

Presented to
the Legislature
on..12/06/18..

**REPORT OF THE
COMPTROLLER AND AUDITOR
GENERAL OF INDIA**

on

REVENUE SECTOR

for the year ended 31 March 2017

**Government of Kerala
Report No. 3 of the year 2018**

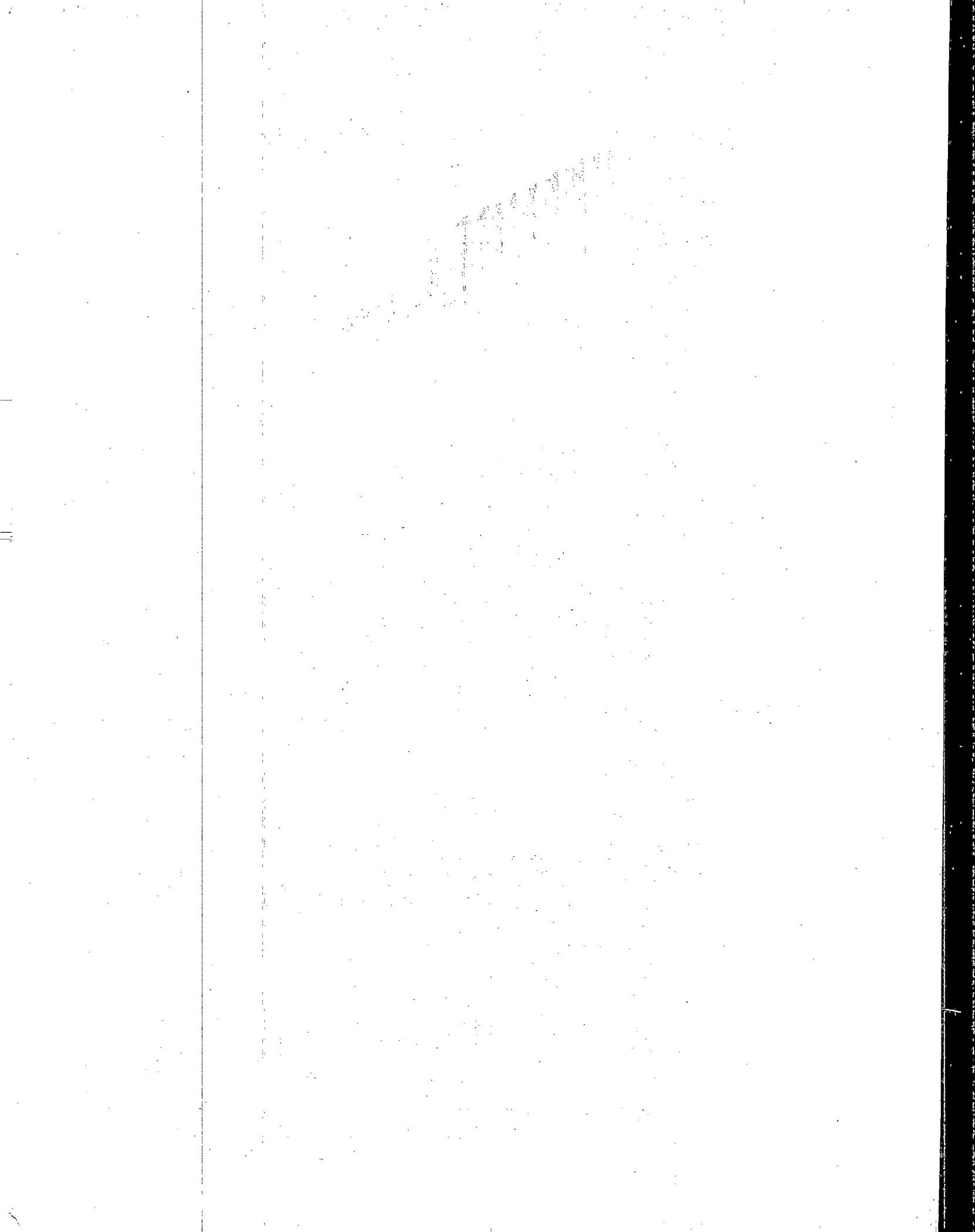
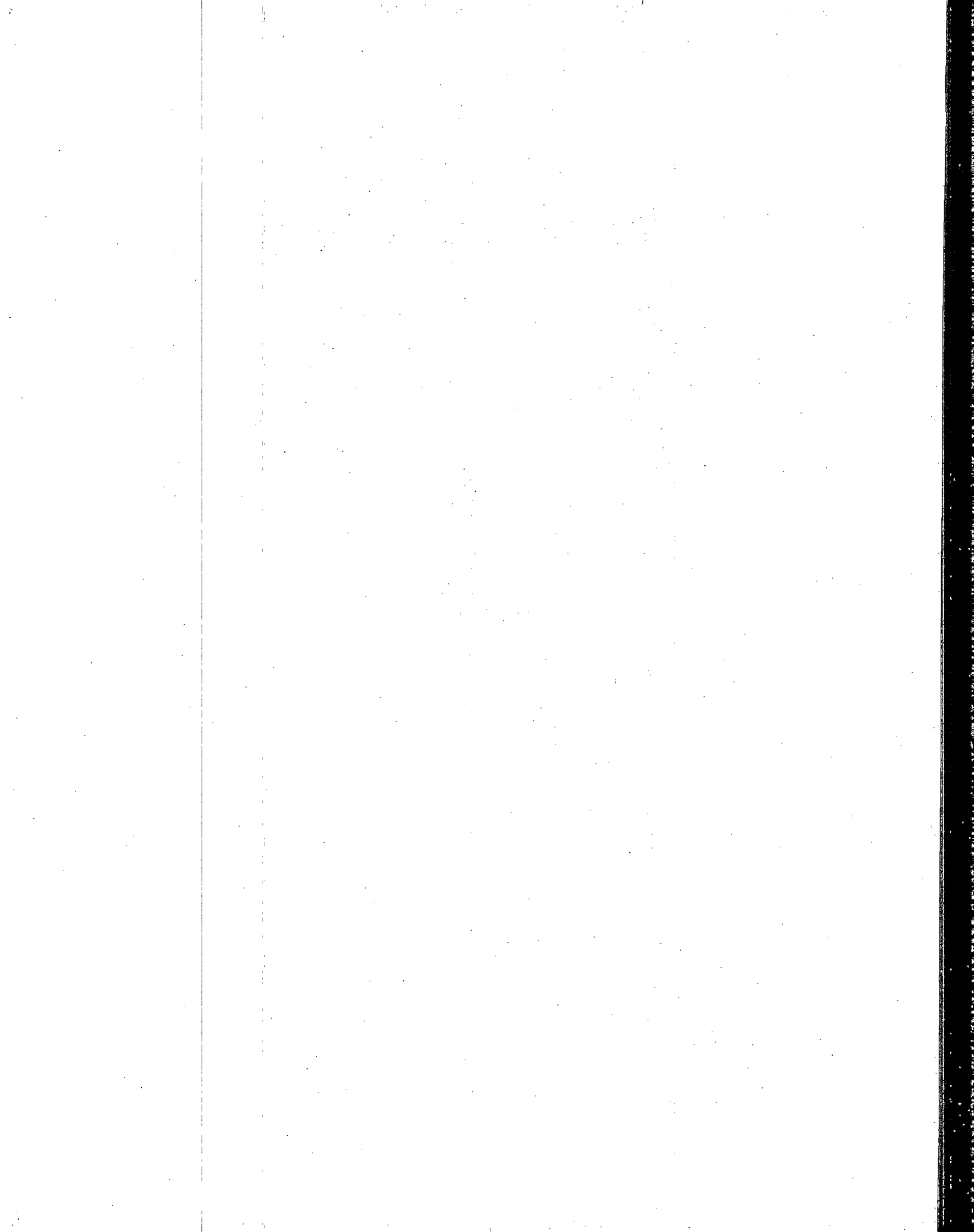


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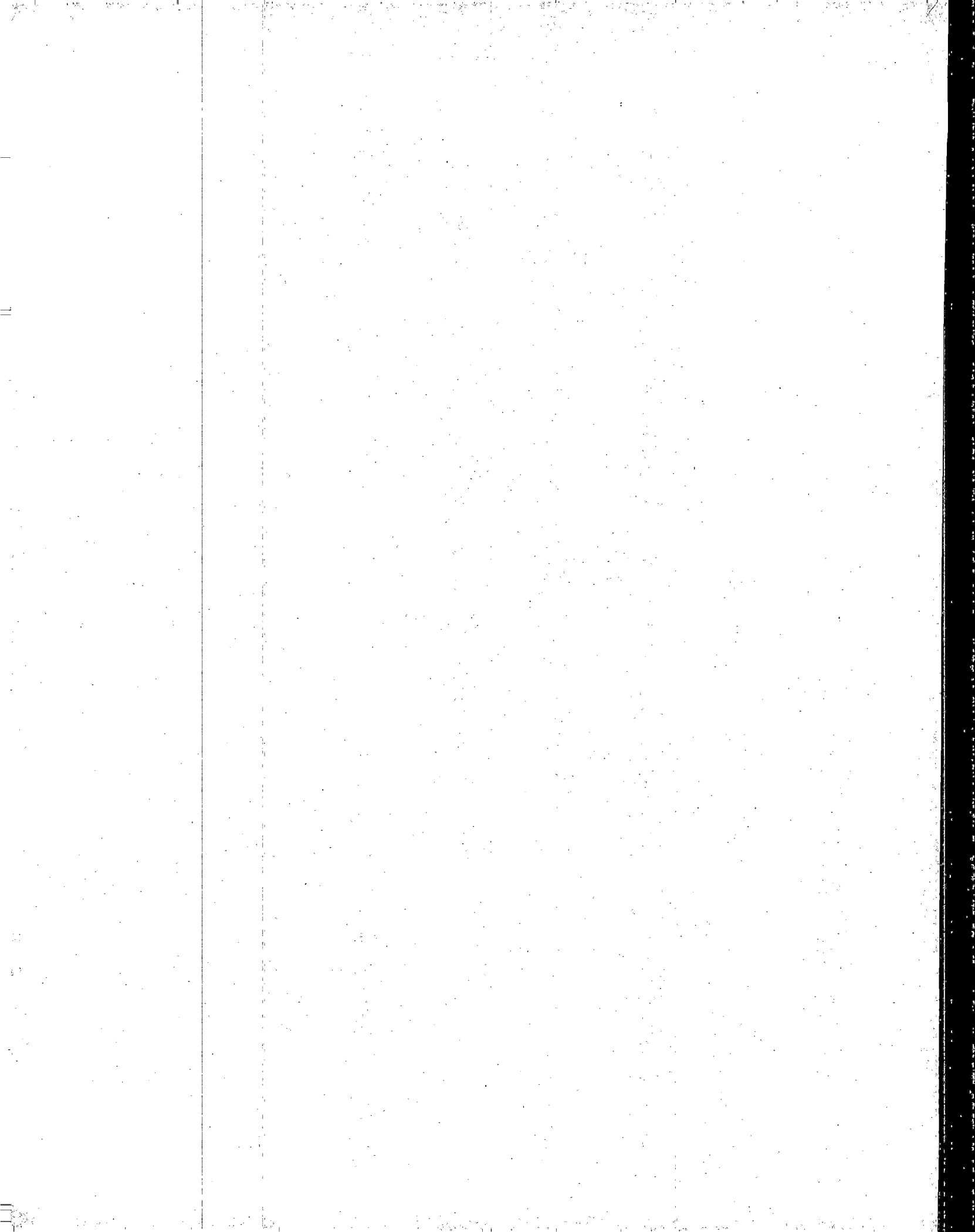
Preface

This Report of the Comptroller and Auditor General of India is prepared for submission to the Governor under Article 151 of the Constitution of India for being laid before the State Legislature.

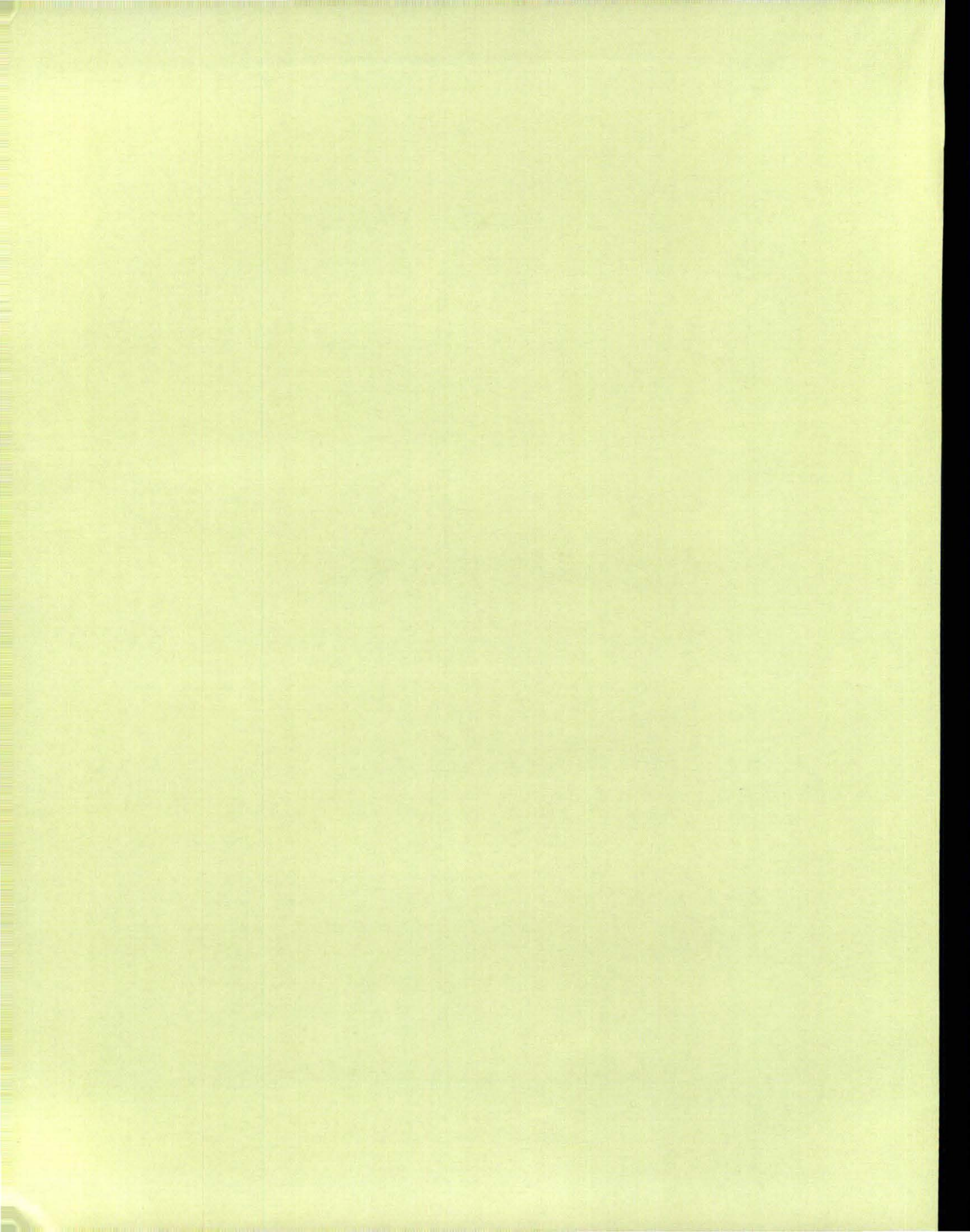
The Report contains significant results of the Performance Audit and Compliance Audit of the Departments of Government of Kerala under Revenue Sector, including Commercial Taxes Department, Revenue and Disaster Management Department, Motor Vehicles Department and Lottery Department.

The instances mentioned in this Report are those, which came to notice in the course of test audit of records during the year 2016-17 as well as those which came to notice in earlier years but could not be reported in previous Audit Reports; instances relating to the period subsequent to 2016-17 are also included wherever necessary.

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



Overview



Overview

The Report contains 28 paragraphs including one Performance Audit and 27 Compliance Audit paragraphs involving revenue impact of ₹ 426.98 crore and expenditure impact of ₹ 7.43 crore. Some of the major findings are mentioned below:

I. General

Total revenue receipts of the State Government for the year 2016-17 amounted to ₹ 75,611.72 crore against ₹ 69,032.66 crore for the previous year. 69 per cent of this was raised by the State through tax revenue (₹ 42,176.37 crore) and non-tax revenue (₹ 9,699.98 crore). The balance 31 per cent was receipt from the Government of India as State's share of divisible Union taxes (₹ 15,225.02 crore) and Grants-in-aid (₹ 8,510.35 crore).

(Paragraph 1.1.1)

Arrears of revenue as on 31 March 2017 on some principal heads of revenue amounted to ₹ 12,590.97 crore, of which, ₹ 5,182.78 crore was outstanding for more than five years.

(Paragraph 1.2)

As on 30 June 2017, 3,243 Inspection Reports (IRs) in respect of various Departments containing 26,848 observations involving money value of ₹ 8,017.53 crore were outstanding.

(Paragraph 1.7)

II. Taxes/VAT on sales, trade etc.

Performance Audit

Non-adherence to action plan relating to e-governance activities resulted in deficiencies in upgradation of IT infrastructure. Central share of ₹ 7.43 crore out of ₹ 29.85 crore for Mission Mode Project for Computerisation of Commercial Taxes Administration (MMPCT) was lapsed.

(Paragraph 2.4.5.1, Bullet 1)

Improper maintenance of IT assets resulted in non-functioning of computers and peripherals.

(Paragraph 2.4.5.2)

Department neither formulated an integrated and comprehensive plan nor adopted guidelines for implementation of the modernisation of offices involving introduction of functional layout for office premises, creation of modern workstations, etc.

(Paragraph 2.4.7.4)

Compliance Audit

Ineffective mechanism to trace unregistered dealers led to 412 dealers remaining out of the tax net resulting in non-levy of tax amounting to ₹ 35.25 crore.

(Paragraph 2.5.2.1, Bullet 2)

Inputs of the enforcement wings were not utilised for assessment in 648 cases involving ₹ 31.54 crore in six assessment circles.

(Paragraph 2.5.2.1, Bullet 5)

As per the data gathered from Customs and Central Excise Department, 27 dealers imported cashew valued at ₹ 1,967.83 crore against which import worth ₹ 729.44 crore only was disclosed by the dealers. The difference of import purchase worked out to ₹ 1,238.39 crore.

(Paragraph 2.5.4.1)

In two assessment circles, three dealers failed to disclose their taxable turnover amounting to ₹ 511.10 crore in their return. This resulted in escape of turnover from assessment and consequent short payment of tax and interest of ₹ 33.46 crore.

(Paragraph 2.6)

Kerala State Poultry Development Corporation claimed irregular exemption of ₹ 34.13 crore being supply of pullets to beneficiaries, which resulted in short-levy of tax and interest of ₹ 6.53 crore.

(Paragraph 2.7)

In respect of three national/multinational companies falling under three assessment circles as retail chains or direct marketing chain, the surcharge and interest amounting to ₹ 5.78 crore payable on output tax was not/short paid.

(Paragraph 2.8)

In nine assessment circles, 11 assesseees who opted to pay tax under the compounding scheme under-reported the size and/or the number of crushing machines. Non-utilisation of information received from other Departments before compounding/finalising the assessment resulted in short-levy of tax and interest of ₹ 1.66 crore.

(Paragraph 2.9)

M/s Webex Systems and Networks Private Limited collected VAT from their sale but did not remit the same to the government account. The assessing authority, without ascertaining the liability, cancelled the registration of the dealer. Inaction on the part of the assessing authority resulted in non-payment of tax, interest and penalty amounting to ₹ 2.82 crore.

(Paragraph 2.10)

In two assessment circles, in respect of four distilleries engaged in the manufacture of IMFL using Extra Neutral Alcohol (ENA) provided by other distilleries, the turnover of De-mineralised water forming part of bottling charges was not assessed. This resulted in short-levy of ₹ 58.86 lakh.

(Paragraph 2.11)

III. Taxes on Vehicles

Compliance Audit

The validity of permits of 14,127 motor vehicles expired from 2014-15 to 2016-17. The permit holders neither renewed the permits, nor filed non-use intimation with respective RTOs or reclassified the vehicles from category of transport vehicles. The amount of penalty collectable worked out to ₹ 3.32 crore.

(Paragraph 3.4.2.1)

The owners of 18,803 new motor cabs and new tourist motor cabs registered from 1 April 2014 to 31 March 2017 paid motor vehicles tax for five years from the date of first registration instead of 15 years as per Kerala Finance Act, 2014. The differential tax amounting to ₹ 47.15 crore was not collected.

(Paragraph 3.4.3.2)

The rate of tax in respect of contract carriages that were registered in other States and operating in the State of Kerala was enhanced to ₹ 4,000, ₹ 6,000 and ₹ 7,000 for every passenger for vehicles with ordinary seat, push back seat and sleeper berth respectively for the period from 1 April 2014 to 17 July 2016. Audit observed that in six RTOs in respect of 86,080 cases the differential tax from 1 April 2014 to 17 July 2016 amounting to ₹ 81.08 crore was not collected.

(Paragraph 3.4.3.3)

Quarterly tax leviable on goods carriage vehicles was enhanced with effect from 18 July 2016. Audit observed that in respect of 8,596 vehicles, the differential tax amounting to ₹ 50.42 lakh was not collected.

(Paragraph 3.4.3.4, Bullet 1)

It was noticed in 15 RTOs and 51 SRTOs that one-time tax was not levied at the correct rate on vehicles reclassified from the category of transport vehicles to the category of non-transport vehicles. While registering 1,559 vehicles, the Regional/Sub Regional Transport Officers applied incorrect percentage of one-time tax due to mistake in calculation of age and purchase value of vehicle, which resulted in short-levy of ₹ 1.82 crore.

(Paragraph 3.10)

IV. Land Revenue and Building Tax

Compliance Audit

The verification of details of completed buildings, collected from the Local authorities by Audit, with the assessment records of *Taluk* Offices revealed that 367 buildings completed from 2011-12 to 2016-17 were not identified by 13 *taluk* authorities for assessment to building tax, which resulted in non-levy of building tax of ₹ 6.23 crore.

(Paragraph 4.4.2.1)

The joint physical inspection (JPI) conducted by Audit in selected *taluks* revealed that out of 235 buildings, 83 buildings were not reported for assessment, which resulted in non-levy of building tax of ₹ 3.24 crore.

(Paragraph 4.4.2.2)

In 30 *Taluk* Offices, the *Tahsildars* failed to assess and levy building tax on 2,742 buildings even on the completion of which were reported by the Village Officers. Non-levy of building tax in this regard worked out to ₹ 10.23 crore.

