted in the **Chart 1.1**.

Chart 1.1
Trend of revenue receipts



(Source: Finance Accounts)

During the year 2019-20, the revenue raised by the State Government (₹ 50,224.69 crore) was 74 per cent of the total revenue receipts. The balance 26 per cent of the receipts during the year 2019-20 was from the GOI as State's share of net proceeds of divisible Union taxes and Grants-in-aid. There was little buoyancy in the revenue raised by the State Government from 2017-18 to 2019-20 which was largely due to stagnant tax revenues during this period.

The percentage of revenue receipts of the State Government from its own resources to total revenue receipts shows an increasing trend from 2015-16 (75 per cent) to 2017-18 (80 per cent). Thereafter, for the years 2018-19 and 2019-20, it decreased to 77 and 74 per cent respectively.

1.1.2 The details of tax revenue raised during the period 2015-16 to 2019-20 are given in the Table below:-

Table 1.1.2: Details of Tax Revenue raised

(₹ in crore)

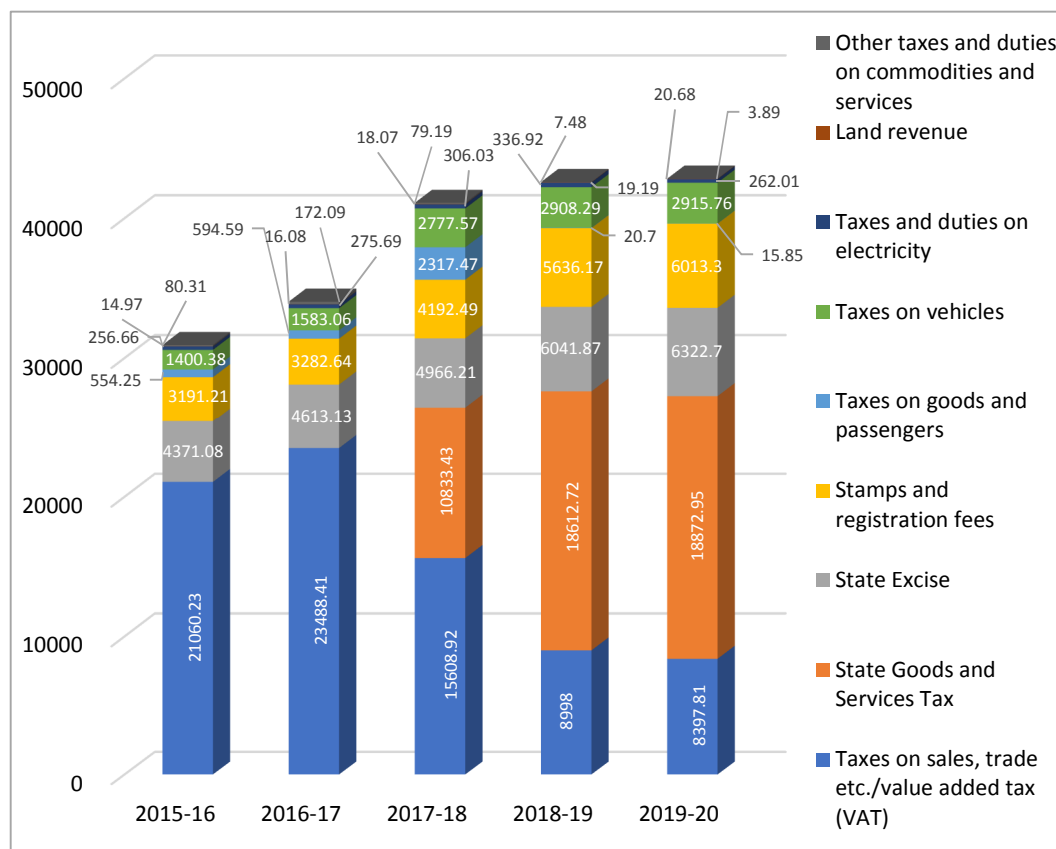
Sr. No	Head of revenue	2015-16	2016-17	2017-18	2018-19	2019-20	
		Actual (percentage to total receipts)	Actual (percentage to total receipts)	Actual (percentage to total receipts)	Actual (percentage to total receipts)	Actual (percentage to total receipts)	Percentage of increase (+) or decrease (-) of Actuals of 2019-20 over actuals of 2018-19
1.	Taxes on sales, trade etc./value added tax (VAT)	21,060.23 (68.09)	23,488.41 (69.03)	15,608.92 (37.98)	8,998.00 (21.31)	8,397.81 (19.61)	(-) 6.67
	State Goods and Services Tax (SGST)			10,833.43 (26.36)	18,612.72 (43.71)	18,872.95 (44.07)	1.40
2.	State Excise	4,371.08 (14.13)	4,613.13 (13.56)	4,966.21 (12.08)	6,041.87 (14.19)	6,322.70 (14.76)	4.65
3.	Stamps and registration fees	3,191.21 (10.32)	3,282.64 (9.65)	4,192.49 (10.20)	5,636.17 (13.23)	6,013.30 (14.04)	6.69
4.	Taxes on goods and passengers (PGT)	554.25 (1.79)	594.59 (1.75)	2,317.47 (5.64)	20.70 (0.05)	15.85 ⁴ (0.04)	(-) 23.43
5.	Taxes on vehicles	1,400.38 (4.53)	1,583.06 (4.65)	2,777.57 (6.76)	2,908.29 (6.83)	2,915.76 (6.81)	0.26
6.	Taxes and duties on electricity	256.66 (0.83)	275.69 (0.81)	306.03 (0.74)	336.92 (0.79)	262.01 (0.61)	(-) 22.23
7.	Land revenue	14.97 (0.05)	16.08 (0.05)	18.07 (0.04)	19.19 (0.05)	20.68 (0.05)	7.76
8.	Other taxes and duties on commodities and services	80.31 (0.26)	172.09 (0.51)	79.19 (0.19)	7.48 (0.02)	3.89 (0.01)	(-) 47.99
	Total	30,929.09	34,025.69	41,099.38	42,581.34	42,824.95	0.57
	% increase over previous year	11.92	10.01	20.79	3.61	0.57	
	Overall average growth and growth rate for five years						38,292.09 9.38

(Source: Finance Accounts)

⁴ PGT transferred to Transport Department with effect from 01 April 2017. The receipt includes PGT collection of previous dues i.e. Toll on Roads (₹ 2.90 crore), Collection of Passengers tax (₹ 9.67 crore), Goods Tax (₹ 3.09 crore), Tax on entry of goods into local areas (₹ 0.02 lakh) and other receipts of ₹ 0.19 crore.

The year-wise trend of various tax revenues is depicted in **Chart 1.2**.

Chart 1.2
Details of Tax Revenue raised



(Source: Finance Accounts)

Tax revenue increased by ₹ 11,895.86 crore (38.46 per cent) during 2015-16 to 2019-20 with an average rate of growth of 9.38 per cent. However, rate of growth for 2019-20 decreased to 0.57 per cent mainly due to decline in annual growth rate of tax on sales (VAT + SGST) to 3.13 per cent from 12.58 per cent in 2017-18, as 64 per cent of tax receipts were collected under this head alone.

The respective Departments reported the following reasons for the variations:

- **State Excise:** State Excise has increased to ₹ 6,322.70 crore in 2019-20 as against ₹ 6,041.87 crore in 2018-19 which was due to increase in receipts on country spirits.
- **Stamps and Registration Fees:** The stamps and registration fees increased to ₹ 6,013.30 crore in 2019-20 as against ₹ 5,636.17 crore in 2018-19 which was due to more transactions of immovable property and stamps.
- **Taxes and duties on Electricity:** Taxes and duties on Electricity decreased to ₹ 262.01 crore in 2019-20 as against ₹ 336.92 crore in

2018-19 mainly due to less collection of electricity duty from the consumers of the Power Utility.

- **State Goods and Services Tax:** The State Goods and Services Tax increased to ₹ 18,872.95 crore in 2019-20 as against ₹ 18,612.72 crore in 2018-19 which was due to increased receipts on account of tax (SGST).

1.1.3 The details of non-tax revenue raised during 2015-16 to 2019-20 are indicated in the Table below:-

Table 1.1.3: Details of Non-Tax Revenue raised

(₹ in crore)

Sr. No.	Head of revenue	2015-16	2016-17	2017-18	2018-19	2019-20	Percentage of increase (+) or decrease (-) of Actuals of 2019-20 over actuals of 2018-19
		Actual (percentage to total receipts)	Actual (percentage to total receipts)	Actual (percentage to total receipts)	Actual (percentage to total receipts)	Actual (percentage to total receipts)	
1.	Interest Receipts	1,087.49 (22.88)	2,309.79 (37.28)	2,227.82 (24.45)	1,953.84 (24.50)	1,974.86 (26.69)	1.08
2.	Road Transport	1,254.55 (26.40)	1,265.13 (20.42)	1,279.66 (14.04)	1,196.64 (15.0)	1,114.51 (15.06)	(-) 6.86
3.	Education, Sports, Art and Culture	637.41 (13.41)	640.48 (10.34)	674.03 (7.40)	272.17 (3.41)	457.94 (6.19)	68.26
4.	Urban Development	421.95 (8.88)	599.00 (9.67)	2,861.45 (31.40)	2,315.60 (29.03)	1,855.51 (25.08)	(-) 19.87
5.	Non-ferrous mining and metallurgical industries	271.61 (5.72)	496.95 (8.02)	712.87 (7.82)	583.20 (7.31)	702.25 (9.49)	20.41
6.	Major and medium irrigation	110.48 (2.32)	113.43 (1.83)	132.43 (1.45)	164.19 (2.06)	171.74 (2.32)	4.60
7.	Police	151.70 (3.19)	109.11 (1.76)	128.69 (1.41)	176.96 (2.22)	179.84 (2.43)	1.63
8.	Other administrative services	115.64 (2.43)	105.66 (1.71)	165.37 (1.81)	159.93 (2.01)	107.89 (1.46)	(-) 32.54
9.	Forestry and wildlife	51.90 (1.09)	55.38 (0.89)	33.10 (0.36)	28.53 (0.36)	23.07 (0.31)	(-) 19.14
10.	Miscellaneous General Services ⁵	41.39 (0.87)	31.54 (0.51)	251.50 (2.76)	166.03 (2.08)	62.96 (0.85)	(-) 62.08
11.	Medical and public health	142.06 (2.99)	31.17 (0.50)	189.34 (2.08)	195.70 (2.45)	171.89 (2.32)	(-) 12.17

⁵ Unclaimed deposits, Sales of Land and property, Guarantee fee and other receipts.