(Paragraph 4.4.2.5)

In 3,449 cases, luxury tax was not collected even though building tax was assessed, which resulted in non-collection of luxury tax of ₹ 1.92 crore.

(Paragraph 4.4.3)

V. Other Tax Receipts

A - STATE EXICSE

Compliance Audit

It was observed that seven companies holding Foreign Liquor licence who neither applied for permission nor regularisation of reconstitution, modified/reconstituted Board of Directors of companies in 10 occasions by addition/deletion of directors/partners. Non-imposition of fine by Excise Commissioner for unauthorised reconstitution and fee for regularisation resulted in non-realisation of revenue of ₹ 40 lakh.

(Paragraph 5.4)

B - STAMP DUTY AND REGISTRATION FEE

Compliance Audit

In two sale deeds, under-valuation of property amounting to ₹ 3.4 crore was not reported by Sub Registrar to District Registrar, which resulted in short-levy of stamp duty and registration fee of ₹ 27.74 lakh.

(Paragraph 5.8)

VI. Non Tax Receipts

STATE LOTTERIES

Compliance Audit

During 2011-12 to 2016-17, lottery tickets of 2,047 draws, organised by Director of State Lotteries (DSL) were sold in the State. However, the DSL did not pay charges of ₹ 3.81 crore to the Government as provided under the Lotteries (Regulation) Rules, 2010.

(Paragraph 6.3.2.3)

Audit observed that 1,520 beneficiaries, who were sanctioned assistance for taking treatment in six hospitals did not take treatment in that hospital and ₹ 19.68 crore, sanctioned from Karunya Benevolent Fund for their treatment, were lying in the accounts of the hospitals.

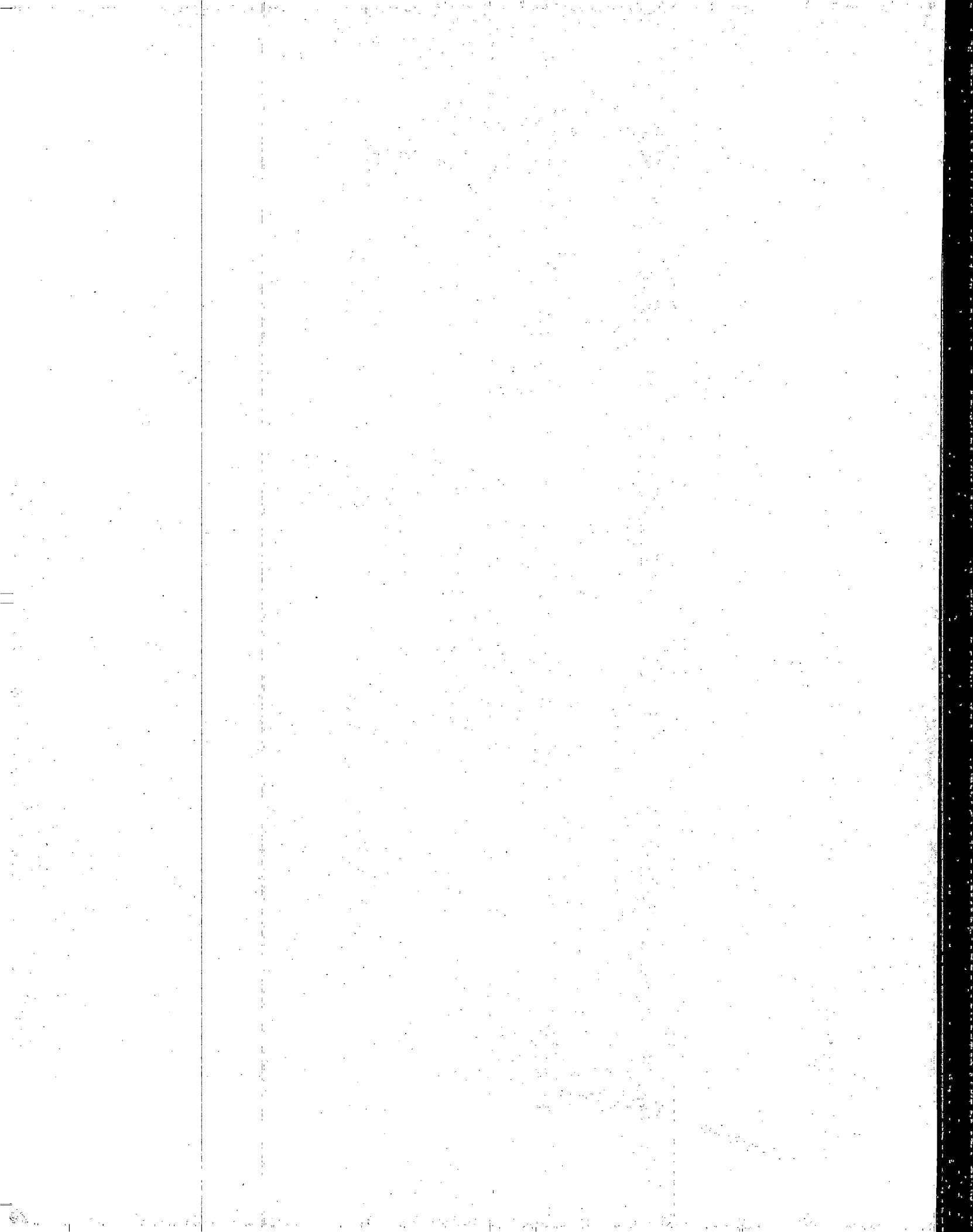
(Paragraph 6.3.3.2, Bullet 1)

Audit observed that in respect of 3,142 beneficiaries, actual expenditure from Karunya Benevolent Fund was less than 20 per cent of the amount transferred. Even after lapse of two to five years of disbursement, the unutilised amount of ₹ 40.96 crore was lying in the accounts of the hospitals.

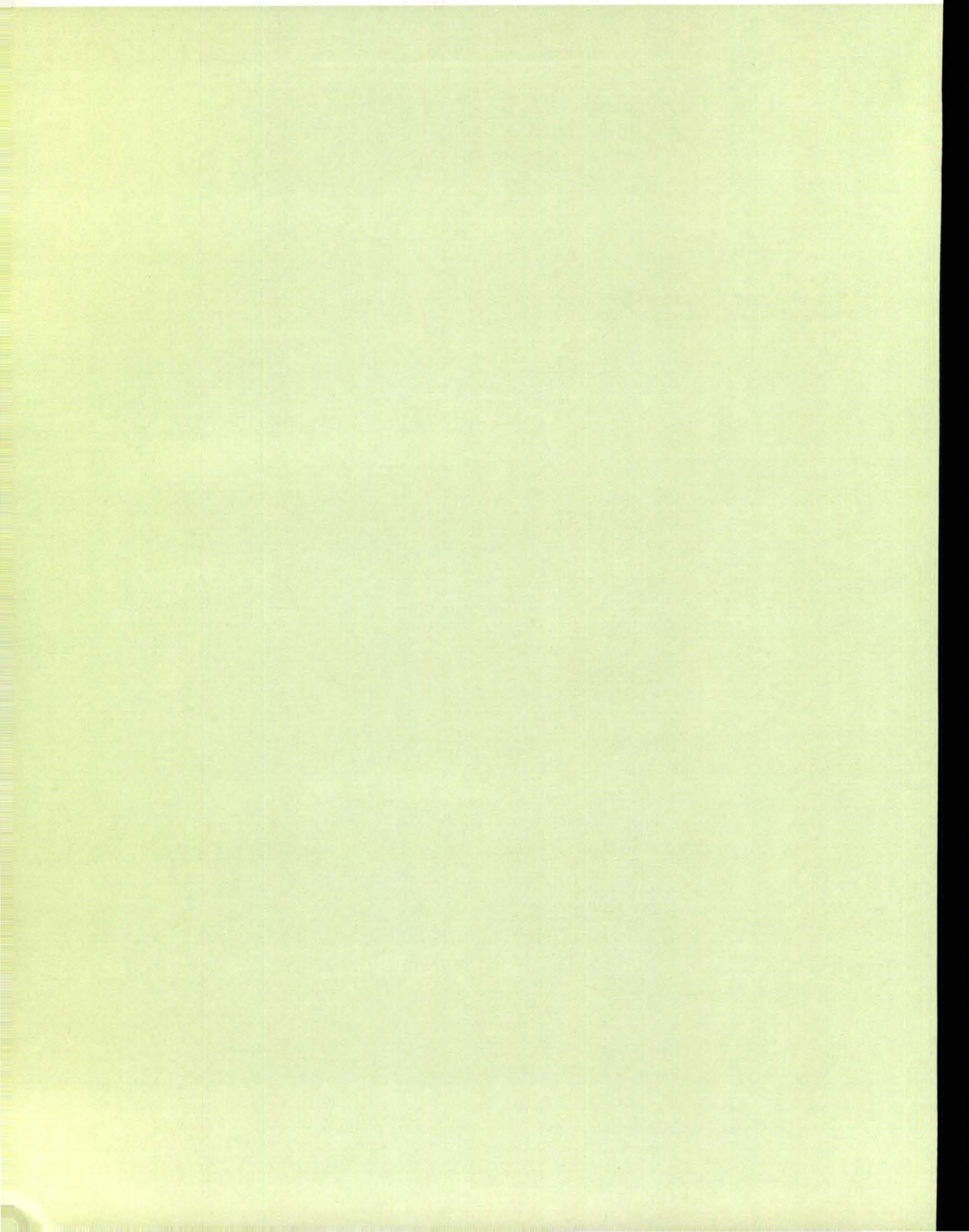
(Paragraph 6.3.3.2, Bullet 2)

It was observed that interest accrued to the tune of ₹ 14.35 crore on the amount deposited by Karunya Benevolent Fund was credited in the bank account of selected Government hospitals and Karunya Benevolent Fund account. Since the Government permitted to use only the net proceeds from Karunya Lotteries to be utilised for treatment under Karunya Benevolent Fund, the interest accrued should be credited to consolidated fund.

(Paragraph 6.3.3.3)



Chapter I
General



CHAPTER-I GENERAL

1.1 Trend of revenue receipts

1.1.1 The tax and non-tax revenue raised by Government of Kerala during the year 2016-17, the State's share of net proceeds of divisible Union taxes and duties assigned to the State and Grant-in-aid received from Government of India during the year and the corresponding figures for the preceding four years, are mentioned in **Table - 1.1**.

Table - 1.1
Trend of revenue receipts

(₹ in crore)

Sl. No.	Particulars	2012-13	2013-14	2014-15	2015-16	2016-17
1	Revenue raised by the State Government					
	• Tax revenue	30,076.61	31,995.02	35,232.50	38,995.15	42,176.37
	• Non-tax revenue ¹	4,198.51 (3,272.25)	5,575.03 (4,059.49)	7,283.69 (5,097.95)	8,425.49 (5,902.45)	9,699.98 (6,683.27)
	Total	34,275.12 (33,348.86)	37,570.05 (36,054.51)	42,516.19 (40,330.45)	47,420.64 (44,897.60)	51,876.35 (48,859.64)
2	Receipts from Government of India					
	• Share of net proceeds of divisible Union taxes and duties	6,840.65	7,468.68	7,926.29	12,690.67	15,225.02
	• Grants-in-aid	3,021.53	4,138.20	7,507.99	8,921.35	8,510.35
	Total	9,862.18	11,606.88	15,434.28	21,612.02	23,735.37
3	Total revenue receipts of the State Government (1 and 2)	44,137.30 (43,211.04)	49,176.93 (47,661.39)	57,950.47 (55,764.73)	69,032.66 (66,509.62)	75,611.72 (72,595.01)
4	Percentage of 1 to 3	78	76	73	69	69

Source : Finance Accounts prepared by AG(A&E), Kerala.

The above table indicates that during the year 2016-17, the revenue raised by the State Government (₹ 51,876.35 crore) was 69 *per cent* of the total revenue receipts. The balance 31 *per cent* of the revenue during 2016-17 was share of net proceeds of divisible Union taxes and duties and Grants-in-aid from the Government of India.

¹ The receipt from State lotteries for the year 2016-17 was ₹ 7,283.29 crore, which was 75.09 *per cent* of non-tax revenue. The difference between the figures shown in column and bracket represent expenditure on prize winning tickets of lotteries conducted by the Government.

1.1.2 The details of the tax revenue raised during the period 2012-13 to 2016-17 are given in **Table - 1.2**.

Table - 1.2
Details of Tax Revenue raised

(₹ in crore)

Sl. No.	Head of revenue	2012-13		2013-14		2014-15		2015-16		2016-17		Percentage of increase (+) or decrease (-) in 2016-17 over 2015-16	
		BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual
1	0040 - Tax on Sales, Trade etc.	23,450.52	22,511.09	28,456.62	24,885.25	31,913.47	27,908.33	34,712.28	30,736.78	36,952.98	33,453.49	6.46	8.84
2	0041 - Taxes on vehicles	1,694.49	1,924.62	2,570.65	2,161.09	2,799.82	2,364.95	3,087.35	2,814.30	3,351.49	3,107.23	8.56	10.41
3	0030-Stamps and Registration Fees	3,775.71	2,938.38	4,207.01	2,593.29	3,733.67	2,659.02	4,311.33	2,877.73	3,469.41	3,006.58	(-) 19.53	4.48
4	0039 - State Excise	2,550.65	2,313.95	2,801.75	1,941.72	3,208.36	1,777.42	2,600.66	1,964.16	2,397.36	2,019.30	(-) 7.82	2.81
5	0029 - Land Revenue	127.72	121.58	135.49	88.78	169.57	139.03	138.46	182.28	191.34	124.15	38.19	(-) 31.89
6	0043 - Taxes and Duties on Electricity	250.00	24.71	284.15	42.25	309.14	48.71	189.06	57.66	225.04	63.30	19.03	9.78
7	0022 - Taxes on Agricultural Income	15.98	18.92	23.99	21.55	26.35	8.60	28.33	2.01	10.94	2.37	(-) 61.38	17.91
8	Others ²	257.14	223.36	291.44	261.09	307.11	326.44	360.56	360.23	445.05	399.95	23.43	11.03
	Total	32,122.21	30,076.61	38,771.10	31,995.02	42,467.49	35,232.50	45,428.03	38,995.15	47,043.61	42,176.37	3.56	8.16

Source : Budget Estimates and Finance Accounts of the respective years.

² Taxes on immovable property other than agricultural land, Luxury tax and Entertainment tax.

1.1.3 The details of non-tax revenue raised during the period 2012-13 to 2016-17 are indicated in **Table - 1.3**.

Table - 1.3
Details of Non-Tax Revenue raised

(₹ in crore)

Sl. No.	Head of revenue	2012-13		2013-14		2014-15		2015-16		2016-17		Percentage of increase (+) or decrease (-) in 2016-17 over 2015-16	
		BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual
1	0075-00-103- Miscellaneous General Services- State Lotteries	1,381.20	1,747.51	2,307.00	2,280.15	2,875.00	3,259.14	4,105.60	3,748.37	5,728.90 ³	4,266.57 ⁴	39.54	13.82
2	0406 - Forestry and Wild Life	321.26	237.33	328.83	329.95	376.17	300.40	468.73	283.04	446.48	296.85	(-) 4.75	4.88
3	0202 - Education, Sports, Art and Culture	222.07	182.78	259.18	308.13	253.15	246.41	369.71	243.63	376.83	282.35	1.93	15.89
4	Others ⁵	1,092.08	1,104.63	1,333.56	1,141.26	1,473.15	1,292.00	1,725.98	1,627.41	2,046.21	1,837.50	18.55	12.91
	Total	3,016.61	3,272.25	4,228.57	4,059.49	4,977.47	5,097.95	6,670.02	5,902.45	8,598.42	6,683.27	28.91	13.23

Source: Budget Estimates and Finance Accounts of the respective years.

1.2 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2017 on some principal heads of revenue amounted to ₹ 12,590.97 crore, of which, ₹ 5,182.78 crore was outstanding for more than five years, as detailed in **Appendix I**.

Ineffective implementation of the systems for the realisation of arrears of revenue such as prompt reporting of arrears to Revenue Department and pursuance by the departments concerned for realising the arrears were the main reason for this huge pendency. The arrears of ₹ 5,182.78 crore pending for more than five years in

³ The District Lottery Officers are authorised to incur expenditure towards prize winning tickets (small denominations upto and including ₹ 5,000) by appropriating the receipts collected in the respective offices. The other expenditures are met from the budget allocation of the State. From gross receipts (budget estimates) of ₹ 7,990 crore, expenditure on prize winning tickets of lotteries (budget estimates) of ₹ 2,261.10 crore was deducted.

⁴ From gross receipts of ₹ 7,283.28 crore, expenditure of ₹ 3,016.71 crore on prize winning tickets was deducted, but other expenditure like commission to agents (₹ 2,326.71 crore), establishment expenses (₹ 333.92 crore), etc., were not deducted.

⁵ Receipts from Interest receipts, Medical and Public Health, Crop Husbandry, Animal Husbandry, Public Works, Other Administrative Services, Police, Co-operation, Major Irrigation Projects, Judiciary, Jail, Stationery, etc.

eleven departments including those of Excise Department from 1952 onwards. The cases referred to Government for write off (₹ 111.14 crore) were also not pursued by the departments/offices concerned.

1.3 Arrears in assessments

The particulars regarding the arrears in assessment such as cases pending at the beginning of the year, cases becoming due for assessment, cases disposed of during the year and number of cases pending for finalisation at the end of the year 2016-17 were called for (May 2017) from the Revenue and Disaster Management (R&DM) Department and the Commercial Taxes Department. The details furnished by the R&DM Department and the Commercial Taxes Department were given in **Table -1.4**.

Table - 1.4
Arrears in assessments

Head of revenue	Opening balance	New cases due for assessment during 2016-17	Total assessments due	Cases disposed of during 2016-17	Balance at the end of the year	Percentage of disposal (col. 5 to 4)
1	2	3	4	5	6	7
Revenue and Disaster Management Department						
Building Tax	11,801	1,67,813	1,79,614	1,66,599	13,015	92.75
Plantation Tax	2,815	1,229	4,044	2,595	1,449	64.17
Commercial Taxes Department						
1) a. Sales Tax/VAT	2,278	1,821	4,099	2,075	2,024	50.62
b. Motor Spirit Tax	54	52	106	29	77	27.36
c. Luxury Tax	7,711	6,924	14,635	7,167	7,468	48.97
d. Tax on Works Contracts	1,421	934	2,355	1,374	981	58.34
e. Others	27,384	18,108	45,492	27,297	18,195	60.00
Total	38,848	27,839	66,687	37,942	28,745	56.90
2) Taxes on Agricultural Income	446	296	742	455	287	61.32

Source : Details obtained from respective Departments.

During the year, the R&DM Department cleared 9,631 out of 11,801 arrear cases of building tax and 1,560 out of 2,815 cases of plantation tax.

In the Commercial Taxes Department, the clearance of arrears in assessments was 22,946 out of 39,294 cases.

1.4 Evasion of tax detected by the Departments

The details of cases of evasion of tax detected by the Departments were called for by Audit in May 2017. The details as furnished by Commercial Taxes, Motor Vehicles, Registration and Land Revenue Departments are given in **Table - 1.5**.

Table - 1.5
Details of evasion of tax detected

Sl. No.	Head of revenue	Cases pending as on 31 March 2016	Cases detected during 2016-17	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 2017
					Number of cases	Amount of demand (₹ in crore)	
1	0040-Tax on Sales, Trade etc.	10,849	38,410	49,259	38,447	1,660.48	10,812
2	0041-Taxes on vehicles	104	197	301	5	0.02	133
3	0030-Stamps and Registration Fees	10,13,732	11,160	10,24,892	9,63,461	236.02	61,431
4	0029-Land Revenue	2,106	7,576	9,682	7,397	6.34	2,285

Source : Details obtained from respective Departments.

Out of 301 cases of evasion of tax detected by the Motor Vehicles Department, the Department finalised assessments in 168 cases and raised demand in five cases. The reason for pendency of these cases was not furnished by the Department (January 2018).

The number of cases pending as on 31 March 2016 was revised to 2106 from 702 as per the information furnished by Land Revenue Department on 28 March 2017.

The Excise, Power, Forest, PWD, State Lotteries, Health, Animal Husbandry and Stationery Departments stated (between May 2017 and September 2017) that no case of evasion of tax was detected by them.

1.5 Pendency of refund cases

The details of refund cases pending at the beginning of the year 2016-17, claims received during the year, refunds allowed during the year and the cases pending at the close of the year 2016-17 as reported by the Commercial Taxes and Excise Departments are given in **Table - 1.6**.

Table - 1.6
Details of pendency of refund cases

(₹ in crore)

Sl. No.	Particulars	Commercial Taxes		State Excise	
		No. of cases	Amount	No. of cases	Amount
1	Claims outstanding at the beginning of the year 2016-17	5,449	173.24	10	0.93
2	Claims received during the year	5,820	145.51	21	4.37
3	Refunds made during the year	2,444	31.11	17	3.41
4	Balance outstanding at the end of the year 2016-17	8,825	287.64	14	1.89

Source : Details obtained from respective Departments.

In Commercial Taxes Department, number of refund cases outstanding at the end of March 2017 was 8,825, of which, 8,823 cases pertain to refund of value added tax. The reason for huge pendency of outstanding cases was not explained by the Department.

1.6 Analysis of cases in which stay was granted

An analysis of arrears of revenue, which were under various stages of collection revealed that the arrears pending collection as on 31 March 2017 included collections stayed by various authorities at various stages on some principal heads of revenue as detailed in **Table -1.7**.

Table - 1.7
Stages of stay granted

(₹ in crore)

Sl. No.	Head of revenue	Total arrear amount	Stage wise details of		Total amount under stay	% of stay to total arrear
			Stay by Court and other judicial authorities	Stay by Government		
1	0040-Tax on Sales, Trade etc.	8,785.55	3,274.10	78.59	3,352.69	38.16
2	0043-Taxes and Duties on Electricity	1,053.86	24.13	0	24.13	2.29
3	0406-Forestry and Wild Life	340.21	2.56	67.72	70.28	20.66
4	0039-State Excise	199.32	47.43	0	47.43	23.80
5	0029-Land Revenue	168.60	89.36	28.58	117.94	69.95
6	0030-Stamps and Registration Fees	28.24	9.36	0	9.36	33.14
7	1051-Ports and Light Houses	4.89	2.33	0	2.33	47.65
8	0853-Non-Ferrous Mining and Metallurgical Industries	1.72	0.12	0.40	0.52	30.23
Total		10,582.39	3,449.39	175.29	3,624.68	34.25

Source : Details obtained from respective Departments.

An amount of ₹ 3,624.68 crore in respect of the above heads of revenue was pending under stay, which was 34.25 *per cent* of the total arrear amount. The Departments need to take effective action to vacate the stay and to realise the amount.

The arrears of revenue pending under stay in respect of Motor Vehicle, Police, Kerala State Audit, Stationery, Town Planning, Labour Departments and Factories and Boilers were nil.

1.7 Response of the Government/Departments to Audit

The Accountant General (E&RSA), Kerala, conducts periodical inspection of the Government Departments to test check the transactions and verifies 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 the offices/Government are required to furnish first reply within four weeks from the date of receipt of the Inspection Report. Even if final reply to certain paras in Inspection Report are not furnished within the prescribed time limit, an interim reply may be furnished indicating the action taken to rectify the defects pointed out by Audit. Serious financial irregularities are reported to the heads of the Departments and the Government.

Inspection reports issued upto December 2016 disclosed that 26,848 paragraphs involving ₹ 8,017.53 crore relating to 3,243 IRs were outstanding at the end of June 2017 as mentioned in **Table - 1.8**.

Table - 1.8
Details of pending Inspection Reports

	June 2015	June 2016	June 2017
Number of IRs pending for settlement	3,193	2,672	3,243
Number of outstanding audit observations	24,691	24,662	26,848
Amount of revenue involved (₹ in crore)	9,146.67	7,253.02	8,017.53

Source : Details compiled by AG (E&RSA) and reconciled with respective Departments.

1.7.1 Department-wise details of IRs

The Department-wise details of the IRs and audit observations outstanding as on 30 June 2017 and the amounts involved are mentioned in the **Table - 1.9**.

Table - 1.9
Department-wise details of IRs

(₹ in crore)

Sl. No.	Name of the Department	Nature of receipts	Number of outstanding IRs	Number of outstanding audit observations	Money value involved
1	Commercial Taxes	Tax on Sales, Trade, etc.	1,908	20,478	4,210.73
		Taxes on agricultural income	161	742	164.48
2	Power	Electricity duty	28	115	3,176.12
3	Revenue	Land Revenue	411	2,299	307.87
4	Motor Vehicles	Taxes on vehicles	346	2,223	119.42
5	Excise	State Excise	100	238	27.02
6	Registration	Stamp and Registration Fees	261	710	9.48
7	Lotteries	Receipt from lotteries	28	43	2.41
Total			3,243	26,848	8,017.53

Source : Details compiled by AG (E&RSA) and reconciled with respective Departments.

Audit did not receive even first replies in case of 176 IRs within four weeks from the date of issue of the IRs from seven heads of offices during 2016-17. This large pendency of the IRs due to non-receipt of the replies was indicative of the fact that the heads of offices and the Departments did not initiate action to rectify the defects, omissions and irregularities pointed out by the AG in the IRs. The large pendency of IRs due to non-receipt of replies shows the failure of monitoring of clearing the pending audit observations by the Audit Monitoring Committees at Secretary level and Apex Committee at Chief Secretary level.

The Government needs to put in place effective system for ensuring prompt and appropriate response to audit observations within the time frame prescribed in the circular⁶ issued by the Finance Department.

1.7.2 Departmental Audit Committee Meetings

The Government set up audit committees to monitor and expedite the progress of settlement of local audit reports and paragraphs in the local audit reports. The details of the audit committee meetings held during the year 2016-17 and the paragraphs settled are mentioned in **Table - 1.10**.

⁶ Circular memorandum No. 57374/Ins.2/65/Fin. dated 15 November 1965.

Table - 1.10
Details of Departmental audit committee meetings

(₹ in lakh)

Sl. No.	Head of revenue	Number of meetings held	Number of audit observations pending as on 31 March 2016	Number of paragraphs settled
1	0040-Tax on Sales, Trade etc.	4	21,131	559
2	0041-Taxes on vehicles	8	2,579	757
3	0029-Land Revenue	2	2,252	90
4	0030-Stamps and Registration Fees	9	947	344
5	0043-Taxes and Duties on Electricity	2	138	18
6	0039-State Excise	4	380	44
7	0022-Taxes on Agricultural Income	3	876	35
8	0075-00-103-Miscellaneous General Services-State Lotteries	0	59	0
Total		32	28,362	1,847

Source : Details obtained from respective Departments.

The progress of settlement of paragraphs pertaining to the Commercial Taxes Department and Revenue Department were negligible compared to the huge pendency of the local audit reports and paragraphs despite holding departmental audit committee meetings.

1.7.3 Non-production of records to Audit for scrutiny

The programme of local audit of Tax Revenue/Non-tax Revenue offices is drawn up sufficiently in advance and intimations are issued, usually one month before the commencement of audit, to the departments to enable them to keep the relevant records ready for audit scrutiny.

During the year 2016-17, files relating to Kerala Value Added Tax (KVAT) assessments, in which, the turnover of the assessee was above ₹ 60 lakh and Kerala General Sales Tax (KGST) assessments, in which, the tax effect was above ₹ two lakh were called for by Audit for scrutiny in Commercial Taxes Department. However, 1,912 tax assessment files relating to 63 offices were not made available to Audit. Of these, 292 files pertained to 15 special circles and works contract offices, where assessments of major dealers are dealt with **(Appendix II)**.

Circle/division-wise analysis showing the names of head of offices for the years 2012-13 to 2016-17 is given in **Appendix III**.

Non-production of large number of transaction records involving substantial revenue hinders Audit in discharging the constitutional responsibility and comes in the way of assuring the State Government about the quality and risk involved in these transactions involving revenue for the State Government. The possibility of fraud or misappropriation or business malfeasance remaining hidden/suppressed and escaping detection during audit also remains high.

1.7.4 Response of the Departments to the draft paragraphs

The draft audit paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India are sent by the Accountant General to the Principal Secretaries/Secretaries of the respective Departments drawing their attention to audit findings and requesting their response within six weeks.

Thirty seven draft paragraphs including one performance audit report were sent to the Principal Secretaries/Secretaries of the respective Departments by name between June and October 2017. The Principal Secretaries/Secretaries of the Departments furnished replies to all the draft paragraphs.

1.7.5 Follow up on the Audit Reports-summarised position

The internal working system of the Public Accounts Committee (PAC), notified in December 2002, 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 to the Legislature Secretariat with copies to Accountant General and Finance (PAC) Department within two months of tabling the Report, for consideration of the Committee. In spite of these provisions, the explanatory notes on audit paragraphs of the Reports were being delayed inordinately. In the Reports of the Comptroller and Auditor General of India on Revenue Sector of the Government of Kerala for the years ended 31 March 2012 to 31 March 2016 placed before the State Legislative Assembly between 19 March 2013 to 6 March 2017, 160 paragraphs (including performance audit) were included. The action taken explanatory notes from the Departments concerned on 107 paragraphs were received late with an average delay of four months to 42 months in respect of these Audit Reports and action taken on the rest of the paras are yet to be received. Action taken explanatory notes in respect of 29 paragraphs from three departments (Taxes, Transport and Revenue & Disaster Management) were not received for the Audit Report for the year ended 31 March 2016 so far (January 2018).

The PAC discussed 48 paragraphs pertaining to the Audit Reports for the years from 2012 to 2016. PAC Reports containing its recommendations were not received on these paras during the respective tenure of the Committee during the period 2011-2019.

It was noticed that five departments did not submit action taken explanatory notes on audit paragraphs as of January 2018 in respect of 53 paragraphs (45 individual and eight PAs/Review paragraphs) featured in the C&AG's Audit Reports from the year ended 31 March 2013 to the year ended 31 March 2016. In respect of 45 individual transaction audit paragraphs, compliance was not furnished by three departments. The departments largely responsible for non-submission of action taken explanatory notes were Taxes, Transport and Revenue and Disaster Management. The non-receipt of ATNs were brought to the notice of the Chief Secretary to the Government in the Apex Committee meetings held on 8 December 2016, 15 June 2017 and 11 December 2017.

As on 31 March 2017, Action Taken Notes (ATN) on PAC recommendations were not received in respect of 148 paragraphs. Out of these, 119 recommendations pertained to three departments i.e., Taxes, Transport and Revenue and Disaster Management as mentioned in the **Table - 1.11**.

Table - 1.11
Details of non-receipt of ATN from three Departments

Year	Name of Department			Total
	Taxes	Transport	Revenue and Disaster Management	
2004-06	-	-	1	1
2006-08	3	-	7	10
2008-11	13	1	6	20
2011-14	5	10	-	15
2014-16	13	11	1	25
2016-19	48	-	-	48
Total	82	22	15	119

Source : Records maintained by AG and reconciled with Departmental figures.

1.8 Status of the mechanism for dealing with the issues raised in 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 was evaluated and included in this Audit Report.

The following paragraphs 1.8.1 and 1.8.2 discuss the performance of the Registration Department under revenue head 0030-Stamps and Registration Fees and cases detected in the course of local audit during the last 10 years and also the cases included in the Audit Reports for the years 2006-07 to 2015-16.

1.8.1. Position of Inspection Reports

The summarised position of the inspection reports issued during the last 10 years, paragraphs included in these reports and their status as on 31 March 2016 are tabulated below in **Table - 1.12**.

Table - 1.12
Position of Inspection Reports

(₹ in crore)

Sl No.	Year	Opening balance			Addition during the year			Clearance during the year			Closing balance during the year		
		IRs	Paras	Money value	IRs	Paras	Money value	IRs	Paras	Money value	IRs	Paras	Money value
1	2006-07	587	1,338	123.48	179	601	43.82	303	837	127.17	463	1,102	40.13
2	2007-08	463	1,102	40.13	166	650	1.67	122	500	38.98	507	1,252	2.82
3	2008-09	507	1,252	2.82	164	586	7.02	167	485	1.15	504	1,353	8.69
4	2009-10	504	1,353	8.69	168	598	7.41	284	898	3.87	388	1,053	12.23
5	2010-11	388	1,053	12.23	172	525	5.99	93	444	4.52	467	1,134	13.70
6	2011-12	467	1,134	13.70	160	513	3.31	143	516	3.61	484	1,131	13.40
7	2012-13	484	1,131	13.40	106	277	3.71	152	597	3.72	438	811	13.39
8	2013-14	438	811	13.39	60	207	0.65	158	344	3.96	340	674	10.08
9	2014-15	340	674	10.08	82	251	0.86	61	164	1.17	361	761	9.77
10	2015-16	361	761	9.77	105	501	3.60	115	315	2.67	351	947	10.70

Source : Figures compiled by AG and reconciled with Departmental figures.

The Audit Monitoring Committee and Apex Committee meetings were held between the Department and the Office of the Accountant General to settle the old paragraphs. As a result of these meetings, 5,100 paragraphs were settled from 2006-07 to 2015-16 and 947 paragraphs were outstanding as on 31 March 2016.

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 **Table - 1.13**.

Table - 1.13
Details of paragraphs included in Audit Reports

(₹ in crore)

Sl. No.	Year of Audit Report	Number of paragraphs included	Money value of paragraphs	Number of paragraphs accepted	Money value of accepted paragraphs	Amount recovered during the year	Cumulative position of recovery of accepted cases as of 31.03.2016
1	2006-07	-	-	-	-	-	-
2	2007-08	-	-	-	-	-	-
3	2008-09	3	0.47	-	0.10	-	-
4	2009-10	3	4.37	-	-	-	-
5	2010-11	2	0.25	1	0.07	-	-
6	2011-12	2	0.94	-	0.10	-	-
7	2012-13	1	14.47	-	0.14	-	-
8	2013-14	2	0.05	1	0.05	-	-
9	2014-15	1	0.09	1	0.09	-	-
10	2015-16	1	0.37	1	0.37	-	-

Source : Figures furnished by the Registration Department.

It is evident from the above table that the progress of recovery in accepted cases was nil throughout the last 10 years. The recovery in accepted cases was to be pursued as arrears recoverable from the parties concerned.

1.9 Action taken on the recommendations accepted by the Departments/Government

The draft reports of Performance Audit (PA) conducted by the Accountant General are forwarded to the Department concerned/Government with a request to furnish their replies. These reports are also discussed in an Exit Conference and the views of the Department/Government are included while finalising the Audit Reports.

The details of eight Performance Audit Reports on the Departments of Commercial Taxes, Revenue and Disaster Management (R&DM), Power and Lotteries featured in the Reports for the last five years along with recommendations and their status are given in **Appendix IV**. The PAs on Commercial Taxes Department covered the areas such as Levy and collection of VAT on evasion prone commodities/areas, Assessment, levy and collection of VAT on transfer of goods involved in the execution of works/supply contract, Effectiveness of Kerala Value Added Tax Information System (KVATIS) in Tax administration and System of assessment under KVAT. The PAs on the R&DM Department covered areas such as Land Management and Disaster Management in the State. The audit also focused on the levy, collection and accounting of

Electricity duty, surcharge and inspection fee under the Power Department. In tune with the recommendations of Audit, the Commercial Taxes Department decided for restoration of audit assessment wing, incorporation of audit assessment module in KVATIS, periodic fixation/refixation of floor rates on evasion prone commodities, electronic verification of PAN in KVATIS, upgradation of e-governance infrastructure and constituted Economic Intelligence Wing for cross verification of information obtained from other departments with KVATIS.

1.10 Audit planning

The unit offices under various departments were categorised into high, medium and low risk units according to their revenue position, past trends of audit observations, complaints, media reports, non-production of records, information regarding malpractice obtained through RTI and misappropriation. The annual audit plan was prepared on the basis of risk analysis, which *inter-alia* included critical issues in government revenue, tax administration i.e. budget speech, reports of the Finance Commission (State and Central), recommendation of the Taxation Reforms Committee, statistical analysis of the revenue earnings during the past five years, factors of the tax administration, audit coverage and its impact during the past five years, etc.

During the year 2016-17, there were 823 audit units, of which 443 units were planned and 388 units were audited.

1.11 Results of audit

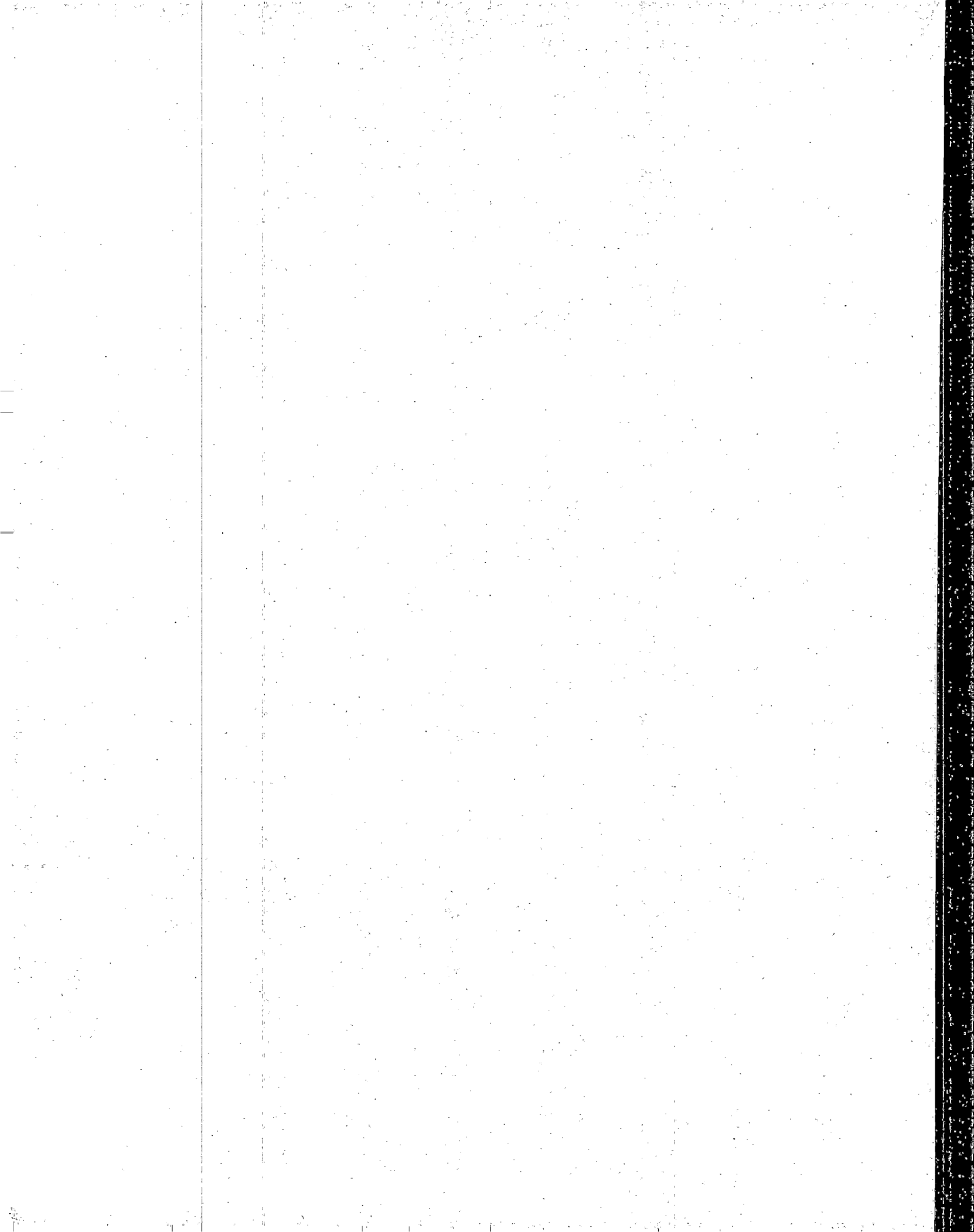
Position of local audit conducted during the year

Test check of the records of 388 units⁷ of Sales Tax/Value Added Tax, State Excise, Motor Vehicles and other Departmental offices conducted during the year 2016-17 showed under-assessment/short-levy/loss of revenue aggregating to ₹ 989.47 crore in 1,862 cases. Deficiencies in the utilisation of Central Fund for Mission Mode Project for Computerisation of Commercial Taxes Administration and Infructuous expenditure on purchase with expenditure impact of ₹ 7.78 crore were also noticed in two cases. During the course of the year, the Departments concerned accepted under-assessment and other deficiencies of ₹ 450.63 crore involved in 328 cases, which were pointed out in audit during 2016-17. The Departments collected ₹ 25.14 crore in 1,296 cases during 2016-17, pertaining to the audit findings of previous years.

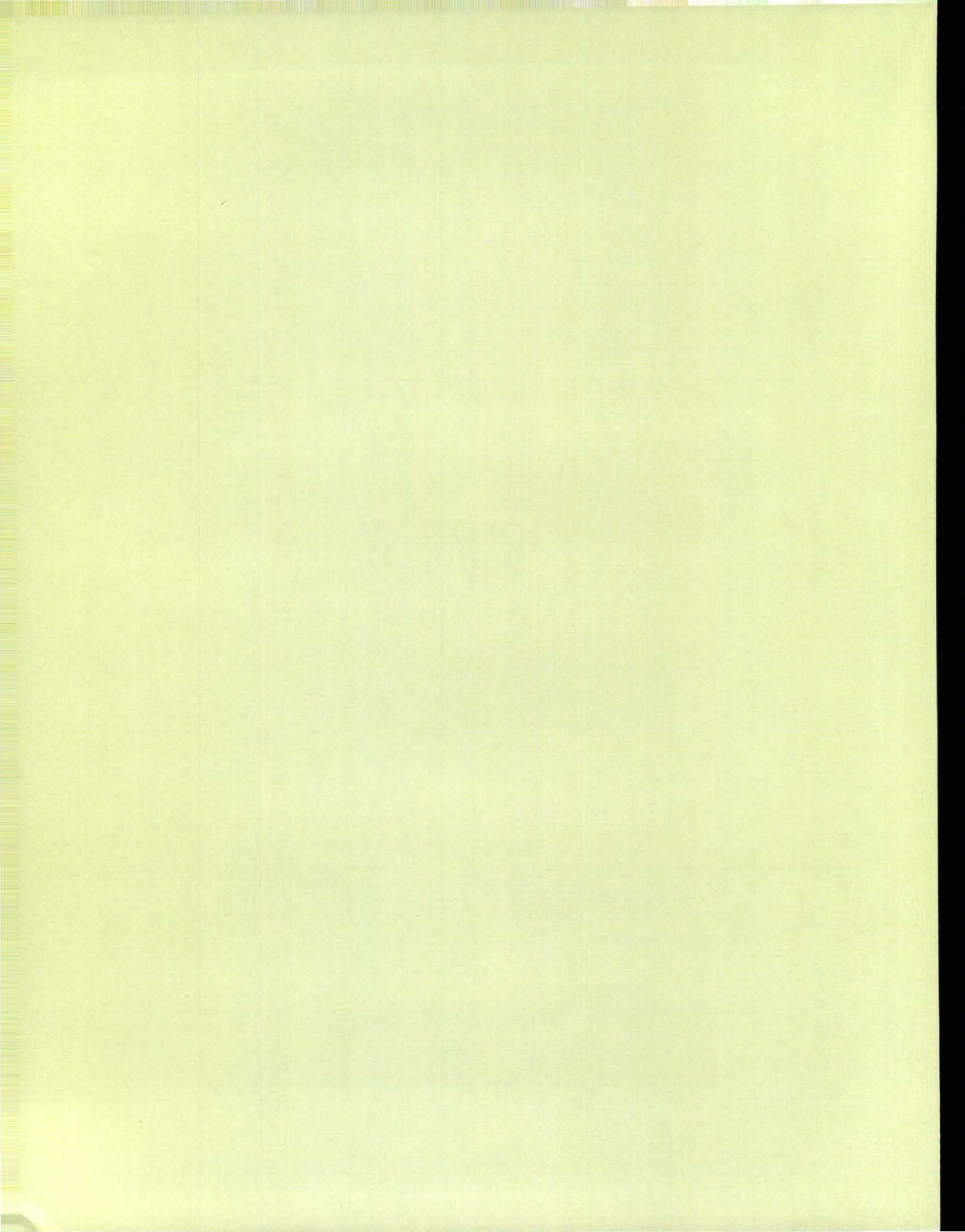
⁷ In the case of remaining 60 units, IRs were issued during the year 2017-18.

1.12 Coverage of this Report

The Report contains 28 paragraphs, which came to notice in the course of test audit of records during the year 2016-17 as well as those in earlier years involving revenue impact of ₹ 426.98 crore and expenditure impact of ₹ 7.43 crore. Instances relating to the period subsequent to 2016-17 were also included, wherever necessary. The Department/Government accepted audit observations involving ₹ 434.36 crore, out of which, ₹ 12.93 crore were recovered. These are discussed in succeeding Chapters II to VI.