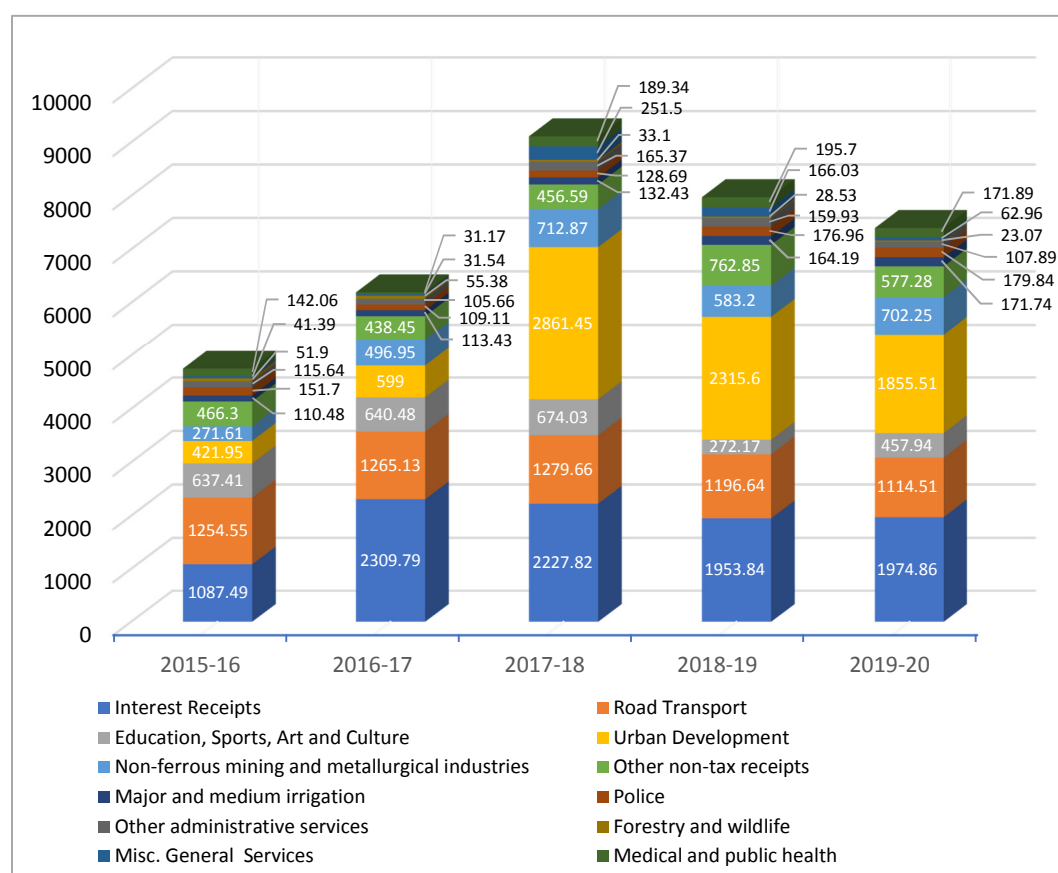
Sr. No.	Head of revenue	2015-16	2016-17	2017-18	2018-19	2019-20	Percentage of increase (+) or decrease (-) of Actuals of 2019-20 over actuals of 2018-19
12.	Other non-tax receipts	466.30 (9.81)	438.45 (7.08)	456.59 (5.01)	762.85 (9.56)	577.28 ⁶ (7.80)	(-) 24.33
Total		4,752.48	6,196.09	9,112.85	7,975.64	7,399.74	(-)7.22

(Source: Finance Accounts)

The year-wise trend of various non-tax revenues is depicted in **Chart 1.3**.

Chart 1.3

Details of Non-Tax Revenue raised



Source: Finance Accounts

⁶ Dividend and Profit- ₹ 87.01 crore, Public services Commission- ₹ 41.51 crore, Public work- ₹ 30.85 crore, Contribution and recoveries towards pension- ₹ 30.77 crore, Water supply and sanitation- ₹ 59.77 crore, Labour and employment- ₹ 59.79 crore, Social Security and Welfare- ₹ 88.20 crore, Animal Husbandry- ₹ 40.57 crore, Other rural development programs- ₹ 20.87 crore, Road and bridge- ₹ 21.65 crore, Other scientific research- ₹ 1.09 crore, Jail - ₹ 1.56 crore, Supplies and disposal- ₹ 0.66 crore, Stationers and printing- ₹ 3.24 crore, Family Welfare - ₹ 0.10 crore, Housing- ₹ 5.39 crore, Information and publication- ₹ 0.14 crore, Other Social Services- ₹ 20.68 crore, Crop-Husbandry- ₹ 12.18 crore, Dairy development - ₹ 0.03 crore, Fisheries- ₹ 2.69 crore, Food Storage and Warehousing- ₹ 0.18 crore, Cooperation- ₹ 9.92 crore, Other Agricultural programme- ₹ 2.71 crore, Land reform- ₹ 0.03 crore, New renewable energy- ₹ 0.39 crore, Village and small industries- ₹ 7.46 crore, Industries- ₹ 0.09 crore, Civil Aviation- ₹ 0.05 crore, Tourism- ₹ 4.84 crore, Other General Economic Services- ₹ 22.86 crore.

There was a decrease of 7.22 *per cent* in actual receipts during 2019-20 over actual receipts of 2018-19. Interest receipts (26.69 *per cent*), Urban Development (25.08 *per cent*) and Road Transport (15.06 *per cent*) are main contributors to non-tax revenue and as a whole contribute 66.83 *per cent* to total non-tax revenue. However, non-tax revenue has decreased from 2018-19 to 2019-20 which was mainly due to decrease in receipts of Urban Development and Road Transport.

The concerned departments attributed the following reasons for variations:-

- **Interest Receipts:** Interest receipts decreased to ₹ 1,953.84 crore during 2018-19 as compared to ₹ 2,287.82 crore in 2017-18. This was due to decrease in receipt of interest from public sector and other undertakings. This was mainly due to conversion of ₹ 5,190 crore of DISCOM loans into equity during 2018-19 and 2019-20 respectively.
- **Education, Sports, Art and Culture:** The increase in actual receipts in 2019-20 (68.26 *per cent*) over 2018-19 was due to increase in receipts from Elementary/Secondary Education.
- **Non-Ferrous Mining and Metallurgical Industries:** The increase in actual receipts in 2019-20 (20.41 *per cent*) over 2018-19 was due to increase in receipts from Mineral concession fees, rents and royalties.
- **Police:** The increase in actual receipts in 2019-20 (1.63 *per cent*) over 2018-19 was due to unforeseen nature like supply of police forces to Bank Authorities, BBMB and other parties.
- **Forestry and Wildlife:** The decrease in actual receipts in 2019-20 (19.14 *per cent*) over 2018-19 was due to adjustment of revenue earned on account of cutting of trees by production wing into Haryana Forest Development Corporation.
- **Miscellaneous General Services:** The decrease in actual receipts in 2019-20 (62.08 *per cent*) over 2018-19 was due to decrease in receipts on account of Guarantee Fee and Unclaimed Deposits.

The other Departments did not intimate the reasons for variations in receipts despite being requested.

1.2 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2020 in some principal heads of revenue was ₹ 32,684.28 crore, of which ₹ 5,571.94 crore was outstanding for more than five years as depicted in Table 1.2.

Table 1.2: Arrears of Revenue

(₹ in crore)

Sr. No.	Heads of revenue	Amount outstanding as on 31 March 2020	Amount outstanding for more than five years as on 31 March 2020	Replies of the Department
1	Taxes on sales, trade/VAT etc.	30,717.17	4,934.61	The amount outstanding as on March 2020 has increased to ₹ 30,717.17 crore as compared to outstanding amount of ₹ 17,595.10 crore as on March 2019. The amount outstanding for more than five years was also increased to ₹ 4,934.61 crore from ₹ 2,758.65 crore in March 2019. Recovery of ₹ 1,345.21 crore (4.38 per cent) was stayed by the Honorable High Court and other judicial authorities and ₹ 1,126.74 crore was stayed by order of the Government. Recovery of ₹ 18.11 crore was held due to the dealers becoming insolvent, ₹ 138.36 crore was likely to be written off and ₹ 4,260.95 crore was held due to rectification/ review/application. Recovery of arrears of ₹ 2,888.50 crore was pending on account of cases pending in court and ₹ 3,940.62 crore was pending on account of non-recovery by the Department due to other reasons. Recovery of ₹ 1,426.04 crore was pending with official Liquidator/Board of Industrial and Financial Reconstruction (BIFR). Inter State arrears were ₹ 3,278.28 crore and Inter districts arrears were ₹ 90.02 crore. Recovery of ₹ 178.03 crore was being made in instalments. Balance amount of ₹ 12,026.31 crore was at other stages of recovery.
2	State Excise	310.48	196.28	Recovery of ₹ 14.37 crore (4.63 per cent) was stayed by the High Court and other judicial authorities and ₹ 0.47 crore was stayed by the order of the Government, ₹ 0.93 crore was due to dealers becoming insolvent, ₹ 3.99 crore was likely to be written off. Rupees 83.80 crore was inter-State and inter-districts arrears. Recovery of ₹ 0.01 crore was being made in instalments. Rupees 1.33 crore was pending with official liquidator/BIFR. Balance amount of ₹ 205.58 crore was outstanding at different stages of recovery.
3	Taxes and duties on electricity	325.20	179.30	Amount of ₹ 324.20 crore was pending towards consumers of Dakshin Haryana Bijli Vitran Nigam Limited (DHBVNL)/Uttar Haryana Bijli Vitran Nigam Limited (UHBVNL) and ₹ one crore was pending with official liquidator/Board of Financial Reconstruction against M/S Haryana Concast, Hisar.
4	Tax on entry of goods into local areas (Local Area Development Tax)	206.32	147.96	Recovery of ₹ 197.10 crore (95.53 per cent) was stayed by the High Court and other judicial authorities, and balance amount of ₹ 9.22 crore was outstanding at other stages of recovery.

Sr. No.	Heads of revenue	Amount outstanding as on 31 March 2020	Amount outstanding for more than five years as on 31 March 2020	Replies of the Department
5	Police	127.98	40.91	Amount of ₹ 7.37 crore was due from Indian Oil Corporation Limited (IOCL) up to 31 March 2007. The matter of recovery from IOCL in Haryana State was pending at the level of State Government. Rupees 0.29 crore was recoverable from the Bhakra Beas Management Board, Faridabad and ₹ 120.32 crore was recoverable from other States for election duties and Law and Order duty in other States.
6	Other taxes and duties on commodities and services – Receipts from Entertainment duty	11.69	11.69	Recovery of ₹ 2.76 crore (23.61 per cent) was stayed by the High Court and other judicial authorities, ₹ 0.01 crore was likely to be written off and balance amount of ₹ 8.92 crore was outstanding at other stages of action.
7	Non-ferrous mining and metallurgical industries	985.44	61.19	Amount of ₹ 635.62 crore was outstanding on account of demand covered by recovery certificate, ₹ 38.43 crore (5.09 per cent) stayed by the High Court and Judicial authorities, ₹ six lakh was likely to be written off and balance amount of ₹ 311.33 crore was outstanding at other stages of action.
	Total	32,684.28	5,571.94	

Source: Departmental figure

1.3 Arrears in assessments

The details of cases pending at the beginning of the year, cases becoming due for assessment during the year, cases disposed of during the year and number of cases pending for finalisation at the end of the year as furnished by the Excise and Taxation Department in respect of Sales Tax are as depicted below:-

Table 1.3: Arrears in Assessments

Head of revenue	Year	Opening balance	New cases due for assessment during the year	Total assessments due	Cases disposed of during the year	Balance at the end of the year	Percentage of disposal (col. 6 to 5)
1	2	3	4	5	6	7	8
Taxes on sales, trade etc./ VAT	2018-19	3,12,411	2,19,396	5,31,807	2,35,122	2,96,685	44
	2019-20	2,96,685	31,594	3,28,279	2,92,709	35,570	89

Source: Departmental figure

The number of cases pending at the end of 2019-20 has decreased. It is further observed that the percentage of disposal of cases was 89.

1.4 Evasion of tax detected by the Department

Under Section 29 to 31 of the HVAT Act, 2003, Department is required to inspect business premises to detect tax evasion and also inspect suspicious dealer on the basis of information received from third party. Further, the Department conducts survey in business premises to identify the new taxpayer in the ambit of tax limit. Besides this, road side checking is also a tool to detect the tax evasion during the goods in transit by the Excise and Taxation Department.

The details of cases of evasion of tax detected by the Excise and Taxation Department, cases finalised and the demands for additional tax raised as reported by the Department are given in the Table below:-

Table 1.4: Evasion of Tax

Sr. No.	Head of revenue	Cases pending as on 31 March 2019	Cases detected during 2019-20	Total	Number of cases in which assessment/investigation completed and additional demand with penalty etc. raised		Number of cases pending for finalisation as on 31 March 2020
					Number of cases	Amount of demand (₹ in crore)	
1	Taxes on sales, trade etc./ VAT	18	4	22	21	2.60	1
2	State excise	418	8,250	8,668	8,378	8.39	290
Total		436	8,254	8,690	8,399	10.99	291

Source: Departmental figure

The number of cases pending at the end of the year has decreased in respect of Taxes on sales, trade etc./VAT and also in respect of State Excise as compared to the number of cases pending at the beginning of 2019-20.