Chapter II
Taxes/VAT on Sales, Trade etc.



CHAPTER-II TAXES/VAT ON SALES, TRADE ETC.

2.1 Tax administration

Kerala General Sales Tax (KGST)/Kerala Value Added Tax (KVAT) laws and rules made thereunder are administered at the Government level by the Secretary, Taxes. The Commissioner of Commercial Taxes (CCT) is the head of the Commercial Taxes Department (CTD) who is assisted by Joint Commissioners (JCs), Deputy Commissioners (DCs), Assistant Commissioners (ACs) and Commercial Tax Officers. The assessment, levy and collection of tax are done by ACs and Commercial Tax Officers.

Organogram of the Department is given below:



Kerala General Sales Tax is leviable on sale of Ganja and opium, foreign liquor and certain petroleum products. KVAT is leviable on the intra-State sale of remaining commodities and Central Sales Tax (CST) on inter-State sales.

2.2 Internal audit

The Internal Audit Wing (IAW) in the Commercial Taxes Department commenced functioning from 1 June 2009. The wing headed by the Deputy Commissioner is assisted by 10 Assistant Commissioners and 17 Commercial Tax Officers along with subordinate staff. During 2016-17, the wing planned the audit of 63 units but audited only 58 units. Potential cases and collection fall cases are compulsorily checked by the wing. Out of an overall outstanding of 6,850 paras, only 939 paras (13.71 per cent) were cleared. This indicated the inadequate response of the CCT to the observations of the IAW and in enforcing clearance of the paras by addressing the shortcomings/deficiencies pointed out by the wing. The reason for low clearance of observations made by IAW, though called for (May 2017), was not furnished by the CCT (January 2018).

2.3 Results of audit

Test check of the records relating to KVAT/KGST and CST assessments and connected documents in 129 offices of the Commercial Taxes Department conducted during 2016-17 showed under-assessment of tax and other irregularities involving ₹ 583.07 crore in 1,048 cases, which fall under the following categories as given in **Table - 2.1**.

Table - 2.1
Details of cases and money value of draft paras

(₹ in crore)			
Sl. No.	Categories	Number of cases	Amount
1	Performance Audit on Infrastructure facilities in the Commercial Taxes Department	1	7.43
2	Compliance Audit on Enforcement under KVAT Act	1	87.03
3	Short payment of tax due to escape of turnover from assessment	382	281.55
4	Short payment of tax due to excess availing of input tax credit/irregular exemption	241	24.42
5	Short payment of tax due to application of incorrect rate of tax	40	15.44
6	Others	383	167.20
Total		1,048	583.07

Source: Figures compiled by AG(E&RSA).

During the course of the year, the Department accepted under-assessment and other deficiencies involving ₹ 178.17 crore in 580 cases, which were pointed out in Audit. An amount of ₹ 16.04 crore was realised in 746 cases during the year 2016-17, of which, 94 cases involving ₹ 3.38 crore were pointed out in 2016-17 and the rest in earlier years.

In case of a draft paragraph, involving ₹ 5.78 lakh, the Department recovered the entire amount. A few Audit observations involving ₹ 149.03 crore are mentioned in the following paragraphs.

Value Added Tax

2.4 Performance Audit on Infrastructure facilities in the Commercial Taxes Department

2.4.1 Introduction

Infrastructure means the basic physical and organisational structure and facilities (e.g. buildings, roads, power supplies) needed for the operation of a society or enterprise that act as the foundation for economic activity and quality of life. The Commercial Taxes Department and the taxpayers are partners in the economic development of the State through the collection and payment of taxes. Basic infrastructure and amenities in the offices are important not only for developing an assessee friendly approach but also to create a conducive work environment in the offices.

The Commercial Taxes Department (Department) is a major source of revenue of the Government of Kerala accounting for more than three-fourth¹ of its tax revenues. After introduction of Goods and Services Tax (GST) in the country with effect from 1 July 2017, the name of the Department was changed to State Goods and Services Tax Department, Kerala (SGSTD)². The Department catered to 2.66 lakh traders through 311 offices including check posts across the State during the administration of Kerala Value Added Tax (KVAT). The major functions of the Department included registration of dealers, assessment and collection of tax, recovery of arrears of tax, prevention and detection of tax evasion and disposal of appeals and revision petitions. On implementation of GST in the country, the Government of Kerala (GOK) in July 2017³ classified the assessing authorities into three exclusive groups *viz.* (i) officers for amnesty scheme, (ii) officers dealing with amnesty scheme and GST roll out and (iii) officers for VAT cases.

KVATIS (Kerala Value Added Tax Information System) was the application software developed and deployed during 2007 and became operational from 2007-08 in a phased manner by the Department with a view to accelerate tax collection, augment voluntary tax compliance, reduce the frequent visits of traders to the commercial tax offices, deliver better services, etc. For the GST administration, the common GST Electronic portal (www.gst.gov.in) developed by the Goods and Services Tax Network (GSTN)⁴ is functioning as the front-end of the overall GST IT eco-system which provides common registration, return and payment services to the tax payers. Kerala State decided to develop its own back-

¹ Total tax revenue for the year 2016-17 : ₹ 42,176.37 crore; tax revenue collection in CTD: ₹ 33,453.49 crore (79.32 per cent).

² GO(P) No.89/2017/Taxes dated 13 July 2017.

³ GO(Rt) No. 606/2017/Taxes dated 21 July 2017.

⁴ A company with Central and State Government share of 49 per cent and non-government financial institutions share of 51 per cent which aims to provide common and shared IT infrastructure services for the implementation of GST.

end systems for handling the tax administration functions such as registration, approval, assessment, audit matter, adjudication, etc.

During the period from 2012-13 to 2016-17, total expenditure incurred by the Department was ₹ 1,075.84 crore. Out of this, expenditure incurred for infrastructure including its maintenance *viz.*, building and computerisation was ₹ 52.35 crore⁵, the balance being establishment charges.

2.4.2 Audit objectives

The Performance Audit (PA) was conducted to assess whether:

- IT infrastructure was developed timely and maintained effectively;
- manpower management and capacity building were effective; and
- Department had appropriate physical assets to deliver the services effectively.

2.4.3 Scope and methodology of audit

The Performance Audit was conducted between May 2017 and August 2017 covering the period from 2012-13 to 2016-17. Audit selected 52 assessing offices and intelligence offices in six⁶ out of the 15 tax districts in the State. Thiruvananthapuram and Ernakulam were selected being the highest revenue collection districts and three districts were selected based on probability proportional to size without replacement (PPSWOR) sampling method. Mattancherry tax district was selected on the suggestion of the Department in order to cover the entire Ernakulam revenue district.

The Performance Audit was conducted through the test check of records and files in the Taxes Department, Government Secretariat, office of the Commissioner of Commercial Taxes (CCT), offices of the Deputy Commissioners (DC), offices of the Inspecting Assistant Commissioners (Intelligence) (IACs (I)) and 52 assessment circles under the selected six tax districts. Information was also collected through joint physical inspection (JPI). The PA has also given due consideration to the implementation of GST with effect from 1 July 2017.

An Entry conference was held on 5 May 2017 with the Additional Secretary, Taxes Department wherein the objectives, scope and methodology adopted for the PA were explained. An Exit Conference was held on 14 November 2017 with the Secretary (Taxes) wherein the audit findings were discussed. Audit acknowledges the co-operation rendered by the CTD in providing records and other facilities.

⁵ ₹ 17.21 crore for building and ₹ 35.14 crore for IT.

⁶ Ernakulam, Kasargod, Kozhikode, Mattancherry, Palakkad and Thiruvananthapuram.

2.4.4 Audit Criteria

The audit criteria were drawn from the following sources:

- I T Policy of Government of Kerala;
- The Kerala Financial Code;
- Stores Purchase Manual of Government of Kerala;
- Agriculture Income Tax and Sales Tax Manual.

Audit findings

Audit findings are categorised into three broad topics *viz.*, Information Technology (IT) infrastructure, human infrastructure and physical infrastructure as discussed below.

2.4.5 IT infrastructure

Kerala is the first State to implement 100 *per cent* e-filing of VAT returns. The tax administration was fully computerised with effect from 2009 using application software KVATIS. Timely procurement and maintenance of IT infrastructure is a vital pre-requisite to augment tax compliance and to provide better services to the stakeholders.

2.4.5.1 Deficiencies in upgradation of IT infrastructure

Para 1.3 of the Stores Purchase Manual stipulates that each Department should prepare appropriate time frame for each stage of procurement of stores in order to reduce delays and a Government servant who has to purchase stores (which included computer hardware and software) for public service should estimate the requirements for the year so far as they can be foreseen. Further, the Information Technology Policy, 2012 of Government of Kerala, also envisages that each Department of Government would publish on the website an annual action plan for their e-governance initiatives with service targets and milestones for completion of projects.

Department planned upgradation of IT infrastructure by segregating it into four phases⁷ and the project was titled as Business Continuity Plan and setting up of Disaster Recovery Site. But absence of time bound planning resulted in various deficiencies *viz.* non-utilisation of funds, delay in procurement of IT infrastructure and non-monitoring of IT assets as discussed in the succeeding paragraphs.

⁷ Phase-I: Current State Assessment of KVATIS, Phase-II: Assessment of future State requirements, Phase-III: Development of Business Continuity Plan Manual, Phase-IV: Programme Management Support.

- **Non-utilisation of central fund for computerisation**

Guidelines issued⁸ by the Information Technology Department of Government of Kerala, envisaged that Government of India (GOI) funds should be tapped to the fullest extent for e-governance projects as far as possible.

The Ministry of Finance, Government of India, approved (26 March 2010) a Mission Mode Project for Computerisation of Commercial Taxes administration (MMPCT) with a total project cost of ₹ 41.25 crore, in which, the proposed Central share and State share was ₹ 29.85 crore and ₹ 11.40 crore respectively. The project was to be completed by 31 March 2014, after grant of extension by one year. Out of the Central share of ₹ 29.85 crore, ₹ 26.90 crore was released by the Government of India during the period from March 2010 to July 2012. The Department set off ₹ 15.53 crore as retrospective share being the expenses incurred for computerisation before March 2010 and utilised ₹ 6.89 crore against the prospective expenditure incurred for site preparation, hardware and software cost. The total fund utilised was ₹ 22.42 crore.

Audit observed that the central share of ₹ 7.43⁹ crore out of ₹ 29.85 crore under Mission Mode Project for Computerisation of Commercial Taxes administration was not fully utilised due to non-completion of project activities within the stipulated period viz., non-setup of Disaster Recovery Site, non-procurement of IT assets, etc.

Further, Department did not claim under Mission Mode Project for Computerisation of Commercial Taxes Administration Scheme for the amount spent on purchasing 126 laptops for intelligence wing (November 2013) even though the project deadline was extended upto 31 March 2014.

Government stated (December 2017) that the Department procured 126 laptops for Intelligence wing for ₹ 45.23 lakh within the MMPCT timelines and the expenditure incurred was utilised from the Central Share. In order to verify the authenticity of the claim, records relating to the transfer of ₹ 45.23 lakh from the Central fund to the State fund were called for, but the same was not produced to Audit.

- **Non-installation of Disaster Recovery Centre**

Disaster Recovery Centre (DRC) is desirable for any organisation working under IT environment so that in case of *force majeure* i.e. earthquake, floods, etc., the data, which was backed up at DRC, could be recovered for the continued functioning of the organisation. It is a best practice to setup disaster recovery site in a different seismic zone.

⁸ GO (P) No. 24/2009/ITD dated 29 September 2009.

⁹ ₹ 2.95 crore not released and ₹ 4.48 crore released but not expended.

Audit observed that the Government decided (October 2009) to develop a disaster recovery site at Data Centre of NIC, Hyderabad¹⁰, which was in a different seismic zone and prepared a detailed project report (December 2013) on hardware requirements for disaster recovery. But the same was not developed till implementation of GST (July 2017).

Government stated (December 2017) that the Technical Committee observed that in the GST scenario, there was no criticality for the State backend system and a few days downtime did not affect the tax administration since the GST dealers access only the central portal for availing services. Moreover, the Central GST portal maintains the data of all States which can at anytime be pulled by the State. Hence it decided that there was no need to set up Disaster Recovery Centre and suggested utilising the NIC facility to meet any contingency. As Kerala is a Model-1 State where all backend systems were developed by the State itself, installation of Disaster Recovery Centre was a necessity.

◦ **Upgradation of KVATIS**

To reduce slowdown in online services and to avoid difficulties faced by the traders while accessing the website for services like e-filing of returns, e-payment in peak days, etc., the project to upgrade with a cost of ₹ 6.78 crore was initiated in January 2012 and completed in October 2016 only.

Audit attributed that the reasons for delay as:

- Delay in appointment of consultant to develop current asset evaluation and performance improvement plan (from January 2012 to May 2013); and
- Delay in the tendering process for procurement of hardware (January 2014 to April 2016).

In spite of spending ₹ 6.78 crore for the above project, intended benefit of upgradation was not obtained by KVAT assesseees due to roll out of GST with effect from July 2017.

◦ **Delay in procurement of desktops and printers**

During the period of audit, the department purchased 778 desktops and 718 printers. Scrutiny of procurement files revealed that department was able to purchase 778 desktops and 718 printers in January 2015 after inordinate delay. The project was initiated in June 2013.

Delays were as follows: -

- project proposal (June 2013);

¹⁰ Thiruvananthapuram in seismic zone III and Hyderabad in seismic zone II.

- getting administrative sanction (January 2014); and
- completing tendering process (November 2014).

Government stated (December 2017) that in order to tackle the issues related to procurement planning, asset management, equipment analysis and avoidance of procurement delays, the Department in association with NIC rolled out the Hardware Monitoring System asset management system. The asset details of all offices of the Department were entered in Hardware Monitoring System and were in the final stage. Once the complete details are available in the central system, the Department would be in a better position to make procurement planning based on the analysis report using Hardware Monitoring System.

- **Non-use of IT assets**

The CCT directed¹¹ the DCs to ensure that no Information and Communication Technology (ICT) equipment should be kept idle due to defect or remain un-allocated to field offices. Further, Article 149 & 153 of the Kerala Financial Code Volume I (KFC), envisages that the head of an office should maintain stock account and conduct physical inspection of stores at least once a year. It also envisages the disposal of obsolete or unserviceable stores.

Joint physical inspection conducted by the Departmental officers in the presence of Audit in 64 offices revealed:

- Stock register of the hardware supplied was not maintained in 41 offices as per the provision of Kerala Financial Code;
- In the selected 64 offices, it was observed that 259 desktops out of 1,036 and 145 printers out of 376 were not in use due to malfunctioning. Audit could not ascertain the period from which these IT assets were not in use as the Department did not maintain records; and
- It was observed that 22 desktops and 20 printers were not entered in the Hardware Monitoring System¹² though it was stated that the entries were made in Hardware Monitoring System, which was not fully operationalised.

Government stated (December 2017) that the Department initiated implementing the Centralised Inventory Management System, Hardware Monitoring System in the Department, which would enable in inventory planning in a better way. Government also stated that the Department would constitute a special team of officers at each district under the control of the District Deputy Commissioner to conduct physical inspection of stores and verification of records once in a year as per schedule issued by the Commissioner and the Deputy Commissioner.

¹¹ Letter No. B-11-6428/13/CT dated 4 February 2015.

¹² Hardware Monitoring System developed by NIC.

Recommendation: The Department may prepare a time bound plan relating to e-governance activities and ensure funds utilisation by expediting the procurement of IT assets.

2.4.5.2 Maintenance of IT assets

Proper maintenance of hardware and software is critical to business continuity and for the day to day functioning of the department. The maintenance of IT assets was carried out through Annual Maintenance Contracts (AMCs). Audit observed deficiencies in the maintenance of IT assets as discussed in succeeding paragraphs.

- Maintenance of computers and peripherals

The work relating to the annual maintenance contracts for computers and accessories in all the offices across the State was awarded to M/s HCL Info Systems Limited (HCL) for the period from 1 May 2010 to 30 April 2013. It was observed from the letter of CCT (January 2014) to the Secretary to the Government that during the non-annual maintenance contract period, the departmental officers were finding it difficult to maintain uninterrupted businesses, which affected the tax monitoring. M/s Accel Frontline Limited (ACCEL) was awarded annual maintenance contract with effect from 23 January 2015 to 22 January 2018 after a delay of nearly two years. Asset verification was conducted by ACCEL before entering into the annual maintenance contract and it was observed that 318 desktops, 91 printers, three scanners, 16 network switches and 450 Uninterruptible Power Supply (UPS) were defective and not in working condition and these were left out of annual maintenance contract.

Had the Department renewed or awarded annual maintenance contract on time, these assets would have been in working condition and could be included in annual maintenance contract.

Government stated (December 2017) that the Department initiated timely action and floated e-tenders and M/s Wipro became the L1 bidder. Accordingly, work order was issued to M/s Wipro, but did not come forward to execute the project within the timeline prescribed. Hence the work order was cancelled and the EMD furnished was forfeited. Thereafter, re-tender was conducted and identified M/s ACCEL Frontline as the annual maintenance contract service provider. On the observation regarding omission from annual maintenance contract of IT equipment, which were defective and not in working condition, Government stated that the cost of repair of those old equipment was found much high and it was economical to procure new equipment with five years' warranty.

- **Flaws in the Service Level Agreement**

- As per the guidelines issued¹³ by the Information Technology Department, Government of Kerala, the scope of work of annual maintenance contract for computers and peripherals must include monthly inspection, clearing and quarterly preventive maintenance. However, Service Level Agreement (SLA) with the service provider did not contain the monthly inspection, clearing and quarterly preventive maintenance clauses.
- As per the service level agreement, the Department shall make payments on quarterly basis to the service provider and the payment claims shall be accompanied with service call and uptime/down time reports certified by the Deputy Commissioners of each district. Penalty, if any, shall be deducted from the quarterly payments. According to the IT Policy of the Department, the System Administrator under each DCs has to cross verify the SLA conformance reports of the service providers. Audit observed that fault call registers¹⁴ were not maintained. Hence it was not possible for the Department to verify the genuineness of claims made by the service providers.

Government stated (December 2017) that prescribing monthly inspections would make the annual maintenance contracts costlier as the contractors have to factor in resources as per the preventive maintenance schedule. Further, Government in this regard also stated that the department included downtime penalty clauses, which would necessitate the contractor to conduct frequent inspections. It was also stated that the points recommended by Audit would be considered in all future Annual Maintenance Contracts.

- **Maintenance of Wide Area Network connectivity**

The annual maintenance contracts for maintenance of KVATIS Wide Area Network (KVATIS WAN) were awarded to M/s Frontier Business Systems Private Limited, Thiruvananthapuram (FBS) from 1 October 2012 to 31 May 2014 and to M/s KELTRON, Thiruvananthapuram from 1 June 2014 to 12 June 2017.

As per the service level agreement with the service provider, average uptime availability of 99 per cent and 95 per cent was to be ensured in List A Links¹⁵ and List B Links¹⁶ respectively. The service level agreement included maintenance of uninterruptible power supply also.

¹³ GO (P) No. 26/2005/ITD dated 24 December 2005.

¹⁴ To record nature of failure, date and time of booking the complaint and clearing of complaint.

¹⁵ List A Links-16 Links viz., offices required to work for 24 hours a day like commercial tax check posts and Commissionerate buildings.

¹⁶ List B Links- 124 Links-Offices having normal working hours from 10 AM to 5 PM.

The status of number of links having less than the average uptime as per the service level agreement is as given in the **Table - 2.2**.

Table - 2.2
Details of links having less than the average uptime

Name of service provider	Period checked by audit	List A – 16 Links	List B -124 Links
		No. of links having average uptime of less than 99 %	No. of links having average uptime of less than 95 %
M/s Frontier Business Systems Private Ltd (FBS)	January 2013	7	4
	February 2013	10	41
	March 2013	7	22
M/s KELTRON	13 December 2015 to 31 December 2015	8	11
	January 2016	9	5
	February 2016	9	5
	1 March 2016 to 12 March 2016	7	9

Source : SLA quarterly conformance Report by the service providers.

On a test check of the conformance reports, Audit observed that the uptime connectivity of more than 80 *per cent* was available, but it was below the uptime connectivity required (99 *per cent* and 95 *per cent*) as per the service level agreement as given in Table 2.2. The reasons cited for non-maintenance of connectivity by the service provider in some locations were malfunctioning of uninterruptible power supply for wide area network connectivity, delay in rectification of BSNL lines at check posts, etc. M/s KELTRON vide their letter dated 3 July 2014 informed the Commissioner of Commercial Taxes that uninterruptible power supply installed at 83 locations as part of wide area network were not working and needs to be replaced due to the non-availability of spares. Uninterruptible power supply was not installed at 10 locations. However, the Department did not take action to resolve the issues of uninterruptible power supply for wide area network by replacement or repair. Department also failed to take up the matter with BSNL at highest level for immediate service to achieve optimum network connectivity and therefore the issue remained unresolved till date (January 2018).

Government stated (December 2017) that steps were initiated for replacement of obsolete routers in all locations along with conversion of copper based leased line circuits to fibre optic circuits, which would enhance the service level of connectivity in all office.

Recommendation: The Department may take steps for timely renewal of the annual maintenance contract for IT infrastructure and to make suitable clauses for preventive maintenance and closely monitor the annual maintenance contract service providers.

2.4.5.3 Failure in ensuring continuous power supply

Efficient performance and better life expectancy of electronic equipment require continuous power supply.

Joint physical inspection conducted by the Departmental officers in the presence of Audit revealed that, out of test checked 52 assessing offices, in 47 offices uninterruptible power supply were not functional. As per the records of the Department, it was noticed that the staff was not able to use KVATIS during power failures due to non-functioning of uninterruptible power supply.

Government stated (December 2017) that steps were taken for installing Centralised uninterruptible power supply in all the offices covering all the IT equipment.

Recommendation: The Department may take steps to ensure uninterruptible power supply to all the offices to facilitate smooth functioning by putting in place uninterruptible power supply in case of power failures from Electricity Board.

2.4.6 Human Resource Management

An organisation needs to deploy and utilise its manpower effectively and optimally so as to achieve its goals. Effective manpower planning and deployment would entail regular review and revision of staffing norms, deployment of manpower as per the prescribed norms or actual needs and effective human resource systems to facilitate manpower planning and deployment.

The staff strength of the Department as on 31 March 2017 was 4,640. Observations on the manpower management are discussed in the following paragraphs.

2.4.6.1 Staffing norms neither reviewed nor revised

During the administration of Kerala General Sales Tax Act 1963 (KGST Act), norms were fixed by the Government¹⁷ in the matter of files¹⁸ to be dealt with by an assessing authority. However, the Department did not review and revise the staffing norms consequent on the introduction of KVAT with effect from 1 April 2005 and on the computerisation of tax administration with effect from 1 January 2009. Though a Committee constituted by the CCT to study the restructuring of the Department submitted its report in January 2012, no action was taken on its recommendation, which *inter alia* included the fixation of staffing norms.

¹⁷ G.O (RT) 793/83/TD dated 8 December 1983.

¹⁸ CTO should attend 300 assessment files and for an Assistant Commissioner, it was 250 assessments files.

Details of assessees *vis a vis* number of assessing officers in the selected six tax districts for the year 2016-17 are given in the **Table - 2.3**.

Table - 2.3
Details of average number of files per officer

Tax District	No. of offices	No. of assessees	No. of assessing officers	Average No. of files per officer
Ernakulam	8	15,432	32	482
Kasaragod	2	5,496	7	785
Kozhikode	8	20,288	25	812
Mattanchery	9	19,079	29	658
Palakkad	8	13,960	25	558
Thiruvananthapuram	6	17,655	20	883

Source : Data from Commercial Taxes Department.

As per Government norms (December 1983), a Commercial Tax Officer should attend 300 assessment files. But on verification of the number of files of assessees in the six selected tax districts, it was observed that files assessed were in the range of 482 to 883. Thus, the workload was much beyond human capacity as per the prevailing norms.

Absence of regular review and revision of staff norms led to non-deployment of manpower as per the actual needs which may affect the tax monitoring and service delivery.

Government stated (December 2017) that in the backdrop of GST roll out, the Department already took up the matter and the proposals for restructuring each work were being formulated. As the division of files between Central and State Tax authorities was yet to be finalised, detailed proposal in this regard would be considered by Government, based on the need.

Recommendation: The Department may update the Agricultural Income Tax and Sales Tax Manual and also review the staffing norms.

2.4.7 Physical infrastructure

Infrastructure facilities like office buildings, vehicles, etc., are essential for efficient and effective functioning of the Department.

2.4.7.1 Building

As per the information furnished by the Department, out of 234 offices (excluding check posts), 59 (25.21 *per cent*) offices were functioning in rented buildings.

The Department has a vision (2011)¹⁹ to move several offices in district headquarters to commercial tax complexes of ergonomic²⁰ designs to maintain a dust free environment conducive for paperless office, as they were moving ahead with e-governance.

Government stated (December 2017) that the Department initiated action and took maximum effort to accommodate the office of SGST Department functioning in rental buildings to Government buildings. Government is also taking up projects for construction of office buildings for the department under the Kerala Infrastructure Investment Fund Board and other schemes.

2.4.7.2 Construction of commercial tax complexes

Out of the 15 tax districts in the State, commercial tax complexes were not available in seven tax districts²¹. Out of these seven tax districts, land was identified in three districts²² but was not acquired (July 2017) and in the remaining districts, land was not identified.

Government stated (December 2017) that land acquisition and shifting of offices functioning in rental buildings to Government facilities were in progress.

2.4.7.3 Shifting of offices to Government or own buildings

In order to verify the efficiency of the Department to shift the offices functioning in rented buildings to Government buildings or own buildings, Audit scrutinised two proposals already in existence in the selected tax districts and observed that the proposals for shifting the offices were affected by inordinate delays due to incomplete proposals, time taken for administrative sanction, etc., as discussed in the succeeding paragraphs.

- Estimate Committee directed (July 2016) Commercial Tax Office, Perambra, working in rented building to shift to Mini Civil Station within two weeks. However, the office was not shifted (December 2017) due to delay in installation of network connection.
- Administrative sanction was accorded (April 2005) for the construction of additional block adjoining the commercial tax complex, Ernakulam for shifting the five assessing offices functioning in a single rented building. However, Audit observed that the additional block was not constructed even after a lapse of more than 12 years due to the failure to prepare the detailed plan and estimate by the PWD.

¹⁹ Results Framework Document for Taxes Department, Government of Kerala for the year 2011-12.

²⁰ As per Oxford dictionary, ergonomic means 'Relating to or designed for efficiency and comfort in the working environment'.

²¹ Alapuzha, Idukki, Kannur, Kasaragod, Malappuram, Pathanamthitta and Wayanad.

²² Alapuzha, Kannur, Kasaragod.

Government stated (December 2017) that sanction was accorded in July 2017 to install LAN at Commercial Tax Office, Perambra. The office shall be shifted to the Mini Civil Station soon on completion of installation of LAN. Regarding construction of commercial tax complex at Ernakulam, Government stated that the construction was delayed due to the lack of sufficient fund allocation in the Budget provision.

2.4.7.4 Lack of comprehensive scheme for modernisation of offices

Though the Department has a vision (2011) for a dust free environment conducive for paperless offices, yet it neither formulated an integrated and comprehensive plan nor prescribed/adopted guidelines for implementation of the modernisation of offices involving introduction of functional lay out for office premises, creation of modern workstations with space for IT equipment, efficient file management and effective records management, etc.

Audit observed that

- out of the eight commercial tax complexes²³ in the State, the offices functioning in tax complexes at Kollam, Thrissur and Thiruvananthapuram only were having modern workstations.

Photograph taken during joint physical inspection highlighting the difference in modern and old offices is given below.



Office having modern workstation at Commercial Tax Complex, Thiruvananthapuram



Office without modern workstation at Commercial Tax Complex, Palakkad

- in none of the 52 offices test checked, a separate record section was available as envisaged in the Manual of Office Procedures (MOP) for systematic arrangement to keep the old records, to make them available for immediate reference. The old records were not kept in a systematic manner. This resulted in non-tracing of records, dumping of records and accumulation of dust.

²³ Ernakulam, Kollam, Kottayam, Kozhikode, Mattancherry, Palakkad, Thrissur and Thiruvananthapuram.

Government assured (December 2017) that works for the remaining years would be expedited.

Recommendation: The department may formulate a scheme with a time frame, for creation of modern workstations with space for IT equipment and paper work, efficient file management and space for effective records management.

2.4.8 Conclusion

- Due to the deficiency in the planning, procurement of IT assets was delayed and Central funds were not utilised within the stipulated period. Instances of idling of IT assets like computers and printers were noticed across the selected assessing offices due to malfunctioning.
- There was lack of control over the annual maintenance contract service providers as the clauses in the annual maintenance contract were not adequate and not followed in some cases.
- Staffing norms were not reviewed appropriately as per changing environment in tax administration.
- The Department did not formulate an integrated and comprehensive scheme for modernisation of offices.

2.5 Compliance Audit on Enforcement under Kerala Value Added Tax Act

2.5.1 Introduction

The enforcement wing of the Commercial Taxes Department (CTD) is empowered to prevent/detect evasion of tax, surveillance and manning of border check posts and to register cases against errant dealers/persons. Collection and analysis of data in respect of the assesseees, which is to be gathered from other departmental agencies/sources is also entrusted with the wing. The wing is also required to provide inputs to assessment wing for augmentation of revenue. The role of enforcement wing in curbing tax evasion assumes considerable importance in the Value Added Tax (VAT) scenario owing to its intrinsic character of placing reliance on self assessment by dealers.

The enforcement activities are conducted by intelligence and investigation wing, data mining wing and check posts of the Department. The enforcement activities of the State are under three²⁴ Deputy Commissioners (Intelligence) the jurisdiction being distributed zone wise. The check posts were under the control of DC(General) of the districts concerned.

Sections 43 to 52 of the Kerala Value Added Tax Act, 2003, (KVAT Act) and Rules 63 to 69 of Kerala Value Added Tax Rules, 2005, (KVAT Rules) deal with the functions relating to enforcement.

The audit was conducted between April 2016 and August 2016, May 2017 and June 2017 covering the period 2013-14 to 2016-17 so as to ascertain whether the provisions of KVAT Act and Rules are utilised to detect evasion of tax and that remedial measures were taken to prevent such evasion, if any. Audit selected 25²⁵ out of 104 units based on random sampling method. An entry conference was conducted on 2 May 2016 with the Special Secretary (Taxes) wherein the scope and methodology adopted for the audit were discussed. An exit conference was held on 14 November 2017 with the Secretary (Taxes) wherein the Audit findings were discussed.

Audit findings

The Audit findings are categorised on the basis of the four major activities of the enforcement wing *viz.*, intelligence and investigation, economic intelligence, data mining and check post.

²⁴ Ernakulam, Kozhikode and Thiruvananthapuram.

²⁵ Government Secretariat, Commissionerate of Commercial Taxes, DC (I) Ernakulam, Kozhikode and Thiruvananthapuram, Inspecting Assistant Commissioners (I) Kasargode, Kollam, Malappuram, Mattancherry, Palakkad and Thiruvananthapuram, Inspecting Assistant Commissioners (IB) Ernakulam, Kozhikode, Palakkad and Thiruvananthapuram, Commercial Tax Check Posts (Amaravila, Aryankavu, Bangra Manjeswaram, Kumily, Muthanga and Walayar), Railway checking station at Ernakulam and Thiruvananthapuram, Facilitation Centres at Kochi and Kollam.

2.5.2 Intelligence and Investigation wing

Intelligence and Investigation wing was entrusted with the conduct of survey in order to find out dealers who were not registered with the Department and get them registered, shop inspection/verification in suspected tax evasion cases, vehicle checking to ensure that the goods transported within the State are accompanied by proper documents, finalise the crime/offence cases registered, physical verification of goods brought into the State for own use, etc. Intelligence and Investigation wing was required to utilise the available information and also those gathered from other sources to generate revenue.

2.5.2.1 Ineffective mechanism to trace unregistered dealers

- **Survey/cross verification with database available in other Departments**

Section 43 of KVAT Act, empowers officers not below the rank of Commercial Tax Officer to conduct surveys to identify those who were liable for registration. Section 15A of the Act provides that where a dealer liable to be registered under this Act failed to inform the registering authority of his liability to be registered, the registering authority, after conducting such surveys, inspection or enquiry, as may be prescribed, proceed to register such person as a dealer under this Act and thereupon all the provisions of this Act and Rules made thereunder shall be binding on such person. However, such dealer shall not be entitled to any benefits accruing from such registration. Further, Rule 17A of KVAT Rules, stipulates that the persons who were given compulsory registration under Section 15A, shall be given a registration number under a separate district-wise series. The Rule also envisages that any person who was granted registration under this Rule and subsequently applies for registration under Section 15 of the Act may be granted registration under that Section on fulfilling the condition prescribed after cancelling the registration granted under Section 15A. Similarly, Section 15C of the KVAT Act, stipulates that any person who intends to establish an industrial unit may get himself registered under this Section.

Audit collected the data relating to the surveys conducted by Intelligence Squad during the period 2013-14 to 2016-17 as detailed in **Table - 2.4**.

Table - 2.4
Details of surveys conducted

Name of the office	Year	No. of surveys conducted	No. of dealers registered based on survey conducted
Deputy Commissioner (I), Ernakulam	2013-14	0	0
	2014-15	0	0
	2015-16	27	206
	2016-17	223	305
Deputy Commissioner (I),	2013-14	374	276

Name of the office	Year	No. of surveys conducted	No. of dealers registered based on survey conducted
Kozhikode	2014-15	714	377
	2015-16	583	89
	2016-17	573	23
Deputy Commissioner (I), Thiruvananthapuram	2013-14	0	0
	2014-15	0	0
	2015-16	0	0
	2016-17	21	0

Source: Report from Deputy Commissioners.

Though the Deputy Commissioners (Intelligence) Ernakulam and Kozhikode furnished a statistics showing that enough surveys were conducted and considerable dealers were brought to tax net as a result of the same, they did not furnish any further documents proving the conduct of surveys and subsequent registrations.

In order to check the veracity of the reply, Audit collected data pertaining to the period from 2013-14 to 2016-17 in respect of dealers engaged in the business of aluminium fabrication and roller shutters from four²⁶ district offices of the Directorate of Industries and Commerce, Government of Kerala and dealers engaged in the business of software received from Software Technology Parks of India, Department of Electronics and Information Technology, Government of India and cross verified the same with the registration module in Kerala Value Added Tax Information System (KVATIS) and observed that 1,453 dealers were not registered with the Department even though the Act stipulates so, as detailed in **Table - 2.5**.

Table - 2.5
Details of industries registered with DICs

Sl. No.	Name of the office	Nature of industry	Number of dealers registered in DIC/ software technology parks	Number of dealers registered in CTD	Number of dealers who were not registered in CTD
1	District Industries Centre, Ernakulam	Roller shutters	498	64	434
		Aluminium fabricators	39	8	31
2	District Industries Centre, Kannur	Roller shutters	614	15	599
3	District Industries Centre,	Aluminium	36	4	32

²⁶ Ernakulam, Kannur, Kollam and Thrissur.

Sl. No.	Name of the office	Nature of industry	Number of dealers registered in DIC/ software technology parks	Number of dealers registered in CTD	Number of dealers who were not registered in CTD
	Kollam	fabricators			
4	District Industries Centre, Thrissur	Roller shutters	291	8	283
5	Software Technology Parks of India, Department of Electronics and Information Technology, Government of India	Software	150	76	74
Total			1,628	175	1,453

Source: Report from DICs/STP.

Data in Table shows that the Intelligence and Investigation Wing was not doing survey properly and not obtained requisite details about dealers registered in District Industries Centre/Software park.

A joint inspection conducted at Thrissur district revealed that three out of five dealers test checked were actually carrying on business without registering under KVAT Act.

Audit observed from records that the Department collected data from other Government agencies²⁷ to trace unregistered dealers. However, the above table and joint inspection point out the necessity to extend the search area by Intelligence wing and its further utilisation to bring more dealers into the tax net.

Government stated (January 2018) that 1,196 dealers were identified and out of which, 85 dealers were found to be not liable to be registered. The reply was not acceptable as they are manufacturing units and hence liable to get registered irrespective of the turnover under Section 15C of the KVAT Act.

- **Non-tracing of unregistered dealers**

Section 15 of the KVAT Act, stipulates that every dealer whose total turnover is not less than rupees five lakh up to 31 March 2013 and ₹ 10 lakh thereafter shall get himself registered. Further, as per Section 6 (1) of the Act, a dealer is liable to pay tax if the total turnover is not less than ₹ 10 lakh. The assessing authorities are required to scrutinise the transaction of dealers to ensure whether any of the unregistered dealers have crossed the threshold limit for registration and to bring them into the tax net.

²⁷ Kerala State Pollution Control Board, Town Planning Office, Department of Fire and Rescue Services, Mining and Geology Department, Kerala Financial Corporation, etc.

Audit test checked the returns of plywood dealers in three Commercial Tax Offices (CTOs)²⁸ as available in KVATIS for the period from 2013-14 to 2016-17 and observed that huge purchases of softwood were effected from unregistered dealers. A compilation of the purchases from unregistered dealers revealed that 412 dealers crossed the threshold limit for registration and were liable for payment of tax as their turnover exceeded ₹ 10 lakh. The assessing officers or the Intelligence and Investigation wing failed to bring these dealers into the tax net, resulting in non-registration of 412 dealers and non-levy of tax amounting to ₹ 35.25 crore as detailed in **Table - 2.6**.

Table - 2.6
Details of purchase of registered dealers from unregistered dealers

(₹ in crore)				
Sl. No.	Name of the assessee/TIN (M/s)	Assessment Year	No. of dealers liable for tax	Non-levy of tax
1	Arkay Traders 32151311368	2014-15	1	0.05
		2015-16	59	4.09
		2016-17	68	5.86
2	Impress Plywood 32151284728	2014-15	17	1.43
		2015-16	22	2.69
		2016-17	36	2.61
3	Oscar Woods 32151314035	2013-14	21	2.13
		2014-15	66	4.28
		2015-16	16	0.84
4	Sharpwood Enterprises 32151480186	2014-15	5	0.72
		2016-17	24	1.93
5	Star Timbers 32151229705	2013-14	2	0.11
		2014-15	31	2.84
		2015-16	44	5.67
Total			412	35.25

Source : Kerala Value Added Tax Information System.

The details of sales and purchases of dealers available in the KVATIS were not utilised either by the intelligence wing or by the assessing authorities. Thus, the data available with the Department itself was not made use of resulting in non-registration of dealers and loss of revenue to Government which was indicative of the fact that the Departmental officers did not perform their assigned duties in a vigilant manner due to which unregistered dealers could not be brought under tax net leading to loss of revenue.

²⁸ CTO, I Circle, Perumbavoor, CTO, II Circle, Perumbavoor and CTO, Special Circle, Perumbavoor.

Government's reply (January 2018) was not relevant to the context of the audit observation, which was on bringing unregistered softwood dealers under tax net so as to avoid loss of revenue.

- **Non-levy of security deposit in respect of offences registered**

Section 47 of the KVAT Act stipulates that if any officer has reason to suspect that the goods are transported without proper/with defective documents, the goods shall be detained and released only on furnishing security for double the amount of tax sought to be evaded. A test check of the registers maintained by enforcement wing of the Department revealed that during the period from 2013-14 to 2016-17, security deposit was not realised in 273 cases, though offences were recorded. Non-levy of security deposit in 273 cases test checked amounted to ₹ 1.89 crore as detailed in **Table - 2.7**.

Table - 2.7
Details of pending offence cases

(₹ in crore)			
Sl. No.	Name of the office	Number of cases	Amount of security deposit due
1	IAC(I), Ernakulam	118	1.33
2	IAC(I), Mattancherry	18	0.14
3	IAC(I), Palakkad	22	0.13
4	IAC(I), Thiruvananthapuram	115	0.29
Total		273	1.89

Source : Offence register of Intelligence squad.

The intelligence officers failed to realise security deposit as provided in the Act, resulting in undue benefit to the dealers. On an analysis, Audit observed that delay in realisation of security deposit was between six months to 12 months in 33 cases, 12 months to 24 months in 53 cases, 24 months to 36 months in 87 cases and 36 months to 48 months in 100 cases.

At the instance of audit, action was initiated by the Government (January 2018) in 133 cases. However, the actual amount of realisation on the action taken cases was not furnished to Audit.

- **No follow up on offences registered**

Section 44 of the KVAT Act envisages that while inspecting any place of business, if it is found that goods are not accounted for by the dealer in his accounts, the dealer shall be liable to pay penalty. A test check of the records of selected squads in seven selected offices revealed that during the period 2013-14 to 2016-17, even though crime cases were recorded, no further action was taken in respect of 477 cases to impose penalty as detailed in **Table - 2.8**.

Table - 2.8
Details of crime cases pending

Sl. No.	Name of the office	Number of cases
1.	Inspecting Assistant Commissioner(I), Ernakulam	79
2.	Inspecting Assistant Commissioner (I), Kollam	53
3.	Inspecting Assistant Commissioner (IB), Kozhikode	147
4.	Inspecting Assistant Commissioner (I), Malappuram	16
5.	Inspecting Assistant Commissioner (I), Mattancherry	24
6.	Inspecting Assistant Commissioner (I), Thiruvananthapuram	77
7.	Inspecting Assistant Commissioner (IB), Thiruvananthapuram	81
Total		477

Source : Crime register of Intelligence squad.

Audit observed that delay in taking action was between six months and 12 months in 212 cases, 12 months and 24 months in 117 cases, 24 months and 36 months in 102 cases and 36 months and 48 months in 46 cases.

The crime cases registered were followed up with imposition of penalty and the Intelligence and Investigation wing was required to forward these inputs to the assessment wing for generating additional revenue, which was not adhered to. Inaction of the assessment wing to follow up the offences registered led to loss of revenue.

At the instance of audit, action was initiated by the Government (January 2018) in 181 cases. However, the actual amount of realisation on the action taken cases was not furnished to Audit.

- **Non-utilisation of inputs of the enforcement wings**

Section 25 of the KVAT Act stipulates that where for any reason the whole or any part of the turnover of business of a dealer escaped assessment, the assessing authorities may proceed to determine, to the best of its judgment, the turnover, which escaped assessment. Audit observed that during the period from 2013-14 to 2016-17, the inputs of the enforcement wings were not utilised for assessment in 648 cases in selected assessment circles. Scrutiny of follow up action register of six assessment circles revealed that action was not taken in respect of 648 cases involving an amount of ₹ 31.54 crore as detailed in **Table - 2.9**.

Table - 2.9
Cases pending follow up

(₹ in crore)			
Sl. No.	Name of the office	Number of cases	Amount involved
1	CTO, Special Circle I, Ernakulam	153	10.17
2	CTO, Special Circle II, Ernakulam	163	4.55
3	CTO, Special Circle III, Ernakulam	88	5.39
4	CTO, Special Circle, Kollam	58	6.48
5	CTO, Special Circle, Malappuram	54	1.74
6	CTO, Special Circle, Palakkad	132	3.21
Total		648	31.54

Source : Follow up action register of assessing authority.

Audit observed that delay in taking action was between six months and 12 months in 350 cases, 12 months and 24 months in 195 cases, 24 months and 36 months in 84 cases and 36 months and 48 months in 19 cases.

Non utilisation of inputs of the Intelligence and Investigation wing, which was a vital source of information for completion of assessment in VAT scenario resulted in non-realisation of additional revenue. Proper follow up or monitoring on these cases did not exist either by the intelligence or the assessment wings.

Though a register was maintained to record the cases forwarded from Intelligence wing, it was observed that a periodical review of the register was not done by the assessing authority to ensure that all the potential cases were considered for completing the assessment in a timely manner.

At the instance of audit, action was initiated by the Government (January 2018) in 244 cases. However, the actual amount of realisation on the action taken cases was not furnished to Audit.

Recommendation: The Government should fix time frame for the assessment of cases received from intelligence and investigation wing to avoid delays.

2.5.3 Data Mining Centre

With the advent of KVATIS and successful implementation of e-filing, the Department was handling huge volumes of digitised data. Hence, a data mining centre was established (April 2010) by the CCT invoking the powers under Section 3(2)(b) of the KVAT Act to utilise the data to identify the trends in tax performance, to devise policies and initiatives, to fine tune the tax administration and augment tax revenue.

Audit observed that despite specific directions of CCT to identify the evasion prone commodities, no criteria was adopted for selection of such cases for

scrutiny. The Department was of the view that fixing a criterion will restrict the analysis of data mining centre and also from having a broad view of the transactions occurring in the domain. The reply of the Department was not tenable because an analysis of 3,127 cases extracted during the four years revealed that more than 36 *per cent* of the cases related to those, which could easily be detected by the assessing authorities themselves, as detailed in **Table - 2.10**.

Table - 2.10
Details of cases detected by data mining centre

Sl. No.	Nature of cases	No. of cases
1	Non-payment of cess	113
2	Non-filing of returns	157
3	Non-payment of turnover tax	317
4	Huge stock	33
5	Mistake in audit statement	62
6	Short payment of tax/compounded tax	268
7	Wrong compounding tax	167
Total		1,117

Source : Kerala Value Added Tax Information System.