1.5 Refund cases

The number of refund cases pending at the beginning of the year 2019-20, claims received during the year, refunds allowed during the year and the cases pending at the close of the year 2019-20 were reported by the Department are mentioned in the Table 1.5.

Table 1.5: Details of Refund Cases

Sr. No.	Particulars	Sale Tax/VAT		State Excise	
		Number of cases	Amount (₹ in crore)	Number of cases	Amount (₹ in crore)
1	Claims outstanding at the beginning of the year	327	69.15	29	0.64
2	Claims received during the year	1,454	376.60	271	39.99
3	Refunds made/adjusted/rejected during the year	1,260	258.67	249	38.65
4	Balance outstanding at the end of year	521	187.08	51	1.98

Source: Departmental figure

The number of outstanding cases at the end of the year increased in respect of Sales Tax/VAT and State Excise as compared to cases outstanding at the beginning of the year.

Table 1.5.1: Details of Refund cases under GST

Sr. No.	Particulars	GST					
		Cases	₹ in crore)				
			SGST	CGST	IGST	Cess	Total
1	Claims outstanding at the beginning	1,306	830.18	810.70	6,100.04	11.33	7,752.25
2	Claims received during the year	4,688	3,896.35	3,047.67	16,845.71	72.05	23,861.78
3	Refund allowed/rejected manually during the year	5,768	4,692.03	3,815.43	22,774.5	83.38	31,365.34
4	Balance outstanding at the end of the year	226	34.50	42.94	171.25	0.00	248.69

Source: Departmental figure

1.6 Internal Audit

During the year 2019-20, out of 165 units planned for audit, Internal Audit Cell of Revenue and Disaster Management and Excise and Taxation (State Excise) Departments audited all 165 units (*cent per cent*) as detailed in the Table 1.6:-

Table 1.6: Status of Internal Audit conducted

Receipts	Number of units Planned	Number of units audited
Stamp Duty	142	142
State Excise	23	23
VAT/Sales Tax	Nil	Nil
Motor Vehicles Tax	Nil	Nil
Total	165	165

Source: Departmental figure

The irregularities discussed in the paragraphs of Chapters II to IV are indicators of inadequate internal control mechanism as the irregularities pointed out in the Audit Report were not detected by the internal audit parties. No internal audit was done by the Excise and Taxation Department (Sales Tax/VAT) and Transport Department (Motor Vehicle Tax). The Department stated that the Internal Audit of Sales Tax/VAT has not been conducted by the internal audit team and reasons for not conducting internal audit was not provided by the Department. The internal Audit of Transport Department as stated by the Department has not been conducted due to pandemic effects and shortage of Section Officers in the Department.

1.7 Response of the Government/Departments towards audit

The Principal Accountant General (Audit) Haryana conducts periodical inspection of Government Departments to test check the transactions, verify the maintenance of important accounts and other records as prescribed in the rules and procedures. These inspections are followed up with inspection reports (IRs) incorporating irregularities detected during the inspection and not settled on the spot, which are issued to the heads of the offices inspected with copies to the next higher authorities for taking prompt corrective action. The heads of offices/Government are required to comply with the observations contained in the IRs, within four weeks from the date of receipt of the IRs. Serious financial irregularities are reported to the heads of the Department and the Government.

Inspection Reports issued up to December 2019 revealed that 8,695 paragraphs involving ₹ 10,688.15 crore relating to 2,765 IRs remained

outstanding at the end of June 2020 as mentioned in the **Table 1.7** along with the corresponding figures for the preceding two years.

Table 1.7: Details of pending Inspection Reports

	June 2018	June 2019	June 2020
Number of IRs pending for settlement	2,446	2,588	2,765
Number of outstanding audit observations	6,915	7,701	8,695
Amount of revenue involved (₹ in crore)	6,577.52	8,455.42	10,688.15

Source: Internal data

1.7.1 The Department-wise details of the IRs and audit observations outstanding as on 30 June 2020 and the amounts involved are mentioned in the following Table:-

Table 1.7.1: Department-wise details of Inspection Reports

Sr. No.	Name of the Department	Nature of receipts	Number of outstanding IRs	Number of outstanding audit observations	Money value involved (₹ in crore)
1	Excise and Taxation	Sales tax/VAT	400	3,887	8,231.79
		State Excise	193	370	192.26
		Taxes on goods and passengers	254	465	40.01
		Entertainment duty and show tax	23	27	12.25
2	Revenue	Stamps and registration fees	1,186	2,937	415.55
		Land Revenue	153	188	0.82
3	Transport	Taxes on vehicles	437	639	108.12
4	Power	Taxes and duties on electricity	9	9	0.81
5	Mines and Geology	Non-ferrous mining and metallurgical industries	110	173	1,686.53
Total			2,765	8,695	10,688.14

Source: Data maintained by office

Therefore, the increase in the pendency of IRs indicated that the heads of offices/ Departments did not initiate adequate action to rectify the defects, omissions and irregularities pointed out by the Audit in the IRs.

1.7.2 Departmental Audit Committee Meetings

The Government has set up audit committees to monitor and expedite the progress of the settlement of IRs and paragraphs in the IRs. The details of the audit committee meetings held during the year 2019-20 and the paragraphs settled are mentioned in the Table below:-

Table 1.7.2: Departmental Audit Committee Meetings

Sr. No.	Head of revenue	Number of meetings held	Number of paragraphs settled	Amount (₹ in crore)
1	Excise and Taxation Department (Sales Tax)	4	215	31.90
2	Mineral and Geology Department	3	13	0.33
3	State Excise (Excise and Taxation Department)	2	34	7.02
	Total	9	262	39.25

Source: Data maintained by office

In the Audit Committee meetings held during 2019-20, 841 paras were discussed, out of which 262 paras having financial implication of ₹ 39.25 crore were settled whereas 307 paras having financial implication of ₹ 361.55 crore were settled out of 1,087 paras discussed during 2018-19.

The Government may consider putting in effective monitoring system so as to ensure adequate and prompt response/corrective action to audit observations pointed out in IRs and stepping up pace of holding of Audit Committee Meetings for speedy settlement of Audit observations.

1.7.3 Non production of records to audit for scrutiny

During 2019-20, 72 files out of 53,458 assessment files and other relevant records involving tax effect of ₹ 13 crore were not provided to Audit. District-wise detail of cases are depicted in the Table 1.7.3 below:-

Table 1.7.3: Details of non-production of records

Name of the Office/Department	Year in which it was to be audited	Number of cases not produced	Tax amount/refunds (₹ in crore)
Deputy Excise and Taxation Commissioners (Sales Tax)			
Assessment cases			
Gurugram (South)	2019-20	17	2.52
Gurugram (North)	2019-20	34	7.47
Palwal	2019-20	21	3.01
Total		72	13.00

Source: Data compiled by office

Consequently, 72 cases with monetary value of ₹ 13 crore covering above DETCs (ST) could not be examined due to non-production of records.

1.7.4 Response of the Government to the draft audit paragraphs

Draft audit paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India are forwarded by the Principal Accountant General (Audit) to the Principal Secretary/Additional Chief Secretaries of the concerned Department to draw their attention to the audit findings, requesting them to send their response within six weeks. The fact of non-receipt of the replies from the Departments/ Government is mentioned in the paragraphs included in the Audit Report.

In all, 17 draft paragraphs were sent to the Additional Chief Secretaries of the respective Departments between August 2020 and February 2021; replies of Excise and Taxation Department, Revenue and Disaster Management Department received during exit conference are incorporated in the concerned DPs.

1.7.5 Follow up on the Audit Reports-summarised position

According to the instructions issued by the Finance Department in October 1995 and reiterated in July 2001, it had been laid down that after the presentation of the Report of the Comptroller and Auditor General of India in the Legislative Assembly, the Departments shall initiate action on the audit paragraphs and the action taken explanatory notes thereon should be submitted by the Government within three months of tabling of the Report, for consideration of the Public Accounts Committee (PAC).

In spite of these provisions, the explanatory notes on audit paragraphs of the Reports were being delayed. However, action taken notes (ATNs) in respect of 42 paragraphs from four departments (Excise and Taxation: 31, Transport: 02, Revenue and Disaster Management: 08 and Mines and Geology: 01) as mentioned in **Annexure I** were not received in respect of the Audit Reports for the year ended 31 March 2016 to 2018 (November 2020).

The PAC had discussed 23 selected paragraphs pertaining to the Audit Report for the year 2015-16 and 54 paragraphs pertaining to the Audit Reports for the years 2016-17 and 2017-18 are yet to be discussed in the Public Accounts Committee (August 2020). Final corrective action was to be taken by the concerned Departments/Government in 1,034 recommendations pertaining to the period 1979-80 to 2014-15 contained in 22nd to 78th Reports of PAC, as mentioned in **Annexure II**, the same was still pending.

1.8 Analysis of the mechanism for dealing with the issues raised by Audit

To analyse the system of addressing the issues highlighted in the Inspection Reports/Audit Reports by the Departments/Government, the action taken on the paragraphs and performance audits included in the Audit Reports of the last 10 years for one Department is evaluated and included in this Audit Report.

The succeeding paragraphs 1.8.1 to 1.8.2 discusses the performance of the Excise and Taxation Department under State Excise including cases detected during the course of local audit for the last 10 years.

1.8.1 Position of Inspection Reports

The summarised position of the inspection reports issued to the Excise and Taxation Department (State Excise) during the last 10 years, paragraphs included in these reports and their status as on 31 March 2020 are brought out in **Annexure III**.

The number of outstanding IRs increased from 116 in 2010-11 to 184 in 2019-20 and paragraphs increased from 171 in 2010-11 to 347 in 2019-20 as on 31 March 2020. The Government should increase the audit committee meetings so as to settle the pending paragraphs.

1.8.2 Recovery in accepted cases

The position of paragraphs included in the Audit Reports of the last 10 years, those accepted by the Department and the amount recovered are mentioned in **Annexure IV**.

While the Department accepted objections valuing ₹ 172.92 crore during the last 10 years, the amount recovered out of the accepted amount was minuscule ₹ 40.87 crore. However, the progress of recovery in accepted cases was only 23.64 *per cent* during the last 10 years. The Department may take appropriate action to pursue and monitor prompt recovery of the dues involved in accepted cases.

1.9 Audit planning

There were a total of 274⁷ auditable units in the State of Haryana, of which 177 units were planned and 163 units⁸ audited during 2019-20. The units were selected on the basis of risk analysis.

1.10 Results of audit

Position of local audits conducted during the year

Out of 274 auditable units, test check of the records of 163 (Revenue 161 + expenditure 02) units pertaining to Sales Tax/Value Added Tax, State Excise duty, Stamp Duty and Registration fees were conducted during 2019-20, which reflect under assessment/short levy/loss of revenue aggregating to ₹ 1,422.55 crore in 2,805 cases. During the year, the concerned Departments accepted under assessment and other deficiencies amounting to ₹ 298.46 crore in 1,029 cases. The Departments recovered ₹ 1.17 crore (0.39 per cent) in 55 cases during 2019-20, out of which ₹ 0.78 crore recovered in 24 cases pertain to this year and balance amount for previous years.

1.11 Coverage of this Report

This Report contains 15 paragraphs involving a total financial implication of ₹ 99.36 crore. Exit conference with the Government/Departments were held to discuss the audit findings. During exit conference, the Departments/ Government have accepted audit observations involving ₹ 98.73 crore, out of which ₹ 0.90 crore had been recovered. The replies provided by the Authorities have been included in the relevant paragraphs. These are discussed in succeeding Chapters II to IV.

⁷ 274 auditable units includes units of Sales Tax/VAT: 45, Stamp Duty and Registration Fees: 143 and State Excise: 86.

⁸ 13 units could not be audited due to lock down in March 2020 and one unit of DETC (Excise) Charkhi Dadri could not be audited as it was not in operation at the time of audit.