The above table shows that the functioning of data mining centre needs streamlining, as the intention of the formation of the wing was to detect suspected trends of evasion, which will enable the Department to devise policies and initiatives to fine tune the tax administration and not to focus merely on the cases, which were easily detectable by the assessing authorities themselves.

Government stated (January 2018) that, there are 439 DMC cases pending completion as on 31 December 2017. The reply was not to the point raised by Audit.

Recommendation: The Government should initiate steps to streamline the activities of data mining centre so as to detect suspected trends of evasion which will enable the Department to device policies and initiatives.

2.5.4 Economic Intelligence Wing

The Joint Commissioner (I) was assigned with the duties and powers to coordinate, supervise and monitor the inter-State intelligence operations. Based on assurance by the Hon'ble Finance Minister of the State in the Budget speech for the year 2012-13, an Economic Intelligence Wing was established (October 2013) with creation of two posts of Assistant Commissioners and four posts of Commercial Tax Officers for collecting effective market intelligence to study, identify and detect tax evasion practised in the State.

2.5.4.1 Collection of data from other Departments and cross verification not effective

Audit collected the data of import of cashew by dealers from Director General of Systems and Management, Central Excise and Customs, New Delhi and cross checked the import details furnished by the cashew dealers in Kollam District and observed that 27 dealers imported cashew amounting to ₹ 1,967.83 crore against which ₹ 729.44 crore only was disclosed in their returns by the assesseees. The difference of import purchase worked out to ₹ 1,238.39 crore as detailed in **Appendix V**. The Department did not take effective steps to complete the assessments utilising the data shared by Audit during May 2016. Thus, the Economic Intelligence Wing failed to perform the duties assigned to it in terms of its mandate.

Government stated (January 2018) that, the dealers have branch business in Tamil Nadu, Karnataka, Andhra Pradesh, etc., and the goods taken delivery at the branches were not seen reckoned by the Audit while computing the turnover of imported raw cashew nuts. Further, it is also stated that the assessable value conceded in customs data consists of Cost Insurance Freight value (CIF) whereas the import value accounted by the dealer was excluding insurance and freight. The Customs Department considers common exchange rate for a month as per instructions from RBI, whereas bank considers the composite exchange rate as prevailing on the date of clearance of import vouchers. The reply was not acceptable for the reason that, there were no records to prove that these goods were taken delivery at the branches or no certified reconciliation statement showing the value of goods imported and delivered at branches outside the State were furnished by the dealers. The argument of Government that the variation was due to difference in import value and CIF value cannot be accepted as the quantum of import difference pointed out was huge.

2.5.4.2 Inter-State intelligence operations

Audit observed that no inter-State investigations were conducted during 2013-14 and 2014-15. During 2015-16, only one case relating to investigation of credit notes was conducted by the wing.

Government stated (January 2018) that 2,101 bogus 'C' Form cases involving money value of ₹ 2,084.35 crore in respect of Arecanut dealers were detected during 2017-18. Government reply was silent about the investigations conducted during the period pointed out by Audit.

2.5.5 Failure to monitor transit pass

Section 48 of the KVAT Act stipulates that if a vehicle carrying goods from any place outside the State and bound for any place outside the State passes through the State, the owner or consigner of such goods or person in charge of such vehicle shall obtain a transit pass in Form 7B from the first check post after his

entry into the State and deliver it to the last check post before his exit from the State. Further, Sub Section (2) of Section 48 of the Act provides that if such vehicle fails to surrender the transit pass at the last check post, it shall be presumed that such goods have been delivered within the State for sale.

Audit observed that during the period of audit, 473 transit passes were issued from three Commercial Tax Check Posts (CTCPs) involving goods amounting to ₹ 42.11 crore but these were not surrendered at the exit check post indicating that the goods were delivered and sold in the State. This resulted in loss of revenue amounting to ₹ 18.35 crore including tax, interest and penalty as detailed in **Table - 2.11**.

Table - 2.11
Details of transit passes pending exit

(₹ in crore)

Sl. No.	Name of the check post	No. of transit passes not surrendered	Amount involved in such transit pass	Tax involved including penalty and interest
1	CTCP, Walayar	188	24.24	7.80
2	CTCP, Bangra Manjeswaram	164	12.97	5.38
3	CTCP, Muthanga	121	4.90	5.17 ²⁹
Total		473	42.11	18.35

Source : Kerala Value Added Tax Information System

The Inspecting Assistant Commissioners/Commercial Tax Officers who issued the transit passes failed to monitor whether the goods had crossed the border of the State. In two cases³⁰ the officers in charge of the CTCPs forwarded the details of transit pass to the CTOs³¹ who was assigned with the follow up of such cases. A verification of the records of the CTOs concerned revealed that effective steps were not taken for proper follow up of the cases, resulting in 473 cases of non-surrender of transit passes remaining unattended.

On analysis of vehicles, which did not surrender the transit passes, it was revealed that instances were there in which same vehicles³² used to transport goods throughout the State without surrendering the transit pass. It was also observed in another instance a vehicle³³ surrendered transit pass at an internal check post 499 times during the period from June 2015 to September 2016 for transporting gold coins/jewellery worth ₹ 230 crore to other State through Calicut International Airport, which was situated 20 kms away from the CTCP Feroke. Despite huge money value involved in this case, Department did not check the veracity of the

²⁹ Beer and IMFL.

³⁰ CTCPs Bangra Manjeswaram and Walayar.

³¹ CTO, Kasargode, CTO, III Circle, Palakkad.

³² KL-11-AE-2329 (seven times), AP-02-TB-1566 (two times), KA-02-AB-5663 (two times). WB-57-A-3298 (two times).

³³ KL-43-G-8094.

transaction. Thus, the officials concerned did not monitor the issue and collection of transit passes, which was part of their mandate.

At the instance of audit, action was initiated by the Government (January 2018) in 377 cases. However, the actual amount of realisation on the action taken cases was not furnished to Audit.

2.5.6 Conclusion

- The system of monitoring of the enforcement/intelligence activities of the Department was not adequate.
- Adequate efforts were not taken to finalise assessments in respect of potential cases identified by enforcement wing in a timely manner.

2.6 Short payment of tax due to escape of turnover from assessment

- **CTO, Special Circle, Thiruvananthapuram**

Under Section 25(1) of KVAT Act, 2003, where for any reason the whole or any part of the turnover of business of a dealer escaped assessment to tax in any year or return period, the assessing authority may, at any time within five years from the last date of the year to which the return relates, proceed to determine, to the best of its judgment, the turnover, which escaped assessment to tax, after issuing a notice on the dealer and after making such enquiry as it may consider necessary.

According to explanation V below Section 2(xliii) of KVAT Act, 2003, a transfer of right to use any goods for any purpose (whether or not for a specified period) for cash, deferred payment or other valuable consideration shall be deemed to be a sale. Under Section 6(1)(c) of the Act, in the case of transfer of right to use any goods for any purpose whether or not for a specific period, tax shall be levied at all points of such transfer. The rate of tax was four *per cent* up to 31 March 2012 and at five *per cent* from 1 April 2012 (Finance Act 2012).

Motor spare parts are taxable at the rate of 14.5 *per cent* vide entry 99 of list of goods notified³⁴ under KVAT Act. Under Section 7 of KVAT Act, where a dealer allows any trade discount or incentive in terms of quantity in goods in relation to any sale effected by him, the quantity so allowed as trade discount or incentive, shall be deemed to be a sale by the dealer.

The Commissioner of Commercial Taxes (CCT) in October 2014 directed³⁵ the assessing officers to cross verify the annual returns with the audited statements of Trading, Profit and Loss Account of the assessee covered under the KVAT Act.

Verification of assessment records (October 2016) of M/s Kerala State Electricity Board Limited (KSEBL) and M/s Kerala State Road Transport Corporation (KSRTC) revealed that the income received by KSEBL towards rental charges collected from consumers for use of energy meters for the period 2012-13 to 2014-15 and the income received by KSRTC from advertisement on bus bodies for the period 2011-12 to 2014-15, were not disclosed in the annual returns filed. Both the income come under transfer of right to use and assessable to tax. Non-levy of tax by the respective Assistant Commissioners on these escaped turnovers resulted in short payment of tax and interest of ₹ 33.23 crore as detailed in **Table - 2.12**.

³⁴ SRO 82/2006 dated 21 January 2006.

³⁵ Circular 27/2014 dated 8 October 2014.

Table - 2.12

(₹ in crore)								
Sl. No.	Name of Office	Name of assessee	Year	Nature of income	Amount	Tax due	Interest	Total short-levy
1.	CTO, Special Circle, Thiruvananthapuram	Kerala State Electricity Board Limited/ 32010103675	2012-13 to 2014-15	Income received from the supply of meters to consumers	502.97	25.15	7.66	32.81
2.	CTO, Special Circle, Thiruvananthapuram	Kerala State Road Transport Corporation/ 32010179714	2011-12 to 2014-15	Income received from advertisement on bus bodies	6.74	0.32	0.10	0.42
Total					509.71	25.47	7.76	33.23

On this being pointed out (March 2017), Government stated (September 2017) that assessment was completed in respect of KSRTC and KSEBL creating additional demand of ₹ 0.43 crore and ₹ 46.73 crore respectively. Further report about realisation of tax amount was not received (January 2018).

- **CTO Special Circle I, Ernakulam**

Verification of assessment records revealed that income of ₹ 1.39 crore received by M/s Archana Motors Private Limited, Thrissur against warranty spares supplied were not returned by the assessee in the annual return filed, though this income was disclosed in the Profit and Loss Account for the year ended 31 March 2015. The Hon'ble Supreme Court of India held³⁶ that payment received by the assessee from the manufacturer on account of replacement of defective parts as a result of the warranty agreement between manufacturer and customer is sale of goods and liable to tax. Non-compliance of the provisions of the Act resulted in short-levy of tax and interest of ₹ 23 lakh.

On this being pointed out (February 2017), Government stated (December 2017) that assessment was completed creating additional demand of ₹ 75.07 lakh and the assessee paid tax amounting to ₹ 12.61 lakh. The assessee filed appeal before DC (Appeals) which was pending for disposal.

2.7 Short-levy of tax due to incorrect exemption

- **CTO, Special Circle, Thiruvananthapuram**

According to Section 2(xliii) of KVAT Act, 2003, "Sale" with all its grammatical variations and cognate expressions means any transfer whether in pursuance of a contract or not of the property in goods by one person to another in the course of trade or business for cash or for deferred payment or for other valuable consideration. Explanation VII to Section 2(xliii)

³⁶ M/s Mohammed Ekram Khan & Sons Vs Commissioner of Trade Tax of UP in 12 KTR 572(SC).

stipulates that any transfer, delivery or supply of any goods referred to in this clause shall be deemed to be a sale of those goods by the person making the transfer, delivery or supply.

Verification of assessment records and exempted turnover details furnished by M/s Kerala State Poultry Development Corporation (KEPCO), a Government of Kerala Undertaking, dealing in chicken and poultry, revealed that during the years from 2010-11 to 2014-15, the assessee claimed irregular exemption of ₹ 34.13 crore being the turnover on supply of pullets³⁷ to beneficiaries of various Government schemes, for which funds were allotted by the Government. Though the turnover exempted was shown in the annual return, it was not taken into account, which resulted in short-levy of tax including cess and interest of ₹ 6.53 crore³⁸.

On this being pointed out (March 2017), Government stated (September 2017) that assessment was completed creating additional demand of ₹ 6.77 crore. Further report about recovery was not received (January 2018).

2.8 Non-levy/short remittance of surcharge

• Three CTOs³⁹

According to Section 3(1A) of the Kerala Surcharge on Taxes Act, 1957 (KST Act), in the case of national or multi-national companies functioning in the State as retail chains or direct marketing chains who import not less than 50 per cent of their stock from outside the State or country and not less than 75 per cent of whose sales are retail business, and whose total turnover exceeds five crore rupees per annum, tax payable under Section 6 of KVAT Act, 2003, shall be increased by a surcharge at the rate of ten per cent. Commissioner of Commercial Taxes (CCT) in July 2015⁴⁰ directed the assessing authorities to examine the cases of omission to levy surcharge under Section 3(1A) of KST Act meticulously while scrutinising the returns/records and utilise the same for assessment.

Audit observed that in three CTOs, three big retail chain companies engaged in retail business did not pay surcharge at the rate of 10 per cent on the output tax payable, though the purchase and sales turnover returned by them clearly exhibit the liability as stipulated under the provisions of KST Act. The Department did not examine this aspect while scrutinising the assessment records as directed by the CCT, which resulted in non-levy of surcharge and interest of ₹ 5.78 crore as detailed in **Table - 2.13**.

³⁷ Day old chicks.

³⁸ (Yearwise turnover exempted) x (Rate of tax) + (Cess @ 1% of tax) = Total tax due (Total tax due) x (Rate of interest @ 12% annually) = Total short-levy of tax and interest thereon.

³⁹ CTO, III Circle, Ernakulam, CTO, Special Circles I & III, Ernakulam.

⁴⁰ Circular No.20/2015 dated 29 July 2015.

Table - 2.13

(₹ in crore)

Sl. No.	Name of Office	Name of the assessee/TIN	Year	Nature of business	Output tax paid	Surcharge at the rate of 10 per cent	Surcharge and interest due
1	CTO, Special Circle I, Ernakulam	M/s Joy Alukkas India Private Limited/32070242395	2013-14	Dealer in gold, bullion, watches, clocks, fancy and gift articles	15.82	1.58	2.09
			2014-15		14.05	1.41	1.68
2	CTO, III Circle, Ernakulam	M/s Kalanikethan Fashions Private Limited/32071797472	2014-15	Readymade garments and textiles	0.84	0.08	0.10
3	CTO, Special Circle III, Ernakulam	M/s RP Telebuy Skyshop Private Limited/32071398401	2010-11 to 2014-15	Kitchen fittings, cosmetics, electrical goods and readymade garments	15.46	1.54	1.91
Total non-levy of surcharge							5.78

On this being pointed out (April 2017), Government stated (November 2017) that assessments were completed in all three cases creating additional demand of ₹ 6.10 crore. M/s RP Telebuy Skyshop Private Ltd paid surcharge of ₹ 15.46 lakh. M/s RP Telebuy Skyshop Private Ltd. and Kalanikethan Fashions Private Ltd. filed writ petitions against the assessment before the Hon'ble High Court of Kerala which were pending for disposal.

2.9 Short-levy of compounded tax due to under-reporting of number and jaw size of crushing machines

- **Nine CTOs⁴¹**

Section 8(b) of Kerala Value Added Tax Act, 2003, stipulates that any dealer producing granite metals and/or manufactured sand with the aid of mechanised machines may, at his option, instead of paying tax under Section 6 of the Act, pay tax at the compounded rates prescribed under the Act. The compounded tax for secondary crushers is fixed based on the number and jaw size of the crushing machines. The rate applicable to primary crushers shall be at fifty *per cent* of the aggregate of tax payable on secondary crushers.

According to proviso under Section 8(b) *ibid* of the Act, dealers having vertical/horizontal shaft impactor (VSI/HSI) or similar machines along with jaw crushers/cone crusher shall pay only 60 *per cent* of the relevant rate of compounded tax for each of such VSI/HSI machines or similar machines, in addition to the tax on crushing machines, as compounded tax.

⁴¹ CTO Aluva, Ettumanoor, Pala, I Circle Palakkad, Payyannur, Perinthalmanna, Thiruvalla, Tirur and Special Circle Kottarakkara.

The Commercial Taxes Department (CTD) issued⁴² instructions directing assessing officers to gather information from local bodies, Kerala State Electricity Board Limited (KSEBL), Kerala State Pollution Control Board (KSPCB) and Mining and Geology Department and utilise the same for assessment.

Verification of the assessment records (from February 2016 to March 2017) of 11 metal crushing units in nine assessment circles revealed that none of the assessing officers cross verified the assessment records furnished by the assessee during the years from 2012-13 to 2014-15 with the details of consent to operate sanctioned by respective Pollution Control Board Offices as directed by the Commissioner of Commercial Taxes (CCT). This resulted in under-reporting of number and size of the machines and consequent short-levy of tax and interest of ₹ 1.66 crore as detailed in **Appendix VI**.

Audit conducted joint physical inspection from July 2016 to January 2017 along with departmental officers in nine units and confirmed the under-reporting of jaw size and number of machines.

On this being pointed out (March 2017), Government stated (October 2017) that assessments were completed in all the cases creating additional demand of ₹ 2.85 crore. Five assessees remitted a total amount of ₹ 27.34 lakh. Of the 11 cases, in seven cases the assessees preferred appeal/writ petitions and four cases were advised for revenue recovery. Further progress report in the matter was not intimated to Audit (January 2018).

2.10 Non-remittance of collected tax

• CTO, I Circle, Thiruvananthapuram

According to Section 20(1) of KVAT Act, 2003, every registered dealer and every dealer liable to be registered under this Act shall submit to the assessing authority such return or returns before such dates and in such manner and accompanied by such documents as may be prescribed.

Section 22(3) of the Act stipulates that if any dealer fails to submit any return as provided under sub-section (1) of Section 20 or files incorrect return and fails to file a fresh return as provided under sub-section (2), the assessing authority shall estimate the turnover of the return period and complete the assessment to the best of its judgment.

As per Section 29(1) of the Act, where any business carried on by a firm is discontinued or where a firm is dissolved, the assessing authority shall make an assessment of the taxable turnover of, and determine the tax payable by, the firm as if no such discontinuance or dissolution had taken place, and all

⁴² Circular No.11/2007 dated 28 February 2007.

the provisions of this Act, including the provisions relating to levy of penalty or any other amount payable under any provisions of this Act, shall apply, so far as may be, to such assessment and determination.

As per Section 31(5) of the Act, if the tax or any other amount assessed or due under this Act is not paid by any dealer or any other person within the time prescribed therefore in this Act or in any rule made thereunder and in other cases within the time specified therefore in the notice of demand, the dealer or the person, shall pay simple interest at the rate of twelve *per cent per annum* and in the case of tax collected by dealers from persons who had purchased goods from him, at the rate of thirty six *per cent per annum* on the tax or other amount defaulted.

Under Section 67(1) of the Act, if any authority empowered under this Act is satisfied that any person, has failed to submit any return as required by the provisions of this Act or the rules made there under, such authority may direct that such person shall pay, by way of penalty, an amount not exceeding twice the amount of tax or other amount evaded or sought to be evaded.

Verification of purchase details of M/s Kerala State Electronic Development Corporation (KELTRON) from the database of Kerala Value Added Tax Information System (KVATIS) revealed that M/s Webex Systems and Networks Private Limited, Thiruvananthapuram, a dealer in electronic goods, parts and accessories, strength testing machines and appliances and weighing machines, and an assessee registered on the rolls of CTO, I Circle, Thiruvananthapuram, raised invoices against their sales to KELTRON and KELTRON paid ₹ 67.90 lakh towards VAT on the purchases effected during the period from March 2012 to August 2014. The assessee, M/s Webex Systems and Networks Private Limited, neither paid this collected tax to Government nor filed returns. The Commercial Tax Officer without conducting an enquiry regarding his business, cancelled the registration citing the reason as ‘stoppage of businesses’ and the Commercial Tax Officer neither conducted an enquiry nor assessed the tax due while cancelling and restoration of the registration. The cancellation and subsequent restoration of registration was done by the Commercial Tax Officer without assessing and demanding the tax due or initiating penal provision for the wilful evasion of tax. The inaction on the part of Commercial Tax Officer in exercise of his statutory functions resulted in non-remittance of tax and interest of ₹ 1.46 crore⁴³. The maximum penalty payable for non-submission of returns was ₹ 1.36 crore⁴⁴.

On this being pointed out (March 2017), Government stated (December 2017) that assessment up to the year 2015-16 was completed creating additional demand

⁴³ (Yearwise tax evaded) x (Rate of interest @ 36 *per cent per annum*) = Tax evaded and interest thereon.

⁴⁴ Twice the tax evaded i.e. ₹ 67,89,644 x 2 = ₹ 1,35,79,288.

of ₹ 2.07 crore and penalty of ₹ 1.93 crore imposed. Further details of recovery were not reported (January 2018).

2.11 Short-levy of tax on income received towards bottling charges

- Two CTOs⁴⁵

According to Section 25(1) of KVAT Act, 2003, where for any reason the whole or any part of the turnover of business of a dealer has escaped assessment to tax in any year or return period or has been under-assessed, the assessing authority may, at any time within five years from the last date of the year to which the return relates, proceed to determine, to the best of its judgment, the turnover which has escaped assessment to tax or has been under assessed, after issuing a notice on the dealer and after making such enquiry as it may consider necessary. Rule 11(2) of the Kerala Foreign Liquor (Compounding, Blending and Bottling) Rules, 1975 stipulates that, in the case of spirits released for consumption within the State the strength of spirits shall not be lower than 25 degree U.P⁴⁶. De-mineralised water was liable to be taxed at 12.5 per cent during 2010-11 and 2011-12, 13.5 per cent in 2012-13 and 14.5 per cent in 2014-15 vide entry 99 of list of goods notified⁴⁷ under KVAT Act, 2003.

Four distilleries⁴⁸ engaged in the manufacture of Indian Made Foreign Liquor (IMFL) using Extra Neutral Alcohol (ENA) provided by other distilleries on job work basis had to use demineralised water (DM water) required for the manufacture of IMFL. Verification of assessment records (between November and December 2016) revealed that the assessee received income towards bottling/conversion charges during the years 2010-11 to 2014-15, which included the cost of DM water used. The assessing officers while finalising the assessments, incorrectly computed the quantity of DM water content in IMFL as 50 per cent of total production of IMFL instead of 57.14 per cent as prescribed under the KFL (C,B&B) Rules. Moreover, in the case of three distilleries, the assessing officers did not assess the income received towards bottling/conversion charges in certain years as detailed in Table - 2.14.

Table - 2.14

Sl. No.	Name of Office	Name of the assessee/ TIN	Years in which tax short assessed
1	CTO, Special Circle, Palakkad	M/s Empee Distilleries Ltd./32090206645	2010-11 to 2014-15

⁴⁵ Special Circles, Kannur and Palakkad.

⁴⁶ Liquor of 75° proof strength (which is also 25° U.P. strength) contains $(75^\circ \times 4/7) = 42.86$ per cent of alcohol by volume.

⁴⁷ SRO 82/2006 dated 21 January 2006.

⁴⁸ Empee Distilleries Ltd., Imperial Spirits Ltd., SDF Industries Ltd., Sreedharan and Company Private Ltd.

Sl. No.	Name of Office	Name of the assessee/ TIN	Years in which tax short assessed
2		M/s Imperial Spirits Ltd./32090282425	2010-11 to 2014-15
3		M/s SDF Industries Ltd./32090257462	2010-11 to 2014-15
4	CTO, Special Circle, Kannur	M/s Sreedharan and Company Private Ltd./32120204725	2011-12

This resulted in short-levy of tax and interest of ₹ 58.86 lakh as detailed in **Appendix VII**.

On this being pointed (March 2017), Government stated (December 2017) that assessments were completed in all the cases and additional demand of ₹ 61.41 lakh created. Against this, in two cases the assessee preferred appeal and one assessee filed writ petition in the Hon'ble High Court of Kerala which are pending for disposal.

2.12 Non-reversal of input tax credit

- **CTO, Special Circle II, Ernakulam**

According to Section 11(7) of KVAT Act, 2003, if goods in respect of which input tax credit has been availed of are subsequently used, fully or partly, for purposes in relation to which no input tax credit is allowable under the section, the input tax credit availed of in respect of such goods shall be reverse tax. Under Section 11(8), reverse tax as determined shall be deemed to be an amount due under KVAT Act.

Verification of assessment records of M/s Savex Technologies Private Limited, Kochi, an assessee engaged in the business of computer systems and peripherals, telephone and telephone equipment, revealed that during the year 2014-15, the assessee effected local purchase of computer systems, peripherals and parts amounting to ₹ 845.01 crore. Out of this, the assessee returned goods worth ₹ 18.11 crore to relevant dealers, on which, input tax credit of ₹ 90.55 lakh availed of had to be reversed, but the assessee, reversed input tax credit of ₹ 68.22 lakh only. This resulted in short reversal of input tax credit and interest thereon amounting to ₹ 26.57 lakh.

On this being pointed out (April 2017), Government stated (December 2017) that assessment was completed creating additional demand of ₹ 27.24 lakh. The assessee filed writ petition before the Hon'ble High Court of Kerala, which was pending for disposal.

• Two CTOs⁴⁹

According to proviso under Section 11(3) of KVAT Act, 2003, where any goods purchased in the State are subsequently sent to outside the State or used in the manufacture of goods and the same are sent outside the State otherwise than by way of sale in the course of inter State trade, the input tax credit shall be limited to the amount of input tax paid in excess of five per cent on the purchase turnover of such goods sent outside the State. As per explanation below Section 13(2)(v) of the Act where input tax is paid on the purchase of Duty Entitlement Pass Book (DEPB) or any similar license for the import of any goods and goods so imported are used, consumed or disposed of in the manner specified in this sub-section, the input tax paid on the purchase of such DEPB or any similar license shall for the purpose of this Section and Section 11, be deemed to be the input tax paid on the goods imported.

M/s Volvo Auto India Private Limited, Ernakulam in 2014-15 and M/s Shri Ganesh Enterprises, Mattancherry during the period 2013-14 and 2014-15 effected inter-State stock transfer outwards of goods imported utilising the DEPB license purchased locally. Verification of assessments records revealed that the assessee failed to reverse the proportionate input tax credit availed in respect of the goods stock transferred outside the State. This resulted in short-levy of tax and interest of ₹ 0.19 crore as detailed in Table - 2.15.

Table - 2.15

(₹ in crore)

Sl. No.	Name of office	Name of the assessee/TIN	Nature of business	Year	Interstate Stock Transfer (Out)	Input Tax credit	Short-levy of tax with interest
1	Special Circle I, Ernakulam	M/s Volvo Auto India Pvt Ltd./ 32070227499	Automobiles	2014-15	5.6	2.61	0.14
2	Special Circle III, Ernakulam	Shri Ganesh Enterprises/ 32071292752	Chemicals, DEPB license sale, rubber latex and sheets of all kinds	2013-14	3.07	0.75	0.05
				2014-15	0.74	1.97	
Total							0.19

Though the Department issued guidelines⁵⁰ to cross verify the details of annual returns with the audited statements of trading, profit and loss accounts, the Assistant Commissioners did not comply with the guidelines.

⁴⁹ Special Circles I and III, Ernakulam.

⁵⁰ Circular 27/2014 dated 8 October 2014.

On this being pointed out (April 2017), Government stated (September 2017) that assessment in respect of M/s Volvo Auto India Private Limited was completed creating additional demand of ₹ 64.53 lakh. Reply in respect of Sri Ganesh Enterprises was not received (January 2018).

2.13 Short payment of tax due to misclassification

Under Section 25(1) of KVAT Act, 2003, where for any reason the whole or any part of the turnover of business of a dealer has escaped assessment to tax in any year or return period or has been under assessed or has been assessed at a rate lower than the rate at which it is assessable, the assessing authority may, at any time within five years from the last date of the year to which the return relates, proceed to determine, to the best of its judgment, the turnover which has been under assessed or has been assessed at a rate lower than the rate at which it is assessable, after issuing a notice on the dealer and after making such enquiry as it may consider necessary. EDXRF Spectrometer⁵¹ is an item not specified in any of the schedules to the KVAT Act and is assessable at the rate of 14.5 *per cent* vide entry 103⁵² of the list of goods notified under the Act. Margarine is taxable at the rate of 14.5 *per cent* vide entry 64(8) of list of goods notified⁵³ under KVAT Act. Though the Department had issued directions⁵⁴ to the assessing officers to examine the cases of misclassification of margarine meticulously while scrutinising the returns/records and utilise the same for assessment, the Commercial Tax Officer did not comply with the directions.

- **CTO, Special Circle, Thrissur**

M/s Redlands Ashlyn Motors PLC, Thrissur, is a dealer in harvester, measuring devices and electronic goods. Verification of assessment records for the years 2013-14 and 2014-15 revealed that the assessee sold EDXRF Spectrometer worth ₹ 12.94 crore and ₹ 10.54 crore respectively and the same was assessed to tax at the rate of five *per cent* vide entry 69 (123) of third schedule under “IT products Spectrum Analyzers having HSN code 9030”, instead of 14.5 *per cent* as specified in entry 103 of list of goods notified under KVAT Act. The application of incorrect rate of tax resulted in short-levy of tax including interest of ₹ 1.37 crore in 2013-14 and ₹ 1.16 crore in 2014-15.

On this being pointed out (February 2017), Government stated (November 2017) that assessment was completed for the years 2013-14 and 2014-15 creating additional demand of ₹ 1.62 crore and ₹ 1.16 crore respectively. Further progress report was awaited (January 2018).

⁵¹ EDXRF Spectrometer having HSN code 9027/9022 is an instrument used for measuring the purity of gold using X-ray fluorescence method.

⁵² SRO 82/2006 dated 21 January 2006.

⁵³ SRO 82/2006 dated 21 January 2006.

⁵⁴ Circular 20/2015.

- **CTO, I Circle, Ernakulam**

Verification of assessment records of M/s Promise Trading Company, Kochi, a dealer in edible oil, food preservatives, milk products and margarine, revealed that during the period 2013-14, the assessee misclassified the sales turnover of margarine worth ₹ 151.47 lakh as that of 'Goods coming under second schedule not specified' and assessed to tax at one *per cent*. Margarine was purchased and sold by the assessee either by omitting the word 'Margarine' from or adding the word 'Vanaspathi' to the brand name in its purchase bills. This misclassification resulted in short-levy of tax including interest of ₹ 23.52 lakh as detailed in **Appendix VIII**.

On this being pointed out (March 2017), Government stated (December 2017) that assessment for the year 2013-14 was completed creating additional demand of ₹ 24.58 lakh and the assessee paid ₹ 4.09 lakh. The assessee filed writ petition before the Hon'ble High Court of Kerala which was pending for disposal.

2.14 Short fixation/levy of compounded tax

- **CTO, Koothuparamba**

According to Section 8(f)(i) of KVAT Act, 2003, any dealer in ornaments or wares or articles of gold, silver or platinum group metals including diamond may at his option, instead of paying tax in respect of such goods in accordance with the provision of Section 6, pay tax at one hundred and fifty *per cent* of the highest tax payable by him as conceded in the return or accounts or tax paid by him under the Act, whichever is higher, for a year during any of the three consecutive years preceding that to which such option relates in case their annual turnover for the goods for the preceding year exceeded rupees one crore. As per explanation 7 below Section 8(f)(i) of the Act, tax payable as conceded in the accounts includes the tax payable on suppressed turnover subsequently detected also.

Verification of assessment records of M/s Muscat Jewellery, Mattannur, revealed that while computing the compounded tax payable for the year 2012-13 and 2013-14, the Commercial Tax Officer omitted to reckon the tax paid towards suppressed turnover detected by the Intelligence Officer during the year 2011-12 along with the net tax payable. This resulted in short-levy of compounded tax including interest of ₹ 12.38 lakh⁵⁵ for the subsequent years 2012-13 and 2013-14.

On this being pointed (March 2017), Government stated (October 2017) that assessment for the years 2012-13 and 2013-14 was completed by creating additional demand of ₹ 8.89 lakh and ₹ 8.31 lakh respectively including interest.

⁵⁵ For arriving compounded tax for 2012-13 - 150 *per cent* of the highest tax paid during the three years from 2009-10 to 2011-12 i.e. ₹ 7,47,628 paid during 2011-12 was the highest. For the year 2013-14, 125 *per cent* of the compounding tax paid during 2012-13. Interest at the rate of 25 *per cent* for 2012-13 and 13 *per cent* for 2013-14.

The assessee paid ₹ 8.89 lakh due for the year 2012-13. For the year 2013-14, the assessee remitted ₹ 2.15 lakh and the balance amount was under revenue recovery.

2.15 Excess abatement of output tax

• CTO, Special Circle, Thrissur

According to Section 41(1) of KVAT Act, 2003, where subsequent to any sale of taxable goods effected by a dealer the purchaser has returned the goods covered by the tax invoice fully or partly, within the period permitted by this Act or the Rules made there under, the dealer effecting the sale shall issue, forthwith, to the purchaser a credit note containing such particulars as may be prescribed. Rule 10(b) of KVAT Rule stipulates that all amounts allowed to purchasers in respect of goods returned by them to the dealer within a period of ninety days from the date of delivery of the goods shall be deducted from the total turnover, where the goods are taxable on the amount for which they have been sold, provided that the accounts show the date on which the goods were returned and the date on which and the amount for which refund was made or credit was allowed to the purchaser and the deduction is claimed during the year in which the sale was effected.

Verification of assessment records (September 2016) of M/s Panopharm, Thrissur a dealer in medicines and health drinks, revealed that the assessee availed abatement of output tax of ₹ 37.86 lakh during the period from 2011-12 to 2013-14 on the sales return of goods worth ₹ 10.69 crore. But as per the Profit and Loss Accounts for the period from 2011-12 to 2013-14 the value of sales return of goods within the permitted period of 90 days under the Act was only for ₹ 5.01 crore involving tax element of ₹ 29.50 lakh. Though the details were available with the assessment records submitted, the Department did not utilise those details, which resulted in excess abatement of output tax of ₹ 11.38 lakh including interest as detailed in **Table - 2.16**.

Table - 2.16

(₹ in lakh)

Credit Note details as shown in the annual returns			Accounted (within time 90 days)		Excess abatement and amount due			
Year	Amount involved	Tax element	Amount involved	Tax element	Sales turnover of irregular claim	Excess abatement of tax	Interest ⁵⁶	Total excess abatement including interest
2011-12	424.40	11.75	193.70	10.09	230.70	1.66	0.87	2.53
2012-13	280.43	12.94	156.44	10.60	123.98	2.34	0.93	3.27
2013-14	363.71	13.17	151.34	8.81	212.37	4.36	1.22	5.58
Total	1,068.54	37.86	501.48	29.50	567.05	8.36	3.02	11.38

⁵⁶ Under Section 31(5) of KVAT Act, 2003 simple interest at the rate of 12 per cent per annum on the tax or other amount defaulted.

On this being pointed out (February 2017), Government stated (January 2018) that assessments for the years 2011-12 to 2013-14 were completed creating additional demand of ₹ 3.45 crore.

2.16 Short payment of tax due to application of incorrect rate of tax

- **CTO (WC & LT), Palakkad**

Under Section 8 (a)(ii) of KVAT Act, 2003, works contractors registered under the provisions of Central Sales Tax (CST) Act, 1956 or an importer, when opted for payment of compounded tax, are liable to pay tax at three *per cent* of the contract amount after deducting the purchase value of goods excluding freight and gross profit element consigned into the State on stock transfer or purchased from outside the State and for the purchase value of goods so deducted shall pay tax at the scheduled rate applicable to such goods.

M/s Metro Systems and Projects (I) Private Limited, Palakkad, a works contractor having CST registration opted for payment of tax at compounded rate. Audit observed from the assessment records of the assessee that from 2010-11 to 2013-14, the assessee did not pay tax at the prescribed rates on the purchase value of goods consigned into the State which was purchased from outside the State and transferred to the work during the above years. This resulted in short-levy of tax and interest of ₹ 9.16 lakh as detailed in **Table - 2.17**.

Table - 2.17

(₹ in lakh)

Assessment year	Contract amount received	Inter-State purchase	Tax due including cess	Tax paid as per annual return	Short-levy of tax including interest
2010-11	48.63	23.49	2.03	1.81	0.34
2011-12	5.00	17.66	2.16	0.38	2.60
2012-13	202.92	208.23	20.98	16.59	5.88
2013-14	12.39	27.35	0.82	0.54	0.34
Total short-levy including interest					9.16

On this being pointed out (March 2017), Government stated (November 2017) that assessments for the years 2010-11 to 2013-14 were completed by creating additional demand of ₹ 9.99 lakh. The amount was advised for revenue recovery.

2.17 Irregular payment of tax at compounded rate

- **CTO, I Circle, Ernakulam**

Rule 11(1A)(a)(i) of KVAT Rule, 2005, stipulates that along with the application for exercising option for payment of compounded tax under Section 8, every dealer shall furnish a copy each of the agreement executed

by the contractor with the awarder and the work schedule. Commissioner of Commercial Taxes in October 2014 directed⁵⁷ the assessing officers to verify the monthly return of all dealers at least once in three months and analyse and compare the trade results.

Verification of assessment records of M/s H&J Estates Private Limited, Kochi, a works contractor, revealed that the application for payment of tax at compounded rate filed by the assessee for the year 2013-14 was not accepted by the assessing officer due to non-submission of copy of agreement executed by the contractor with the awarder and the work schedule as stipulated in the Rule. Even though the application was rejected by the assessing officer, the dealer paid tax at the compounded rate of three *per cent* instead of paying tax under Section 6(1) of the Act and the Department did not demand tax under the said Section by verifying the return as directed by the Commissioner of Commercial Taxes (CCT). Non-compliance of the Departmental directions resulted in short-levy of tax including interest of ₹ 5.31 lakh⁵⁸.

On this being pointed out (March 2017), Government stated (September 2017) that assessment was completed creating additional demand of ₹ 5.40 lakh and the assessee paid ₹ 4.66 lakh. The assessee filed appeal before the KVAT Appellate Tribunal, which was pending disposal.

2.18 Irregular refund of input tax credit

• CTO, Pattambi

According to Section 11(4) of the KVAT Act, 2003, dealers paying compounded tax under Section 8 shall not be eligible for input tax credit. Under Section 11(7) of the Act, if goods in respect of which input tax credit has been availed of are subsequently used, fully or partly, for purposes in relation to which no input tax credit is allowable under the Section, the input tax credit availed of in respect of such goods shall be reverse tax.

M/s Dubai Gold and Diamonds, Pattambi, a dealer in gold jewellery started business in March 2013. Audit observed in June 2015 that the excess input tax credit of ₹ 10.84 lakh relating to closing stock value of ₹ 16.39 crore remaining unadjusted as on 31 March 2014 was refunded to the assessee by Commercial Tax Officer in April 2015. The assessee opted for the scheme of compounded tax during 2014-15 under Section 8(f)(i) of the KVAT Act. Since the assessee opted to pay tax under the compounding scheme during 2014-15, the goods in respect of which input tax credit availed of in 2013-14 and subsequently used by the assessee fully for the purposes in relation to which no input tax credit was allowed was to be reversed. The Commercial Tax Officer, instead of reversing the input

⁵⁷ Circular 27/2014 dated 8 October 2014.

⁵⁸ (Taxable turnover) x (Rate of tax @14.5 *per cent*) – (ITC eligible and tax paid) = Net tax due
Add: Interest @ 14 *per cent*.

tax credit, refunded it. This resulted in irregular refund of input tax credit of ₹ 10.84 lakh. Interest under Section 31(5) of the Act worked out to ₹ 1.52 lakh.

On this being pointed out (March 2017), Government stated (December 2017) that assessment was completed and demanded the assessee to remit back the refunded amount of ₹ 10.84 lakh along with interest of ₹ 1.74 lakh and the assessee paid ₹ 2.17 lakh. The assessee filed appeal before DC (Appeals), which was pending for disposal.

Chapter III
Taxes on Vehicles

CHAPTER-III TAXES ON VEHICLES

3.1 Tax administration

The receipts from the Transport Department are regulated under the provisions of the Central and the State Motor Vehicles Acts and Rules made thereunder. The Transport Department functions under the administrative control of the Secretary Transport Department. The levy and collection of tax in the State are governed by the Motor Vehicles (MV) Act, 1988, Central Motor Vehicles (CMV) Rules, 1989, and the Kerala Motor Vehicles Taxation (KMVT) Act, 1976.

3.2 Internal audit

An annual inspection programme schedule is prepared well in advance and the internal audit is being conducted as per the schedule. When an inspection is scheduled a team is constituted by deploying officials from other sections of the office due to shortage of staff in the Inspection Wing. Against the target of 97 units, 44 units were audited during 2016-17. The Department stated that the periodicity of audit of all offices is 'annual' but the Department could not achieve the target due to lack of proper training and software. The Department did not prepare a separate Internal Audit Manual. During 2016-17, the Department could clear 853 paras, which was 18.50 *per cent* of the outstanding 4,611 paras. The Department attributed the reason for low clearance of audit observations to delay in getting final rectification reports from the offices concerned.

3.3 Results of audit

Test check of records of 47 offices of Motor Vehicles Department in 2016-17 relating to tax, registration fee, permit fee, driving license fee, conductor license fee, penalties and composite fee under National Permit Scheme showed non/short-levy of tax and other irregularities involving ₹ 194.69 crore in 436 cases, which fall under the following categories as given in **Table - 3.1**.

Table - 3.1
Results of audit

(₹ in crore)			
Sl. No.	Categories	Number of cases	Amount
1	Compliance Audit on Permits, Taxes on Transport Vehicles and Enforcement under Motor Vehicles Act	1	152.79
2	Non/short-levy of tax	320	30.60
3	Other lapses	115	11.30
Total		436	194.69

During the course of the year, the Department accepted non/short-levy of tax and other deficiencies amounting to ₹ 195.90 crore in 574 cases, which were pointed out by Audit. An amount of ₹ 14.41 crore pointed out was realised in 376 cases during the year.

A few illustrative audit observations involving ₹ 155.17 crore are mentioned in the succeeding paragraphs.

3.4 Compliance Audit on Permits, Taxes on Transport Vehicles and Enforcement under Motor Vehicles Act

3.4.1 Introduction

The Motor Vehicles Department (MVD) was established under the provisions of Section 213 of the Motor Vehicles (MV) Act, 1988 (Central Act 59 of 1988). Motor Vehicles Department is one of the major revenue earning departments in the State with seven *per cent*¹ of the total tax revenue collection of the State.

Major functions of the Department include registration of vehicles, conduct of tests for issue of driving licenses and conductor's licenses, grant of permits to vehicles, conduct of tests for issue of fitness certificates to vehicles, enforcement of traffic rules and regulations, collection of road tax and collection of fees for various services, etc. The Transport Department is under the control of the Secretary (Transport) at Government level. Transport Commissioner (TC) is the head of the Department under whom four zonal offices, 18 Regional Transport Offices (RTO), 55 Sub Regional Transport Offices (SRTO) and 19 check posts are functioning.

The Department fully automated its functions by implementing application software 'SMARTMOVE', which was developed by National Informatics Centre in January 2007.

Data of services rendered such as collection of fees and taxes, issue of licenses, permits, certificate of fitness, etc., were stored in local 'SMARTMOVE' database of respective RTOs and SRTOs. A central server with a database containing consolidated SMARTMOVE database of all RTOs/SRTOs was maintained at the State data centre. The central database is updated in every 10 minutes through a web service. The Department provides facility for remitting road tax and submitting online applications for services such as driving license, registration, permit, certificate of fitness, etc., along with prescribed fees through the MVD portal to the respective RTOs/SRTOs. These data also move to local SMARTMOVE database from a central database server through a web service.

Audit was conducted to check whether (1) permits in respect of transport vehicles were granted in accordance with the MV Act, 1988 and Rules, (2) tax in respect of transport vehicles were levied as per the Kerala Motor Vehicles Taxation (KMVT) Act, 1976 and the Rules and (3) enforcement system in the Motor Vehicles Department is adequate to ensure compliance with the existing laws, regulation and norms having a bearing on public safety.

The Audit was conducted between May 2017 and July 2017 covering the period from 2014-15 to 2016-17.

¹ During the year 2016-17, total tax collection under the Head 'taxes on vehicles' was ₹ 3,107.23 crore and the total tax revenue collection of the State was ₹ 42,176.37 crore.

The scope of Audit was confined to the Office of the Transport Commissioner, 11² out of 18 RTOs, 18³ out of 55 SRTOs and 12⁴ out of 19 motor vehicles check posts. The units were selected by stratified random sampling method using IDEA. Motor vehicles check posts functioning under the jurisdiction of selected RTOs were also selected for audit. An entry conference was held on 2 May 2017 with the Transport Commissioner. On conclusion of the audit, an exit conference was held on 8 November 2017 with the Additional Secretary (Transport Department) and the Senior Deputy Transport Commissioner. Their views and replies are incorporated in the relevant paras. Cases pointed out during 2015-16 and 2016-17 in the local audit reports are also included in this report.

Audit findings

The audit findings are based on the analysis of data extracted from central databases and SMARTMOVE local databases maintained at selected RTOs and SRTOs and check posts with reference to prescribed procedures, Act and Rules.

3.4.2 Grant or renewal of permits

Under Section 66(1) of MV Act, 1988, no owner of a motor vehicle shall use or permit the use of the vehicle as a transport vehicle in any public place whether or not such vehicle is actually carrying any passenger or goods save in accordance with the conditions of a permit granted or countersigned by a Regional Transport Authority (RTA) or State Transport Authority (STA) or any prescribed authority authorising him the use of the vehicle in that place.