CHAPTER-II
TAXES/VAT ON SALES, TRADE

CHAPTER II: TAXES/VAT ON SALES, TRADE

2.1 Tax administration

The Haryana Value Added Tax Act, 2003 (HVAT Act) and rules framed thereunder are administered by the Additional Chief Secretary (Excise and Taxation). The Excise and Taxation Commissioner (ETC) is the head of the Excise and Taxation Department, is assisted by Additional ETCs, Joint ETCs (JETCs), Deputy Excise and Taxation Commissioner (DETCs) and Excise and Taxation Officers (ETOs). They are assisted by Excise and Taxation Inspectors and other allied staff for administering the relevant tax laws and rules.

2.2 Results of audit

In 2019-20, test check of the records of 34 (Revenue 32 + expenditure 02) units (53,498 assessment cases were audited out of total 1,84,419 assessment cases) out of 45 units relating to VAT/Sales tax assessments and other records revealed under assessment/evasion of tax and other irregularities involving ₹ 1,388.90 crore in 1,160 cases (15.44 per cent of the receipt of ₹ 8,998 crore for the year 2018-19) under the following categories as depicted in the Table 2.1.

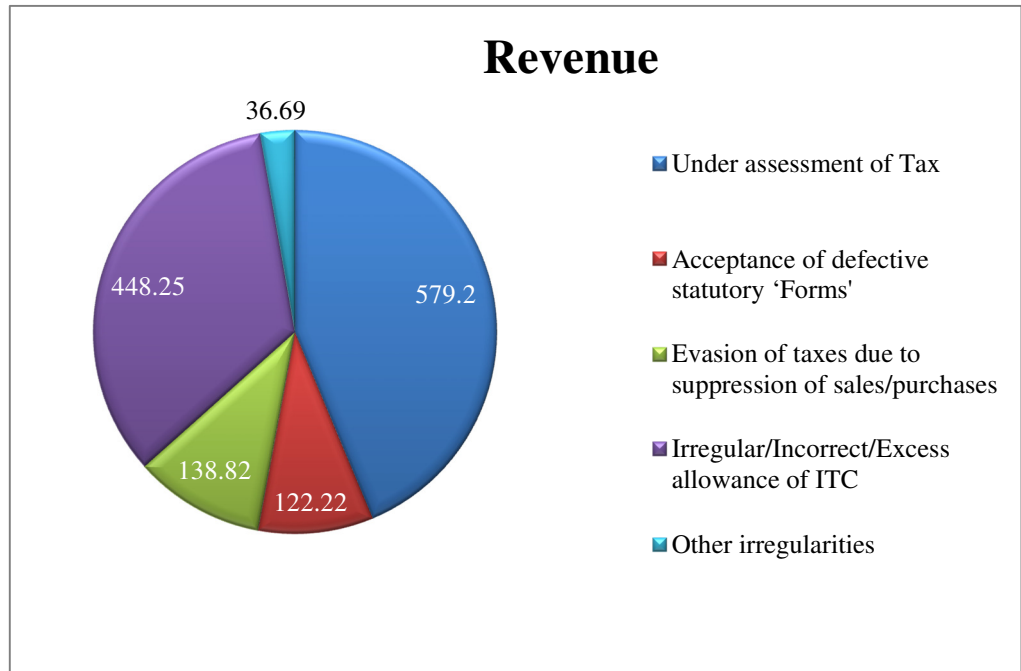
Table 2.1: Results of Audit

Revenue			
Sr. No.	Categories	Number of cases	Amount (₹ in crore)
1.	Under assessment of Tax	413	579.20
2.	Acceptance of defective statutory 'Forms'	81	122.22
3.	Evasion of taxes due to suppression of sales/purchases	73	138.82
4.	Irregular/Incorrect/Excess allowance of ITC	403	448.25
5.	Other irregularities	135	36.69
	Total (I)	1,105	1,325.18
Expenditure			
1.	Non-auctioning of obsolete vehicles	13	0.16
2.	Non-maintenance of cash book	07	0.00
3.	Non-entering of VAT G-4 invoice in stock	05	0.00
4.	Other irregularities	30	63.56
	Total (II)	55	63.72
	Grand Total (I+II)	1,160	1,388.90

Source: Data maintained by office

Chart 2.1
Results of Audit

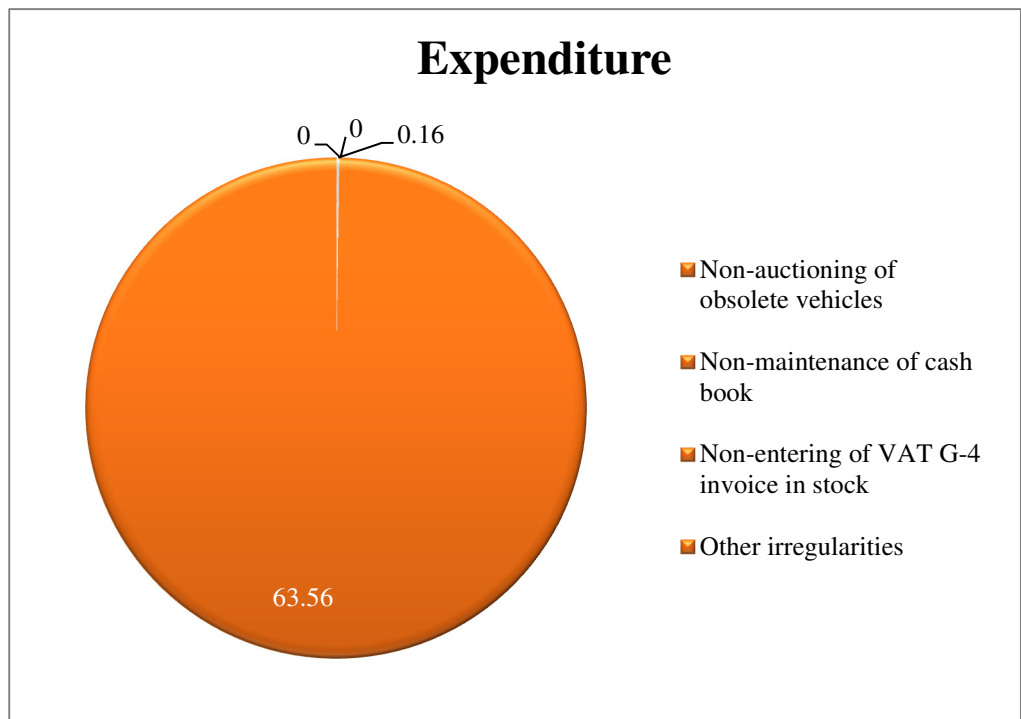
(₹ in crore)



Source: Data maintained by office

Chart 2.2
Results of Audit

(₹ in crore)



Source: Data maintained by office

The Department accepted under assessment and other deficiencies of ₹ 279.55 crore involved in 197 cases which were pointed out during the year. The Department recovered ₹ 1.00 crore in 44 cases out of which ₹ 0.77 crore recovered in 21 cases pertaining to this year and balance amount for previous years.

Significant cases involving ₹ 96.01 crore are discussed in the following paragraphs.

2.3 Non levy of tax on purchases under Composition scheme

Assessing Authority failed to levy tax on interstate purchases, importing goods and purchases from unregistered dealers, resulting in under assessment of tax amounting to ₹ 4.98 crore. In addition, an interest of ₹ 3.62 crore was also leviable.

As per Rule 49-A of Section 9 of HVAT Act 2003, a developer may pay, as an option, in lieu of tax payable by him under the Act, by way of composition of lump sum tax calculated at the compounded lump sum rate of one *per cent* to entire aggregate amount specified in the agreement. In case composition developer procure or purchase goods from dealers other than the registered dealers from within or outside the State, he shall be liable to pay an amount equal to the amount of tax that would have been payable, had the goods been purchased within the State from a registered dealer. Further, composition developer shall pay tax at the rate of four *per cent* on purchase price of goods purchased and or received from any place outside the State including imports from out of India. Further, interest was also leviable under Section 14 (6) of the HVAT Act.

Scrutiny of the records (November 2018) revealed that in the office of {(DETC) (ST)} Gurugram (East), four developers who had opted for composition scheme and made interstate purchases, imported goods and made purchases from unregistered dealers amounting to ₹ 66.84 crore for execution of works contract. While finalising assessment (November 2017) for the year 2014-15, the Assessing Authority (AA) did not levy tax at the rate of four *per cent* on goods purchased and or received from any place outside the state including imports from out of India and at the rates of 13.125 *per cent* on purchases made from dealers other than the registered dealers from within or outside the State, which resulted in under assessment of tax of ₹ 4.98 crore. In addition, interest of ₹ 3.62 crore was also not levied.

The matter was reported to the Government in September 2020, During exit conference (March 2021), the Department accepted the audit observations and stated that case had been sent to the Revisional Authority for examination in March 2019. Thereafter, the revisional proceedings have been started under Section 34 of the HVAT Act.

2.4 Loss of revenue due to non-reversal of Input Tax Credit

Assessing Authority did not reversed proportionate Input Tax Credit of ₹ 2.33 crore, resulting in loss of revenue to the Government. In addition, interest of ₹ 1.76 crore was also leviable.

As per notification issued in September 2015 under Schedule 'E', Entry 3 (b) (iii) read with Section 8 (1) of the HVAT Act, when goods are sold at a sale price lower than the purchase price, input tax is admissible to the extent of output tax liability, if any, on the sale of such goods. Further, interest is also leviable under Section 14 (6) of the HVAT Act.

Scrutiny of the records (between August and October 2019) revealed that in the office of DETC (ST) Ambala Cantt, a dealer purchased mobile phones valuing ₹ 201.97 crore during the year 2015-16, of which the AA allowed input tax credit (ITC) of ₹ 9.43 crore on the local purchase of ₹ 112.47 crore. Further, as per Trading Account the dealer had shown loss of ₹ 49.95 crore on which proportionate ITC was required to be reversed as the benefit of ITC was admissible only to the extent of output tax liability as per notification, *ibid*. The AA, while finalising assessment (November 2018) did not reverse the proportionate ITC of ₹ 2.33 crore resulting in loss of revenue to the Government. Further, interest of ₹ 1.76 crore was also leviable.

The matter was reported to the Government in November 2020. During exit conference (March 2021), the Department accepted the audit observation and stated that the case had been sent to the DETC–cum-Revisional Authority, Ambala for taking *suo motu* action in September 2019 and final outcome of the case has not been received (May 2021).

2.5 Inadmissible Input Tax Credit

Assessing Authority allowed benefit of Input Tax Credit without verification of purchases from selling dealers, resulting in incorrect grant of Input Tax Credit of ₹ 9.27 crore.

Under Section 8 of the HVAT Act, input tax in respect of any goods purchased by a VAT dealer shall be the amount of tax paid to the State on the sale of such goods to him. ETC Haryana, issued instructions in March 2006 and July 2013 that cent *per cent* verification of ITC up to the stage of actual payment of tax shall be done. Further, Section 38 of the HVAT Act provides for penal action (three times of tax avoided as penalty) for claims on the basis of false information and incorrect accounts or documents etc.

Scrutiny of the records (between January and October 2018) revealed that while finalising the assessment of 24 dealers of eight¹ DETC (ST) for 2013-14 and 2014-15 (between September 2016 and March 2018), the AAs allowed benefit of ITC of ₹ 9.27 crore without verification of purchases and actual payment of tax from selling dealers as detailed in **Table 2.2** below:

Table 2.2
Details of irregular ITC claimed

(₹ in crore)

Sr. No.	DETC	No.of cases	Bogus Purchase	Rate Of Tax	Bogus ITC claimed	Penalty u/s 38	Total Amount
1	Narnaul	2	29,31,71,181	5%	1,46,58,559	4,39,75,677	5,86,34,236
2	Gurugram (South)	3	10,13,98,164	5 to 13.125 %	76,64,713	2,29,94,139	3,06,58,852
3	Faridabad (East)	2	18,27,75,458	5.25 to 13.125 %	98,71,064	2,96,13,192	3,94,84,256
4	Gurugram (North)	1	23,60,269	5.25 and 13.125 %	2,80,386	8,41,158	11,21,544
5	Panipat	11	43,30,50,930	5.25 and 13.125 %	4,88,61,955	14,65,85,865	19,54,47,820
6	Jind	2	5,45,76,182	5.25 to 13.125 %	29,77,310	89,31,930	1,19,09,240
7	Jhajjar	1	10,20,02,872	5.25 to 8.40 %	55,73,698	1,67,21,094	2,22,94,792
8	Kaithal	2	2,66,66,657	5 and 13.125 %	28,58,113	85,74,339	1,14,32,452
Total		24	1,19,60,01,713		9,27,45,798	27,82,37,394	37,09,83,192

Source: Calculated by Audit

On cross-verification of sale/purchase lists of concerned dealers by audit, it was noted that either the selling dealers had not shown any sales to these dealers or RC of selling dealers were cancelled. This resulted in incorrect grant of ITC of ₹ 9.27 crore. In addition, penalty of ₹ 27.82 crore was also leviable.

The matter was reported to the Government in December 2020. During exit conference (March 2021) the Department accepted the audit observations and stated that in seven cases demand of ₹ 7.18 crore had been created of which ₹ 7.12 lakh had been recovered in two cases and in one case of DETC Panipat, the assessee had filed an appeal. In 12 cases letters have been issued for purchase verification/statutory notices in form VAT N-2. Two cases were sent to DETC (I) cum revisional authority for revision and in remaining two cases revision/re-assessment proceedings are under process.

¹ Faridabad (East): 2; Gurugram (North): 1; Gurugram (South): 3; Jind: 2; Jhajjar: 1; Kaithal: 2; Narnaul:2 and Panipat: 11.

Department to ensure putting in place stringent mechanism of allowing benefit of ITC after due verification and the responsibility of the AAs may be fixed.

2.6 Evasion of tax due to non-accountal of inter-state purchases

The Assessing Authority did not take action to assess cases of suppressed turnover on inter-state purchases, resulting in loss of revenue of ₹ 27.89 crore, including penalty of ₹ 20.92 crore.

Under Section 38 of the HVAT Act, if a dealer has maintained false or incorrect accounts or documents with a view to suppressing his sales, purchases, imports into State or stocks of goods, or has concealed any particulars or has furnished to or produced before any authority any account, return, document or information which is false or incorrect, such authority may direct him to pay by way of penalty, in addition to the tax to which he is assessed or is liable to be assessed, a sum thrice the amount of tax which would have been avoided had such account, return, document or information as the case may be, been accepted as true and correct.

Scrutiny of the records (April 2019) of DETC (ST) Panipat revealed that statutory declaration forms 'C' and 'F' were issued to six dealers. These dealers had made interstate purchases worth ₹ 53.13 crore against the declaration forms during 2014-15 from the MP dealers on Forms 'F' and 'C'. The Commercial Tax Department, Madhya Pradesh requested (January 2017) to verify the genuineness of these declaration forms and transactions. DETC Panipat after verification informed the Madhya Pradesh authority that the dealers were cancelled or have not shown any purchase from MP dealers.

Further, Audit observed (January to April 2019) that four dealers had not filed any returns and two dealers had not disclosed any interstate purchases. However, Registration Certificates of all six dealers were cancelled w.e.f. 30 June 2015 (dated July and September 2015). Though there was sufficient information with the assessing authority, yet the AA did not take any appropriate action to assess these cases. Therefore, non-assessment of tax and non levy of additional tax including penalty for suppression of interstate purchases resulted in loss of revenue of ₹ 6.97 crore. In addition, a penalty of ₹ 20.92 crore was also leviable.

The matter was reported to the Government in December 2020. During exit conference (March 2021), the Department accepted the audit observations and stated that in four cases, additional demand of ₹ 15.25 crore was created and recovery proceedings have been started. In one case, the dealer had not filed any returns for 2013-14 to 2015-16 hence, case was not assessed and one case has been sent to Revisional Authority for *suo motu* action.

Department may strengthen its internal control mechanism for reviewing such cases and fix responsibility of the Assessing Authority.

2.7 Non/short levy of interest

The Assessing Authorities failed to levy interest on late/non payment of tax, resulting in non-levy of interest of ₹ 20.71 crore.

Under Section 14 (6) of the HVAT Act, 2003, inter alia states that if any dealer fails to make payment of tax in accordance with the provisions of the Act and Rules made thereunder, he shall be liable to pay, in addition to the tax payable by him, simple interest at one *per cent* per month if the payment is made within ninety days, and at two *per cent* per month if the default continues beyond ninety days for the whole period, from the last date specified for the payment of tax to the date he makes the payment.

Scrutiny of the records (between February 2018 and April 2019) revealed that 16 dealers of seven² DETCs (ST) had not paid tax in accordance with the provisions of the Act and Rules. While finalising assessments (between May 2017 and March 2018) for 2014-15 and 2015-16, AAs failed to levy or short levy interest of ₹ 20.71 crore on late/non payment of the tax due. This resulted in non levy of interest of ₹ 20.71 crore.

The matter was reported to the Government in December 2020. During exit conference (March 2021), the Department accepted the audit observations and stated that AAs Ambala City, Gurugram (West) and Yamunanagar levied interest of ₹ 0.54 crore, in four cases and the same has been adjusted/recovered against the excess credit available during assessment years 2014-15 and 2015-16. In one case, AA Panipat charged interest of ₹ 0.18 crore. AAs Gurugram (West and East) and Sonapat stated that in six cases additional demand of ₹ 21.60 crore had been created. One case of AA Panipat was referred back for fresh assessment to Jt. ETC (A), Rohtak and another case was sent to Revisional Authority for *suo motu* action. In three cases, AA Gurugram (West), issued notices to the dealer for re-assessment.

The Department may ensure recovery of the interest amount and fix the responsibility of the AAs for not implementing the prescribed provisions of the Act.

² Ambala City 2, Gurugram (East) 3, Gurugram (West) 5, Panipat 3, Sirsa 1, Sonipat 1, Yamunanagar 1.

2.8 Evasion of tax due to suppression of sales

The Assessing Authorities did not verify/cross verify sale/purchase, which resulted in evasion of tax of ₹ 4.61 crore. In addition, penalty of ₹ 13.83 crore was also not levied.

Under Section 38 of HVAT Act, if a dealer has maintained false or incorrect accounts, returns or documents with a view to suppressing the sales, purchases, imports into State or stocks of goods, or has concealed any particulars or has furnished to or produced before any authority any account, return, document or information which is false or incorrect, such authority may, direct him to pay by way of penalty, in addition to the tax to which he is assessed or is liable to be assessed, a sum thrice the amount of tax which would have been avoided had such account, return, document or information as the case may be, been accepted as true and correct.

In order to prevent the tax evasion by issuing forged tax invoices or fictitious accounting of goods, the ETC, Haryana issued instructions (March 2006) for verification of all sale/purchase transactions amounting to more than ₹ one lakh from a single VAT dealer in a year.

Scrutiny of the records between (November 2017 and April 2019) revealed that 17 dealers in the office of nine DETC (ST)³ did not show the sales of ₹ 47.70 crore, out of total sales worth ₹ 122.43 crore in their quarterly/annual returns for 2013-14 to 2016-17. The AAs while finalising the assessment did not verify details of suppression of sales with reference to the records of the purchaser resulting in suppression of sale of ₹ 47.70 crore. This resulted in evasion of tax of ₹ 4.61 crore, in addition, penalty of ₹ 13.83 crore was also leviable.

The matter was reported to the Government in December 2020. During exit conference (March 2021), the Department accepted the audit observations and stated that an additional demand of ₹ 12.10 crore had been created in six cases of DETC Faridabad (North) and Panipat. Notices have been issued by seven DETCs (ST)⁴ in nine cases and assessment proceedings were initiated/case had been sent to DETC (I) cum revisional authority. In another case of DETC Panipat, the dealer failed to file any returns for the assessment year 2013-14 to 2015-16, therefore, the case was not assessed. DETC Faridabad (South) did not admit the fact and stated that the dealer received business promotion incentives. The selling dealer paid full amount of tax and the purchasing dealer claimed ITC accordingly. Reply is not acceptable as promotional incentive were not depicted in balance sheet and it was clear that the dealer suppressed the sales.

³ Ambala City, Faridabad (North), Faridabad (South), Gurugram (East), Gurugram (West), Hansi, Jhajjar, Panipat and Sirsa.

⁴ Ambala City, Gurugram (East), Gurugram (West), Hansi, Jhajjar, Sirsa and Panipat.

The Department may verify all sales transactions which are more than ₹ one lakh from a single VAT dealer in a year as per instructions issued by the Government.

2.9 Under assessment of tax due to allowing concessional rate of tax against invalid forms 'C'

Assessing Authority allowed concessional rate of tax without verification of statutory forms, which resulted in under assessment of tax of ₹ 5.55 crore. In addition, penalty of ₹ 16.66 crore was also not levied.

Section 8 (4) of the Central Sales Tax Act, 1956 (CST Act) provides that concession under sub section (1) shall not apply to any sale in the course of inter-State trade or commerce unless the dealer selling the goods furnishes to the AA a declaration form duly filled and signed by the registered dealer to whom the goods are sold containing particulars in a prescribed form obtained from the authority. Further, Section 38 of HVAT Act, provides for penal action (three times of tax avoided/benefit claimed) for claims on the basis of false information and incorrect accounts or tax. The Government of Haryana issued instructions on 14 March 2006 and 16 July 2013 for verification of intra-State or inter-State transactions of more than one lakh rupees before allowing the benefit of tax/concession to the dealers.

Scrutiny of the records (between June 2017 and October 2019) revealed that 31 dealers⁵ in 54 cases in the office of 12 DETCs (Sales Tax) for 2013-14 to 2015-16 claimed concessional rate of tax on their inter-State sales amounting to ₹ 50.09 crore in respect of the dealers at Delhi, Rajasthan and Uttarakhand. In support of the claims, the dealers submitted 54 'C' forms⁶ Audit cross verified the Forms from the issuing authorities and found that these 54 forms were defective. The concerned AAs finalised the assessments between August 2015 and February 2019 and allowed the concessional rate of tax against the declaration forms filed without verification as per instructions, *ibid*.

On cross verification of forms, the State Tax Officer of NCT Delhi, Rajasthan and Uttarakhand intimated (between March 2019 and June 2020) that in some of the cases forms had already been cancelled, not issued to the selling dealers, firm not available on portal or record of firm not exists in the system, firm not found functioning and dealer were also not genuine. Thus, allowing concessional rate of tax, without due verification resulted in under assessment of ₹ 5.55 crore as tax. In addition, penalty of ₹ 16.66 crore was also leviable.

The matter was reported to the Government in February 2021. During exit conference (March 2021), the Department accepted the audit observations and stated that five⁷ DETCs (ST) in seven cases had created additional demand of

⁵ Ambala Cantt:1, Bhiwani:1, Faridabad (South):1, Gurguram (North):5, Gurugram (South):2, Jind:5, Karnal:1, Kaithal:1, Palwal:1, Panipat:1, Rewari:1 and Rohtak:11.

⁶ Ambala Cantt:1, Bhiwani:2, Faridabad (South):1, Gurguram (North):8, Gurugram (South):3, Jind:16, Karnal:1, Kaithal:3, Palwal:1, Panipat:1, Rewari:1 and Rohtak:16.

⁷ Jind, Karnal, Panipat, Rewari and Rohtak.

₹ 5.60 crore, of which ₹ 0.14 crore had been recovered. In 14 cases of six⁸ DETCs (ST) notices had been issued/reassessment proceedings initiated. Letters for verification of 'C' forms had been issued in seven cases of three⁹ DETCs (ST), two cases pertaining to DETC (ST) Rohtak and Ambala Cantt. were sent to DETC (I) cum revisional authority. One case of DETC (ST) Gurugram (North) had been referred back.

The Department to ensure stringent enforcement of the instructions issued for grant of concession on intra-state and inter-state sales only after verification.

2.10 Under-assessment of tax due to application of incorrect rate of tax

Assessing Authorities, incorrectly levied tax at the rate of 5/5.25 per cent against the applicable rate of 13.125 per cent, resulting in under assessment of tax of ₹ 0.93 crore. In addition, interest of ₹ 0.53 crore was also leviable.

The rates under HVAT Act have been prescribed as per schedules A to G. However, under Section 7 (1) (a) (iv) of the HVAT Act, any commodities other than commodities classified in any of the schedule is taxable at the rate of 12.5 per cent with effect from 1 July 2005. Surcharge at the rate of five per cent on the tax is leviable under Section 7 (A) of HVAT Act w.e.f 02 April 2010. Further, interest was also leviable under Section 14 (6) of the HVAT Act.

Scrutiny of the records (between May 2017 and February 2018) revealed that Assessing Authorities while finalising the assessments (between November 2015 and June 2017) in respect of three cases pertaining to three dealers in the offices of DETC (ST) Jind and Panchkula for 2013-14 to 2014-15, applied lower tax rates than the applicable rate of tax on sale of goods as mentioned in Table 2.3.

Table 2.3
Details of incorrect application of rate of tax

Sr. No.	DETC	Assessment year/ disposal	Commodity	Amount	Tax leviable @12.5 % plus surcharge	Tax levied (5 % or 5.25%)	Short levy of tax	Interest	Dept. reply
1	Jind	1196 dt. 13.06.17 2013-14	Cement	2,42,10,525	31,77,631	12,10,526	19,67,105	17,28,430	Additional demand of ₹ 22,52,564 has been created. (Dec 20)
2	Panchkula	567 dt. 02.11.15 2013-14	Electronic Goods	3,95,55,108	51,91,608	20,76,643	31,14,965	15,18,026	Suo motu action (Dec 20)
3	Panchkula	948 dt. 04.11.16 2014-15	Electronic Goods	5,37,99,225	70,61,148	28,24,459	42,36,689	20,73,153	Suo motu action (Dec 20)
Total				11,75,64,858	1,54,30,387	61,11,628	93,18,759	53,19,609	

Source: Details prepared by Audit

⁸ Bhiwani, Gurugram (North), Gurugram (South), Kaithal, Palwal and Rohtak.
⁹ Faridabad (South), Jind and Rohtak.

The application of lower rate of tax resulted in under assessment of tax of ₹ 0.93 crore. In addition, interest of ₹ 0.53 crore was also leviable.

The matter was reported to the Government in January 2021. During exit conference (March 2021) , the Department accepted the audit observations and stated that DETC Jind has created an additional demand of ₹ 0.23 crore. Tax demand notice along with the order has been issued to the dealer and recovery proceeding initiated. In two cases, DETC Panchkula intimated that the cases were sent to DETC-cum-Revisonal Authority (RA) for *suo motu* action. RA adjourned the case sine-die in the light of the case of M/s. Light Graphic, Faridabad and other V/s State of Haryana in the Punjab and Haryana High Court. In the said case, Haryana Tax Tribunal had ordered that assessment order u/s 15(1) cases cannot be taken in Revision under Section 34 of HVAT Act, 2003. The Department preferred an appeal in the Hon'ble High Court against the order of Haryana Tax Tribunal and the matter is still pending in the Court (June 2021).

The Department may undertake a detailed scrutiny of all the cases in order to ensure that tax rates as per HVAT/CST Act are being levied.

<p>The instances of deficiencies pointed out by Audit are based on test checked cases. The Department may take appropriate action to review all similar cases and persistent irregularities which were observed and reported during audit. There is a need to put in place effective controls to act as a deterrent against such acts of irregularities causing loss of revenue to the State . Department may initiate appropriate action under rules against Assessing Authorities responsible for such persistent lapse.</p>

CHAPTER-III
STATE EXCISE

CHAPTER III: STATE EXCISE

3.1 Tax administration

The Additional Chief Secretary to the Government of Haryana, Excise and Taxation Department, is the administrative head at Government level and the Excise and Taxation Commissioner (ETC) is the head of the Department. The ETC is assisted by the Collector (Excise) at headquarters and Deputy Excise and Taxation Commissioners (Excise) {DETCs (Excise)}, Assistant Excise and Taxation Officers (AETOs), Inspectors and other allied staff for proper administration of State Excise Acts/Rules in the field.

Excise revenue is mainly derived from fee for grant of licenses of various vends, excise duties levied on spirit/beer produced in distilleries/breweries and on their import/export to and from any other States.

The allotment of Zone of vends is made by inviting e-tenders through a Departmental portal. The detailed procedure for e-tendering is finalised by the ETC which is displayed by uploading the same on the website of the Department.

3.2 Results of audit

Test check of the records of 28 out of 86 units of the State Excise Department during 2019-20 highlighted non/short realisation of excise duty/license fee/interest/penalty and other irregularities involving ₹ 15.77 crore (0.26 per cent of receipt of ₹ 6,041.87 crore for 2018-19) in 374 cases which fall under the categories depicted in **Table 3.1**.

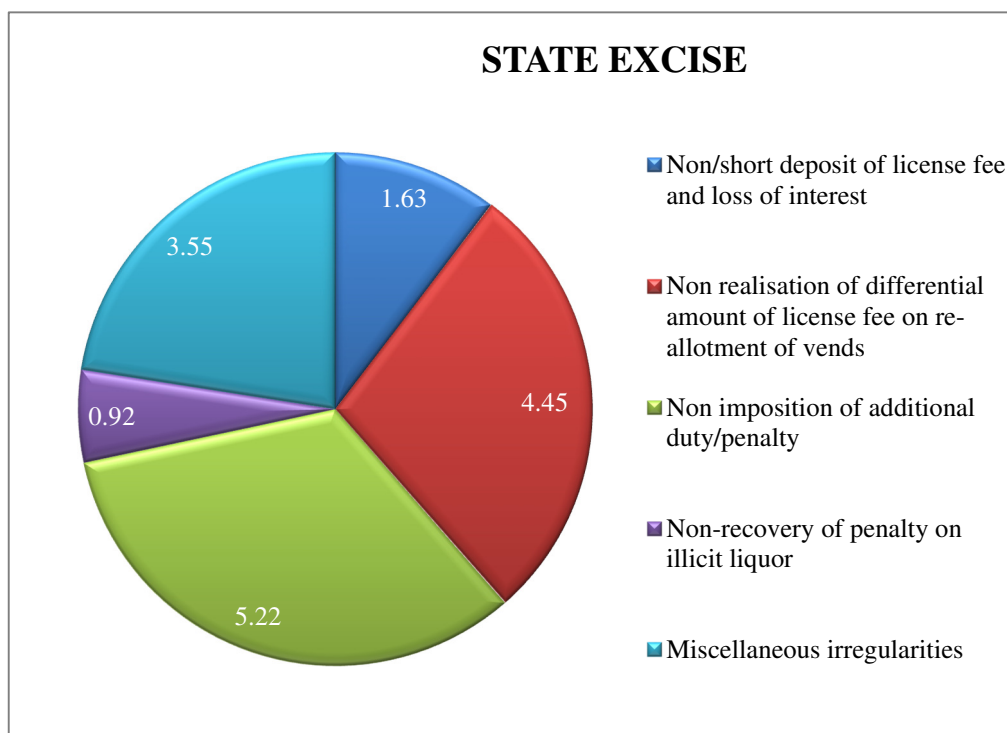
Table 3.1: Results of audit

Sr. No.	Categories	Number of cases	Amount (₹ in crore)
1.	Non/short deposit of license fee and loss of interest	42	1.63
2.	Non-realisation of differential amount of license fee on re-allotment of vends	18	4.45
3.	Non imposition of additional duty/penalty	85	5.22
4.	Non-recovery of penalty on illicit liquor	147	0.92
5.	Miscellaneous irregularities	82	3.55
	Total	374	15.77

Source: Data compiled by office

Chart 3.1
Results of audit

(₹ in crore)



Source: Data compiled by office

The Department accepted under-assessment and other deficiencies amounting to ₹ 14.70 crore involved in 363 cases pointed out during the year. The Department recovered ₹ 16.44 lakh involved in eight cases relating to previous years.

Some significant cases involving ₹ 1.97 crore are discussed in the following paragraphs.

3.3 Non/short recovery of interest

The Deputy Excise and Taxation Commissioners (Excise) neither initiated any action to seal the vends for non-deposit of monthly instalment in time nor levied interest of ₹ 1.61 crore for delayed payment of the license fee.

Para 6.4 of the State Excise Policy for the year 2017-18 and 2018-19 stipulates that every licensee holding a licence for retail outlets of Indian Made Foreign Liquor (IMFL) and Country Liquor (CL), shall make payment of monthly instalment of licence fee by 20th of each month. Failure to do so renders the licensee liable to pay interest at the rate of 18 *per cent per annum* for the period from the first of the month in which the licence fee was due, to the date of payment of the instalment. Further, as per para 6.5 of the State Excise

policy, if the licensee fails to deposit the monthly instalment in full along with interest by the end of the month, the zone of the vends shall cease to be in operation on the first day of the following month and shall ordinarily be sealed by the Deputy Excise and Taxation Commissioner (Excise) {DETC (Excise)} of the respective district and his license may be cancelled.

Scrutiny of the records in August and September 2018 of M-2 registers for watch of payment of license fee of DETCs (Excise), Jagadhri and Kaithal for 2017-18 revealed that in 11 out of 33 Zones paid the monthly instalments of license fee amounting to ₹ 56.42 crore after the prescribed due date with delay ranging between 21 to 116 days. The DETCs (Excise) did not initiate any action to seal the zone of vends and to levy interest for delayed payment of the license fee. This resulted in non-levy of interest of ₹ 1.61 crore.

The matter was reported to the Government in November 2020. During exit conference (March 2021), the Department accepted the audit observations and stated that an amount of ₹ 8.68 lakh had been recovered by DETC (X) Jagadhri and recovery proceedings/efforts are being made to recover the balance amount of ₹ 1.52 crore.

The Department may consider for in-built mechanism of automated calculation of interest in late payment cases.

3.4 Non-recovery/levy of penalty for illegal possession

The Department did not initiate appropriate action to recover the penalty of ₹ 35.51 lakh by auctioning of confiscated vehicles or by recovery as arrears of land revenue.

Section 61 (1) (aaa) (c) (i) of the Punjab Excise Act, 1914 as applicable to the State of Haryana, provides that penalty of not less than ₹ 50 and not more than ₹ 500 per bottle of 750 millilitres or part thereof is leviable on an offender for possession of illicit liquor¹. Further, Rules 12 and 13 of the Haryana Imposition and Recovery of Penalty Rules, 2003, provides that in case penalty is not paid within stipulated period, the Collector or Deputy Excise and Taxation Commissioner (Excise) {DETC (Excise)} shall pass orders for confiscation of means of transport seized along with liquor and the means of transport shall be put to auction within 30 days from the order of confiscation.

Scrutiny of records of five offices² of DETC (Excise) for 2017-18 and 2018-19 revealed that the Department had detained 58,699 bottles of illicit liquor between April 2017 and March 2019 in 48 cases during checking on

¹ Illicit Liquor means liquor prepared unlawfully without any quality control checks, which is not suitable for human consumption due to higher alcoholic concentration than the permissible limit.

² Hisar, Sonapat, Panchkula, Jagadhri and Gurugram.

road and confiscated eight³ vehicles. The Department, after giving reasonable opportunity decided 42 cases and imposed penalty of ₹ 19.13 lakh and in remaining six cases penalty of ₹ 16.68 lakh was not imposed. Thus, out of the total amount of penalty which worked out to ₹ 35.81 lakh, the Department could recover only ₹ 0.30 lakh (0.84 per cent) and did not initiate action to recover the balance penalty of ₹ 35.51 lakh either by auctioning the confiscated vehicles or by recovery as arrears of land revenue even after the lapse of one to three years.

The matter was reported to the Government in November 2020. During exit conference (March 2021), the Department accepted the audit observations and stated that an amount of ₹ 0.29 lakh had been recovered and efforts would be made/notices had been issued to recover the balance amount of ₹ 18.58 lakh in respect of DETCs (Excise), Hisar, Jagadhri, Panchkula and Sonapat. In DETC (Excise) Gurugram (East), the Department stated that an amount of ₹ 5.57 lakh out of ₹ 16.64 lakh had been recovered by converting NIPS into a full bottle. The action of the Department is not justified, as per Punjab Excise Act, minimum penalty of ₹ 50 per bottle or part thereof 750 ml is liable on an offence for possession of illicit liquor.

The Department may consider strengthening its internal control mechanism to ensure proper collection of dues and fixing the responsibility of concerned officers for non-levy or short levy of penalty.

The instances of deficiencies pointed out by Audit are based on test checked cases. The Department may take appropriate action to review all similar cases.

³ DETCs (Excise) Hisar (03 Vehicles), Jagadhri (02 Vehicles) and Panchkula (03 Vehicles).

CHAPTER-IV
STAMP DUTY

CHAPTER IV: STAMP DUTY

4.1 Tax administration

Receipts from the stamp duty and registration fees are regulated under the Indian Stamp Act, 1899 (IS Act), Registration Act, 1908 (IR Act), Punjab Stamp Rules, 1934, as adopted by the Government of Haryana and the Haryana Stamp (Prevention of Undervaluation of Instruments) Rules, 1978. The Additional Chief Secretary (ACS), Revenue and Disaster Management Department, Haryana is responsible for the administration of the registration of various documents. The overall control and superintendence over levy and collection of stamp duty and registration fees vests with the Inspector General of Registration (IGR), Haryana. The IGR is assisted by Deputy Commissioners (DCs), Tehsildars and Naib Tehsildars acting as Registrars, Sub Registrars (SRs) and Joint Sub Registrars (JSRs), respectively.

4.2 Results of Audit

Test check of the records of 101 out of 143 units of the Revenue Department during 2019-20 revealed non/short levy of stamp duty and registration fees etc. and other irregularities amounting to ₹ 17.88 crore (0.32 per cent of receipt of ₹ 5,636.16 crore for 2018-19), in 1,271 cases, which fall under the following categories as mentioned in the **Table 4.1**.

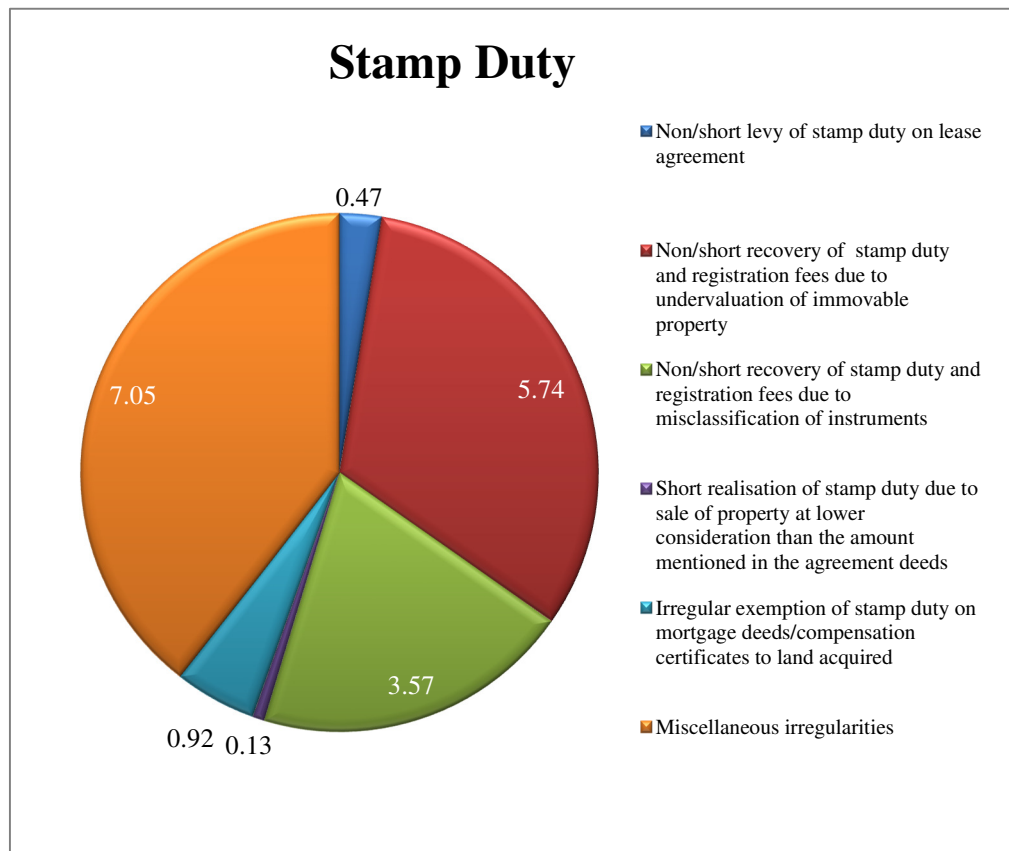
Table 4.1: Results of Audit

Revenue			
Sr. No.	Categories	Number of cases	Amount (₹ in crore)
1.	Non/short levy of stamp duty on lease agreement	191	0.47
2.	Non/short recovery of stamp duty and registration fees due to <ul style="list-style-type: none">• undervaluation of immovable property• misclassification of instruments	299 190	5.74 3.57
3.	Short realisation of stamp duty due to sale of property at lower consideration than the amount mentioned in the agreement deeds	15	0.13
4.	Irregular exemption of stamp duty on mortgage deeds/compensation certificates to land acquired	48	0.92
5.	Miscellaneous irregularities	528	7.05
	Total	1,271	17.88

Source: Data compiled by office

Chart 4.1
Results of Audit

(₹ in crore)



Source: Data compiled by office

The Department accepted under-assessment and other deficiencies amount to ₹ 4.21 crore involved in 469 cases which were pointed out during the years. The Department recovered ₹ 0.69 lakh involved in three cases pertaining to this year.

Significant cases involving ₹ 1.38 crore are discussed in the following paragraphs. The cases pointed out are based on the test checks conducted by Audit. The Department may initiate action to examine similar cases and take necessary corrective action.

4.3 Short levy of stamp duty due to misclassification of sale deeds as collaboration agreements

Misclassification of sale deeds as collaboration agreements instead of agreement to sell in case of five agreements resulted in short levy of stamp duty and registration fees of ₹ 0.45 crore.

As per Haryana Government notification issued in October 2013, any agreement that relates to giving authority or power to a promoter or a

developer, by whatever name called, for construction on, development of or, sale or transfer (in any manner whatsoever) of, any immovable property shall be liable to stamp duty as is leviable on a conveyance, on the market value of the property mentioned in the agreement.

Scrutiny of records of Panipat and Rohtak Sub Registrars (SRs) revealed that five collaboration agreements¹ were registered between February and May 2017 on which stamp duty and registration fees (SD and RF) of ₹ 2.50 lakh was levied. Scrutiny of these agreements revealed that the owners of land had authorised the developers to take possession of the land with the right to construct, build-up shop-cum-flats and residential houses. These agreements were, therefore, liable to be levied for stamp duty as per Notification issued in October 2013. As per rates fixed by the Collector, value of land transferred to the developers worked out to ₹ 9.40 crore on which stamp duty and registration fees leviable was ₹ 47.75 lakh. Thus, misclassification of these documents as collaboration agreements resulted in short levy of SD and RF of ₹ 45.25 lakh.

The matter was pointed out to the Government in August 2020. During exit conference (April 2021), the Department accepted the audit observations and stated that strenuous efforts would be made to expedite the cases pending in courts of Collectors under Section 47-A, of the IS Act for early decision and recovery thereof.

The Department may follow the notification issued by the Government, status report for collaboration agreement be submitted within stipulated time frame. The Department may consider holding of special campaign in order to effect timely recovery, in all cases.

4.4 Irregular exemption of Stamp Duty to autonomous bodies

Registering authorities allowed irregular exemption from payment of stamp duty and registration fees of ₹ 24.11 lakh to Haryana State Agriculture Marketing Board and Municipal Corporation, treating them as Government entities.

As per provision contained in Section 3 (1) of the IS Act, as applicable to the State of Haryana, no SD shall be chargeable in respect of any instrument executed by, or on behalf of or in favour of Government.

Scrutiny of the records in the offices of SRs Jagadhri and Kharkhoda revealed that two sale deeds were registered without charging SD and RF amounting to

¹ An agreement between at least two parties looking to work together on a commercial project on a collaborative or cooperative basis. The agreement spells out the specific terms and conditions of the parties' working relationship including allocation of responsibilities and division of revenues derived from the exploitation of the work.

₹ 24.11 lakh on total consideration of ₹ 4.58 crore (February and October 2019) in respect of Haryana State Agriculture Marketing Board (HSAMB), Panchkula and Municipal Corporation (MC), Jagadhri. As the HSAMB and MC, are autonomous bodies and SD and RF was required to be levied, the registering authorities allowed exemptions from payment of SD and RF, treating these as Government body, whereas these orders were not applicable on Local bodies. This resulted in irregular exemption of SD and RF of ₹ 24.11 lakh.

The matter was reported to the Government in December 2020. During exit conference (April 2021), the Department accepted the audit observations and stated that strenuous efforts would be made to expedite the cases pending in courts of Collectors under Section 47-A of the IS Act for early decision and recovery thereof.

The Department may follow up the provision of Indian Stamp Act, 1890 strictly.

4.5 Irregular exemption of Stamp Duty to farmers

The exemption of stamp duty in 11 cases was allowed to farmers, though they purchased residential/commercial land from compensation received, which was not permitted as per Government's order dated January 2011, resulting in non/short levy of stamp duty and registration fees of ₹ 12.25 lakh.

As per Government order issued in January 2011 under the Indian Stamp Act, 1899, (IS Act) the Government exempts stamp duty (SD) and registration fees (RF) in respect of sale deeds executed by farmers whose land is acquired by Haryana Government for public purposes and who purchase agricultural land in the State within two years of the compensation received by them. The exemption will be limited to the compensation amount and the additional amount involved in the purchase of agricultural land will be liable to SD and RF as per rules.

Scrutiny of records of five Sub Registrars (SRs)² revealed that in eleven cases, farmers whose land had been acquired by the Government for public purposes, purchased residential/commercial land valued at ₹ 1.71 crore. SD and RF of ₹ 12.34 lakh was to be levied in these cases, as exemption of SD was available only for purchasing of agricultural land. The Department had, however, levied SD and RF amounting to ₹ 0.09 lakh only in respect of SR Jind, which resulted in irregular exemption of SD and RF of ₹ 12.25 lakh to the farmers for purchase of residential plot from the compensation amount received.

² Ellanabad, Fatehabad, Jagadhri, Jind and Sirsa.

The matter was pointed out to the Government in December 2020. During exit conference (April 2021), the Department accepted the audit observations and stated that strenuous efforts would be made to expedite the cases pending in courts of Collectors under Section 47-A of the IS Act for early decision and recovery thereof. In two cases the farmers purchased the plot and residential house without paying SD and RF amounting to ₹ 7.73 lakh out of compensation amount received and the Collector finalised these cases and exempted the stamp duty on July 2019 which is against the order of the Government, *ibid*. As per direction issued by the Government in November 2013, if the decision of the Collector made against the Government then the Sub Registrar should file appeal against these. However, no appeal was filed by the SR.

The Government may ensure that exemption in SD and RF was allowed to farmers only for purchases of agricultural land from the compensation amount received.

4.6 Short levy of stamp duty due to application of incorrect rates of immovable property

Registering Authorities assessed 16 sale deeds of plots falling within municipal limits with an area less than 1,000 square yards at rates fixed for agricultural land instead of residential land, resulting in short levy of stamp duty and registration fees of ₹ 0.39 crore.

In order to check evasion of stamp duty (SD) in sale deeds, the Government issued instructions in November 2000 to all registering authorities in the State to the effect that agricultural land sold within municipal limits, with an area less than 1,000 square yards or in case where purchasers are more than one and the share of each purchaser is less than 1,000 square yards, be valued at the rate fixed for residential property of that locality for the purpose of levying Stamp Duty.

Scrutiny of the records (February to December 2018) of seven registering offices³ revealed that 16 sale deeds of plots falling within the parameter of notification, *ibid*, were registered between April 2016 and January 2018. These deeds were liable to be assessed for ₹ 8.48 crore based on the rates fixed for residential areas and SD and RF of ₹ 0.53 crore was leviable. However, the registering authorities assessed these deeds for ₹ 1.76 crore based on the rates fixed for agricultural land and levied SD and RF of ₹ 0.15 crore. This resulted in short levy of SD and RF of ₹ 0.39 crore.

The matter was reported to the Government in January 2021. During exit conference (April 2021), the Department accepted the audit observations and

³ Ambala Cantt., Ambala City, Bhuna, Kalanwali, Rohtak, Safidon and Tohana.

stated that strenuous efforts would be made by the Department to expedite the cases pending in courts of Collectors under Section 47-A of the IS Act for early decision and recovery thereof.

The Department should design its software in such a way that if share of an individual in the property is less than 1,000 sq. yards then it should automatically be evaluated at residential rates.

4.7 Short levy of stamp duty due to application of normal rates on prime khasra land

Registering Authorities incorrectly assessed prime khasra land at normal rates fixed for agricultural land, resulting in short levy of stamp duty of ₹ 18.06 lakh.

Government of Haryana vide instructions (November 2000) directed all the Registration Authorities of state to identify the Khasra numbers of agricultural/residential/commercial lands situated on National Highways, State Highways and link roads by District Level Evaluation committee. Further, Haryana Government issued instructions in September 2013 for constituting district level committees comprising of officers of Revenue Department and Municipal Committees for evaluating different categories of land for fixing collector rates. Further, Section 27 of the Indian Stamp Act, 1899 (IS Act) as applicable to the State of Haryana, provides that consideration and all other facts and circumstances affecting the chargeability of any instrument with duty or the amount of duty chargeable, should be fully or truly set forth therein.

Scrutiny of the records of six SRs/JSRs⁴ revealed (January 2017 and March 2018) that 32 conveyance deeds were registered between April 2016 and March 2017 in prime khasra as per land revenue record which were liable to be assessed for ₹ 9.53 crore based on the higher rate fixed for prime land on which Stamp Duty of ₹ 38.66 lakh and Registration Fees of ₹ 2.40 lakh was leviable. However, the immovable properties was incorrectly assessed at ₹ 5.38 crore on the basis of normal rates and SD of ₹ 21.55 lakh and RF of ₹ 1.45 lakh was levied, which resulted in short levy of SD and RF for ₹ 18.06 lakh.

The matter was reported to the Government in January 2021. During exit conference (April 2021), the Department accepted the audit observations and stated that strenuous efforts would be made to expedite the cases pending in courts of Collectors under Section 47-A of the IS Act for early decision and recovery thereof.

⁴ Bahadurgarh, Barara, Mullana, Naraingarh, Sampla and Shehzadpur.

The Department may identify and record the Khasra number of prime land, colonies/ward/sectors in software HARIS for proper evaluation of stamp duty. The Department may consider to adopt a foolproof system for mapping of business processes in accordance with the provisions of various Acts and Rules applicable, so as to prevent leakages of revenue by way of evasion of stamp duty and registration fees.

Vishal Bansal

(VISHAL BANSAL)

Chandigarh
The 18 August 2021

Principal Accountant General (Audit), Haryana

Countersigned



New Delhi
The 31 August 2021

(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India

APPENDICES

Annexure I
(Refer Paragraph No. 1.7.5)
Position of paragraphs which appeared in the Audit Reports and those pending discussion/replies not received as on 30 November 2020

Name of tax		2015-16	2016-17	2017-18	Total
Taxes on Sales, Trade etc.	Paras appeared in the AR/pending discussion in the PAC	12	12	12	36
	Paras replies not received	Nil	12	12	24
Taxes on Motor Vehicles	Paras appeared in the AR/pending discussion in the PAC	Nil	2	2	4
	Paras replies not received	Nil	Nil	2	2
Stamp duty and Registration fees	Paras appeared in the AR/pending discussion in the PAC	9	8	8	25
	Paras replies not received	Nil	Nil	8	8
State Excise/PGT	Paras appeared in the AR/pending discussion in the PAC	1	2	5	8
	Paras replies not received	Nil	2	5	7
Others	Paras appeared in the AR/pending discussion in the PAC	1	2	1	4
	Paras replies not received	Nil	Nil	1	1
Total	Paras appeared in the AR/pending discussion in the PAC	23	26	28	77
	ATNs to Paras included in AR not received	Nil	14	28	42

ANNEXURE II

(Refer Paragraph No. 1.7.5)

Details of PAC recommendations for CAG Report (Revenue Receipts/Sector) outstanding as on 31 March 2020

Sr. No.	PAC Report	Year of Audit Report	Total nos. of outstanding paras of PAC Reports 1979-80 to 2014-15 as on 31-03-2020
1	22nd	1979-80	3
2	23rd	1980-81	4
3	25th	1981-82	4
4	26th	1982-83	3
5	28th	1983-84	2
6	29th	1984-85	7
7	32nd	1985-86	4
8	34th	1986-87	9
9	36th	1987-88	6
10	38th	1988-89	10
11	40th	1989-90	21
12	42nd	1990-91, 1991-92, 1992-93	26
13	44th	1990-91, 1991-92, 1992-93	39
14	46th	1993-94	9
15	48th	1993-94, 1994-95	10
16	50th	1993-94, 1994-95, 1995-96	40
17	52nd	1996-97	29
18	54th	1997-98	39
19	58th	1998-99 and 1999-2000	64
20	60th	2000-01	36
21	62nd	2001-02	42
22	63rd	2002-03	46
23	64th	2003-04	52
24	65th	2004-05	48
25	67th	2005-06	48
26	68th	2006-07 and 2007-08	98
27	70th	2008-09	55
28	71st	2009-10	51
29	72nd	2010-11	59
30	73rd	2011-12	24
31	74th	2013-14	50
32	75th	2012-13	47
33	78th	2014-15	49
Total			1,034

ANNEXURE II
(Refer Paragraph No. 1.7.5)

Details of PAC recommendations for CAG Report
(Revenue Receipts/Sector) outstanding as on 31 March 2020

Sr. No.	Name of the Department	Total recommendations outstanding for the period 1979-80 to 2014-15
1	Excise and Taxation	498
2	Revenue	226
3	Mines and Geology	52
4	Agriculture	41
5	Irrigation	9
6	Chief Electrical Inspector (Power)	17
7	Public Health	5
8	PWD (B&R)	4
9	Animal Husbandry	7
10	Transport	100
11	Finance (Lotteries)	15
12	Haryana State Lotteries	2
13	Co-operative	20
14	Forest	7
15	Home	16
16	Urban Development	2
17	Medical and Health	4
18	Industries	5
19	General	1
20	Town and Country Planning	3
	Total	1,034

ANNEXURE III
(Refer Paragraph No. 1.8.1)
Position of Inspection Reports of
Excise and Taxation Department (State Excise)

(₹ in crore)

Year	Opening balance			Addition during the year			Clearance during the year			Closing balance during the year		
	IRs	Para-graphs	Money value	IRs	Para-graphs	Money value	IRs	Para-graphs	Money value	IRs	Para-graphs	Money value
2010-11	116	171	58.92	19	60	29.07	30	53	17.48	105	178	70.51
2011-12	105	178	70.51	14	33	4.89	13	33	20.30	106	178	55.10
2012-13	106	178	55.10	27	80	20.87	34	87	13.28	99	171	62.69
2013-14	99	171	62.69	22	46	10.64	5	16	0.86	116	201	72.47
2014-15	116	201	72.47	35	93	84.78	24	49	22.58	127	245	134.67
2015-16	127	245	134.67	25	57	22.10	6	21	2.75	146	281	154.02
2016-17	146	281	154.02	22	50	39.06	23	79	31.43	145	252	161.65
2017-18	145	252	161.65	34	75	19.70	19	60	41.82	160	267	139.53
2018-19	160	267	139.53	25	72	48.61	6	18	18.89	179	321	169.25
2019-20	179	321	169.25	15	38	21.95	10	12	6.29	184	347	184.91

ANNEXURE IV
(Refer Paragraph No. 1.8.2)
Recovery of accepted cases of
Excise and Taxation Department (State Excise)

(₹ in crore)

Year of the audit report	Number of paragraphs included	Money value of the paragraph	Number of paragraphs accepted	Money value of accepted paragraphs	Amount recovered during the year	Cumulative positions of recovery of accepted cases
2009-10	02	5.65	02	5.65	0.10	1.93
2010-11	01 (PA)	21.60	01 (PA)	21.60	2.64	2.64
2011-12	03	4.75	03	4.75	0.05	0.35
2012-13	03	12.15	03	12.15	0.44	0.52
2013-14	02	24.87	02	24.87	0.37	0.37
2014-15	02	20.44	02	20.44	5.07	8.74
2015-16	01 (PA)	60.56	01 (PA)	60.56	11.58	21.23
2016-17	02	5.08	02	5.08	0.09	2.59
2017-18	05	9.59	05	9.59	0.26	2.33
2018-19	02	8.23	02	8.23	0.17	0.17
Total	21	90.76	21	90.76	6.55	17.00
	02 (PA)	82.16	02 (PA)	82.16	14.22	23.87
Grand Total	23	172.92	23	172.92	20.77	40.87

GLOSSARY

GLOSSARY OF ABBREVIATIONS

AAs	Assessing Authorities
AETOs	Assistant Excise and Taxation Officers
ATNs	Action Taken Notes
BEs	Budget Estimates
BIFR	Board of Industrial and Financial Reconstruction
CGST	Central Goods and Service Tax
CL	Country Liquor
CST Act	Central Sales Tax Act, 1956
DETC	Deputy Excise and Taxation Commissioner
DHBVNL	Dakshin Haryana Bijli Vitran Nigam Limited
ETC	Excise and Taxation Commissioner
ETOs	Excise and Taxation Officers
GOI	Government of India
GTO	Gross Turnover
HSVP	Haryana Shahri Vikas Pradhikaran
HSAMB	Haryana State Agriculture Marketing Board
HUDA	Haryana Urban Development Authority
HVAT Act	Haryana Value Added Tax Act, 2003
IGR	Inspector General of Registration
IGST	Integrated Goods and Service Tax
IMFL	Indian Made Foreign Liquor
IOCL	Indian Oil Corporation Limited
IR Act	Registration Act, 1908
IRs	Inspection Reports
IS Act	Indian Stamp Act, 1899
ITC	Input Tax Credit
JETC	Joint Excise and Taxation Commissioner
JSR	Joint Sub Registrar
MC	Municipal Corporation
PAC	Public Accounts Committee
PAG	Principal Accountant General (Audit)
PGT	Passengers and Goods Tax
PL	Proof Litre
PSU	Public Sector Undertaking

RA	Revisional Authority
RF	Registration Fee
SD	Stamp Duty
SED	State Excise Duty
SR	Sub Registrar
STO	State Tax Officer
TINXSYS	Tax Information Exchange System
UT	Union Territory
UHBVNL	Uttar Haryana Bijli Vitran Nigam Limited
VAT	Value Added Tax
WCT	Works Contract Tax

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