Under Section 81 of the MV Act, 1988, the validity of a regular permit issued is for five years and may be renewed on an application made not less than 15 days before the expiry of permit. The Regional Transport Authority may entertain a belated application for renewal of a permit if it is satisfied that the applicant was prevented by good and sufficient cause from making an application within the time specified. Under Section 192 A of the MV Act, 1988, vehicles plying without a valid permit attract penalty which may extend to five thousand rupees but shall not be less than two thousand rupees.

Audit observed certain instances of irregular grant/renewal of permits as described in the succeeding paragraphs:

² Alappuzha, Ernakulam, Idukki, Kannur, Malappuram, Palakkad, Pathanamthitta, Thiruvananthapuram, Thrissur, Vatakara and Wayanad.

³ Adoor, Alathur, Aluva, Cherthala, Kayamkulam, Mananthavady, Mavelikkara, Neyyattinkara, North Parur, Ottapalam, Parassala, Sulthan Bathery, Thalassery, Thaliparamba, Thiruvalla, Thodupuzha, Trippunithura and Vandiperiyar.

⁴ Amaravila, Gopalapuram, Govindapuram, Iritty, Kattikulam, Kumali, Meenakshipuram, Muthanga, Nadupunni, Velanthavalam, Vazhikadavu and Walayar.

3.4.2.1 Non-renewal of permits

As per Section 5 (1) of the KMVT Act 1976, in the case of a motor vehicle which is not intended to be used or kept for use for such period, the registered owner shall give previous non-use intimation in writing to the registering authority and that every vehicle possessed by a person is deemed to have been used except in cases where exemption is claimed under this section.

Analysis of database revealed that validity of permit in respect of 14,127 vehicles, which were not older than 10 years, expired during the period 2014-15 to 2016-17. The registered owners or permit holders neither renewed the permits nor filed non-use intimation with the respective RTOs or reclassified the vehicles from category of transport vehicles. The class-wise details of vehicles are given in **Table - 3.2**.

Table - 3.2
Class-wise details of permit expired vehicles

(₹ in crore)			
Sl. No	Class of vehicles	Number of permit expired vehicles between 1 April 2014 to 31 March 2017	Penalty collectable
1	Auto rickshaws	11,014	2.20
2	Contract carriages other than auto rickshaws	1,281	0.39
3	Goods carriages	1,385	0.52
4	Other carriages	447	0.21
Total		14,127	3.32

Source : SMARTMOVE database.

Inaction on the part of the RTOs and JRTOs in vehicle checking and locate vehicles plying without valid permit resulted in non-imposition of penalty of ₹ 3.32 crore in 14,127 cases as shown in **Appendix IX**.

Government stated (December 2017) that the Department demanded the tax for defaulted period if the applicant failed to file non-use intimation under Section 5 of the KMVT Act, read with Rule 10 of the KMVT Rules, and there was no provision in the MV Act and Rules to insist compounding fees on expiry of permit and if these vehicles were found plying on roads, the compounding fee would be collected. It was further stated that if these vehicles were not intended to use on road, the Department did not have any authority to insist compounding fee.

Though data of vehicles of which permit expired was available in database, an internal control mechanism did not exist in the Department to check whether these vehicles were used on road after the expiry of permit. In the absence of such

mechanism, the claim of the Department that these vehicles were not intended to use on road was not acceptable.

3.4.2.2 Irregular grant of special permits

Sub-Section 8 of Section 88 of the MV Act, 1988, empowers the Regional Transport Authorities to grant special permit to any vehicle covered by stage carriage permit for using the vehicle under a contract to carry passengers.

In view of judgement⁵ of Honourable High Court of Kerala against indiscriminate grant of special permit to vehicles covered by stage carriage permits, the State Transport Authority in November 2016⁶ decided that only one special permit for a single trip would be granted to a particular stage carriage in a calendar month.

Audit observed that in five RTOs, upto six special permits were granted in a calendar month for the period from 1 December 2016 to 31 March 2017 to certain stage carriages in violation of instructions of State Transport Authority as given in **Table - 3.3**.

Table - 3.3
Details of special permits granted

Sl No	Name of RTO	No. of vehicles for which special permits were issued more than one	No. of special permits were issued per vehicle for a calendar month
1	Thrissur	5	upto 2 permits
2	Malappuram	8	upto 2 permits
3	Wayanad	4	upto 2 permits
4	Kannur	123	upto 4 permits
5	Vatakara	56	upto 6 permits

Source : SMARTMOVE database.

In respect of a stage carriage KL-18-D-2628, RTO Vatakara granted six special permits in January 2017 alone.

Government stated (December 2017) that strict instructions were given to all Regional Transport Authorities that only one special permit for a single trip would be granted to a particular stage carriage in a calendar month as per the decisions of the State Transport Authority.

3.4.2.3 Delay in conducting meetings of Regional Transport Authorities

As per Rule 123 of KMV Rules, 1989, the Regional Transport Authority shall meet once in a month on such dates and time as may be fixed by the Chairman. The Regional Transport Authority was constituted with District Collector as

⁵ WP(C) No.22890 of 2016.

⁶ Vide proceeding No. D2/E7248/STA/2016 dated 22 November 2016.

chairman and District Police Chief and Deputy Transport Commissioners as members. The Regional Transport Officer shall be the Secretary of the Regional Transport Authority and its Executive Officer. The issue of new permits, granting transfer of permits, renewal of permits, etc., were regulated as per the decisions of Regional Transport Authorities. Number of meetings conducted by eight Regional Transport Authorities during the period from 2014-15 to 2016-17 are given in **Table - 3.4**.

Table - 3.4
Details of RTA meetings held

Sl. No.	Name of RTA	Number of RTA meetings conducted		
		2014-15	2015-16	2016-17
1	Alappuzha	3	2	3
2	Ernakulam	3	3	4
3	Kannur	2	4	2
4	Malappuram	4	3	3
5	Palakkad	3	4	4
6	Thiruvananthapuram	3	4	4
7	Thrissur	4	0	1
8	Vatakara	3	4	2

Source : SMARTMOVE database.

The details in the table indicate that the meetings of RTA were not held every month as stipulated in Rules.

Government stated (December 2017) that instructions were issued to all Regional Transport Authorities for conducting regular meetings.

3.4.3 Short-levy of motor vehicles tax

As per Section 3 read with Section 4 of KMVT Act 1976, a tax shall be levied, otherwise exempted, on every motor vehicle used or kept for use in the State, at the rate specified for such vehicle in the schedule to the Act. The Act provides levy of one-time tax for motor cabs and tourist motor cabs and five years lump sum tax for autorikshaws and goods carriages having gross vehicles weight upto 3,000 kg at the time of first registration of vehicle and thereafter for one year or five years at the rate specified. In the case of other transport vehicles tax shall be levied at quarterly rate as specified for such vehicles.

Audit observed certain instances of short-levy of motor vehicles tax as follows.

3.4.3.1 Short-levy of tax due to irregular fixation of seating capacity

Rule 269(1) of KMV Rules, 1989, prescribes that minimum seating capacity of a stage carriage shall be directly proportionate to the wheel base of the vehicle. The minimum number may be reduced by two seats in the case of a stage carriage with separate entrance and exit. Such minimum number so reduced may be reduced further by one fifth in the case of stage carriages operating as city/town service. Quarterly tax of stage carriages leviable under Section 3 of KMVT Act, 1976, is based on the seating capacity of a stage carriage.

Audit observed that in six RTOs, seating capacity determined in 73 cases was less than minimum seating capacity as prescribed in the Rules, which led to short-levy of tax of ₹ 48.20 lakh as detailed in **Appendix X**.

Government stated (December 2017) that an amount of ₹ 5.94 lakh was collected in 11 cases and action for realising the balance amount in remaining cases was in progress.

3.4.3.2 Non-collection of differential tax for 15 years from motor cabs⁷ and tourist motor cabs

As per Section 3(1) of KMVT Act, 1976, as amended by the Kerala Finance Act 2014, one time tax for 15 years from the date of purchase of the vehicles is to be levied in respect of new tourist motor cab and new motor cab, at the rate specified in the Annexure to the Act, with effect from 1 April 2014. Prior to Finance Act 2014, tax in respect of motor cabs and tourist motor cabs were levied at the rate of quarterly tax prescribed in the schedule to the KMVT Act, payable yearly upon annual license.

The road tax in respect of motor cab and tourist motor cab was collected for a period of five years from the date of first registration of vehicles as per interim stay order of the Hon'ble High Court of Kerala in WP(C) No.7641 and similar petitions filed by the motor cab operators challenging constitutional validity of the legislation. The Hon'ble High Court dismissed the writ petitions on 8 March 2017 and as per its judgement one time tax for 15 years in respect of the motor cabs and tourist motor cabs was leviable at the rates prescribed in the Kerala Finance Act, 2014, from 1 April 2014 onwards.

Audit observed that owners of 18,803 new motor cabs and new tourist motor cabs registered from 1 April 2014 to 31 March 2017 paid motor vehicles tax for five years from the date of first registration instead of 15 years and the differential amount of tax due worked out to ₹ 47.15 crore as detailed in **Appendix XI**.

⁷ "Motor cab" means any motor vehicle constructed or adapted to carry not more than six passengers excluding the driver for hire or reward.

Government stated (December 2017) that after receipt of the judgement from the Hon'ble High Court of Kerala, demand notices were sent to all registered owners of motor cabs who did not remit tax for 15 years. It was further stated that ₹ 5.57 crore was collected in 1,757 cases and action is in progress to collect tax in remaining cases.

3.4.3.3 Non-collection of differential tax for other State contract carriages

The rate of tax on contract carriages that are registered in other States and operating in the State of Kerala after obtaining permit under Section 88(8) and 88(9) of the MV Act, 1988, was enhanced to ₹ 4,000, ₹ 6,000 and ₹ 7,000 for every passenger for vehicles with ordinary seat, push back seat and sleeper berth respectively with effect from 1 April 2014 vide Kerala Finance Act, 2014. On a writ petition questioning constitutional validity of introduction of new rate of tax for contract carriages registered in other States, the Honourable High Court of Kerala on March 2014 stayed collection of tax at enhanced rates and dismissed the writ petition on 21 December 2016. The rate was reduced to ₹ 2,250, ₹ 3,000 and ₹ 4,000 for every passenger for contract carriages, that are registered in other States and operating in State of Kerala, with ordinary seat, push back seat and sleeper berth respectively with effect from 18 July 2016 vide Kerala Finance Act 2016. As the reduced rates were applicable only from 18 July 2016, the Transport Commissioner in January 2017⁸ directed all officers of MVD to collect tax at enhanced rates as prescribed in the Finance Act 2014 for the period from 1 April 2014 to 17 July 2016.

Audit observed that in six RTOs differential amount of tax of ₹ 81.08 crore for the period from 1 April 2014 to 17 July 2016 was not collected in respect of 86,080 cases as detailed in **Appendix XII**.

Further analysis of data at border check posts in respect of contract carriages registered in other States revealed that 423⁹ vehicles for which differential tax amount due were allowed to cross through the border motor vehicle check posts at Gopalapuram, Govindapuram and Walayar during April 2017 to June 2017. However, no action was taken by Motor Vehicles Inspectors at the check posts to collect the differential amount of tax from these vehicles.

Government stated (December 2017) that ₹ 2.08 crore was collected in 906 cases. Action taken in the remaining cases were not intimated (January 2018).

3.4.3.4 Tax pending realisation

Under Section 3 of KMVT Act, 1976, motor vehicles tax shall be levied on every motor vehicle used or kept for use within the State unless exemption from payment of such tax is allowed against an undertaking submitted by the owner of

⁸ Vide letter No. B2/9854/TC/2014 dated 25 January 2017.

⁹ Number of vehicles passed through motor vehicles check posts (i) Gopalapuram: seven vehicles (ii) Govindapuram: seven vehicles (iii) Walayar: 409 vehicles.

the vehicle for temporary discontinuance of use of the vehicle under Section 5(1) of the Act. Under Section 4 of the Act, motor vehicles tax shall be paid in advance by the vehicle owner within the specified period and in the prescribed manner.

- **Short-levy of tax in respect of goods carriages**

Government vide Kerala Finance Act, 2016, enhanced the rate of quarterly tax leviable on goods carriage vehicles under Section 3 of the KMVT Act, 1976, with effect from 18 July 2016. Rule 5 of the KMVT Rules, 1975, stipulates that balance tax payable due to enhancement of rate of tax should be paid along with the payment of tax due for the subsequent period.

Audit observed that differential tax amounting to ₹ 50.42 lakh was not collected in subsequent quarters from 1 October 2016 onwards in respect of 8,596 goods carriage vehicles having gross vehicle weight above 3,000 kg¹⁰ as detailed in the **Appendix XIII**.

Government stated (December 2017) that the rates of quarterly tax in respect of goods carriage vehicles was enhanced with effect from 18 July 2016 and tax was collected from registered owners at the revised rate. It was also stated that the Department collected ₹ 35.92 lakh in 1,159 cases. Recovery action in the remaining cases was awaited.

- **Tax arrears pending realisation for transport vehicles**

Audit scrutiny of records of transport vehicles registered on or after 1 January 2007 revealed that quarterly tax under Section 3 of KMVT Act 1976 amounting to ₹ 13.04 crore in respect of 37,308 vehicles was in arrears as detailed in **Appendix XIV**. The class-wise details of vehicles are given in **Table - 3.5**.

Table - 3.5
Tax arrears pending realisation

(₹ in crore)

Sl. No.	Type of the vehicles	No. of cases	Tax arrears
1	Auto rickshaw	17,299	1.25
2	Goods carriages	15,711	8.14
3	Contract carriages other than auto rickshaw	3,734	2.47
4	Stage carriages	171	1.03
5	Other carriages	393	0.15
Total		37,308	13.04

Source : SMARTMOVE database.

¹⁰ Goods vehicles with gross vehicle weight upto 3,000 Kg does not require permit (Section 66 (3) (i) of MV Act, 1988).

Government stated (December 2017) that even though there was acute shortage of manpower in the Department, intensive efforts were made in time for collection of tax from defaulters. As a result of this, Department could curb the tax arrears. It was further stated that the vehicles dismantled and transferred to other offices, error in entry in respect of the taxation authority, etc., caused duplication of records in different offices and report generated show excess arrear amount. The vehicles transferred to other offices before computerisation remain in the home office database and hence show arrears in more than one office. Some vehicles, especially stage carriages, remit tax in a RTO in one quarter and remit tax at a SRTO in next quarter making arrears in both offices.

The reply was not acceptable as Audit pointed out the tax arrears for the period from 1 April 2014 to 31 March 2017 in respect of transport vehicles that are not older than 10 years and for which tax was paid upto 1 April 2014 by analysing dump Postgres SQL database of central server provided to Audit in May 2016. As such the Department needs to take action to make recovery of pending arrears.

3.4.4 Enforcement under Motor Vehicles Act

3.4.4.1 Irregular granting of licence to motor driving schools

Rule 24 of CMV Rules, 1989, provides that no person shall establish or maintain any driving school or establishment for imparting instructions for hire or reward in driving motor vehicles without a licence granted by the Regional Transport Officer, who shall, when considering an application for the grant or renewal of a licence, see that every applicant owns and maintains a minimum of one motor vehicle each of the type in which the instruction is imparted and that vehicles are available exclusively for purposes of imparting instructions and all such vehicles, except motor cycles, are fitted with dual control facility to enable the instructor to control or stop the vehicle. The vehicle used for imparting training are registered as private vehicles and validity of registration is 15 years from date of first registration and thereafter it shall be renewed for every five years on an application made in this behalf.

Audit observed from database of 11 RTOs that registration validity of 5,472 vehicles owned by 1,227 driving schools for imparting instruction expired, which was not renewed as on 31 March 2017. Of these, registration validity of 1,670 vehicles expired at the time of grant/renewal of licenses of driving schools. In addition to above, 82 vehicles, which were recorded as owned by the driving schools for imparting training, the details of which were not available in the SMARTMOVE (**Appendix XV**).

The Regional Transport Officers did not examine the fitness and registration validity of the vehicles maintained by the motor driving schools while conducting periodical inspections.

Government stated (December 2017) that strict instructions were issued for checking the fitness of vehicles owned by driving schools periodically.

3.4.4.2 Non-enforcement of provisions of Motor Vehicles Act and Rules

- **Overloaded goods carriages**

As per Section 194 of the MV Act, 1988, whoever drives a motor vehicle, or causes a motor vehicle to be driven in excess of the load permissible, shall be punishable with minimum fine of two thousand rupees and an additional amount of one thousand rupees per tonne of excess load together with the liability to pay charges for off-loading of the excess load. In cases where offences are not compounded on the spot, vehicle check reports (VCRs) are to be forwarded to the concerned RTO/Joint RTO for further action. The Transport Commissioner instructed (August 2011)¹¹ that the first charge memo should be served on the owner and driver within seven days of receipt of vehicle check report and final action should be completed within three months from the date of vehicle check report.

Audit observed that in 1,270 cases, though VCRs relating to offence of driving the vehicles with excess permissible load were issued to the offenders, the prescribed compounding fee was not collected within three months as instructed by the Transport Commissioner and there was no documentary evidence that the excess load was off loaded. Non-compliance of the provisions of the Act resulted in non-realisation of penalty amounting to ₹ 1.22 crore as detailed in **Appendix XVI**.

Government stated (December 2017) that the Hon'ble Supreme Court Committee on Road Safety directed to suspend the driving licenses of the drivers of goods carriages carrying overload. Instructions were issued to all RTOs to comply with orders of Hon'ble Supreme Court Committee. During the year 2016-17, the Department suspended 412 driving licenses of the drivers of goods vehicles out of 5,035 booked cases and action was in progress to suspend the driving licenses in the remaining cases under the programme "Operation Sureksha". Government further stated that an amount of ₹ 30.42 lakh was collected from 352 cases. Action in remaining cases was awaited.

- **Overloaded goods carriage vehicles crossing check posts**

Audit analysed the data of vehicle check reports relating to the offence of driving vehicles in excess of permissible weight at Walayar check post and observed that offence of driving motor vehicles in excess of permissible load was committed by 326 goods carriage vehicles during the period from 1 April 2014 to 31 March 2017. List of vehicles, which committed the offence of driving vehicles in excess of permissible load more than nine times through Walayar check post during the audit period is given as **Appendix XVII**. A few examples are given in **Table - 3.6**.

¹¹ Vide circular No. 17/2011 dated 26 August 2011.

Table - 3.6
Details of compounding fee collected on vehicles carrying overload

(₹ in lakh)

Sl. No	Registration number of goods carriages	Number of entry to State of Kerala through check post Walayar with overload during 2014-15 to 2016-17	Compounding fee collected
1	KL-43-C-8272	85	6.73
2	KL-43-B-6222	80	5.79
3	KL-43-D-9156	78	5.85
4	KL-43-C-5465	74	5.05
5	KL-07-AK-2303	71	4.99

Source : SMARTMOVE database

Further, these vehicles were permitted to enter the State without offloading excess weight.

Public Accounts Committee (PAC) (2011-14) in its 34th Report recommended that the Department should strictly adhere to the law and should levy the fine as specified in the Act. The Committee stressed the need for registering case if the vehicle was found overloaded and suggested to cancel the permit of such vehicles. PAC (2014-16) in its 89th Report suggested that Transport Department should chalk out effective measures to ensure that overloaded vehicles are levied with compounding fee at higher rate or offload the excess weight.

Government stated (December 2017) that directions were issued to RTOs to collect the entire amount. The issue raised by Audit was not addressed in the reply given by the Government.

- **Transport vehicles without speed limiting device**

As per the Rule 118 of CMV Rules, 1989, every transport vehicle notified by the Central Government and manufactured on or after 1 October 2015 shall be equipped or fitted by the vehicle manufacturer, either at the manufacturing stage or at the dealership stage, with a speed governor¹² having maximum preset speed for respective vehicles. The vehicles which are manufactured before 1 October 2015 and which are not fitted with speed limiting device shall be fitted with a speed governor on or before 31 August 2016.

Audit observed that out of the 20,377 transport vehicles, 18,182 vehicles registered before 1 October 2015 and 2,195 vehicles registered on or after 1 October 2015 were not fitted with speed limiting device as detailed in **Appendix XVIII** were plying on road without speed governors. Further, RTOs/JRTOs did

¹² Speed limiting device or speed limiting function.

not collect the minimum compounding fee in respect of 641 vehicle check reports as detailed in **Appendix XIX**.

Government stated (December 2017) that during 2017 out of the 1,93,240 vehicles appeared for certificate of fitness test, 2,226 vehicles failed in certificate of fitness test for non-fitting or defective speed governor. It was further stated that no vehicle was allowed to operate without fitting speed governor and an amount of ₹ 1.36 lakh was collected from 130 cases. Collection of compounding fee in respect of remaining cases was awaited by Audit.

3.4.4.3 Transport vehicles without valid certificate of fitness

As per Section 84(a) of MV Act, 1988, the vehicle to which the permit relates carries valid certificate of fitness issued under Section 56 of the Act and is at all time so maintained as to comply with the requirements of the Act and Rules made thereunder. Section 56 of the Act, read with Rule 62 of CMV Rules, 1989, also provides that a transport vehicle shall not be deemed to be validly registered unless it carries a certificate of fitness issued by prescribed authority in the prescribed form. In respect of a new transport vehicle, certificate of fitness shall be valid for two years and thereafter it shall be renewed every year against payment of prescribed fees for inspection and testing of vehicles for renewal of certificate of fitness under Rule 81 of the Rules *ibid*. Rule 105 of KMV Rules, 1989, prescribes a penalty of ₹ 100, ₹ 150 and ₹ 200 in the case of two wheelers or auto rickshaws, motor cabs and other transport vehicles respectively for each calendar month or part thereof for non-filing of application for renewal of certificate of fitness within prescribed date. Plying of vehicle without a valid certificate of fitness attracts the provision of Section 192 of the MV Act and is compoundable under Section 200 of the Act.

Audit observed that certificate of fitness of 12,344 vehicles, in the test checked RTOs expired during 2014-15 to 2016-17 as detailed in **Appendix XX**. Class-wise details of vehicles and compounding fees collectable are given in **Table - 3.7**.

Table - 3.7
Details of vehicles whose fitness certificates were expired

Sl. No.	Class of vehicles	No. of vehicles whose fitness certificate expired between 1 April 2014 to 31 March 2017	Compounding fees collectable	Penalty for delay	Fees for test and grant	Total
1	Auto rickshaws	4,060	81.20	240.06	24.36	345.62
2	Contract carriages other than auto rickshaws	849	26.98	53.95	5.27	86.20
3	Goods carriages	6,784	218.22	473.06	42.74	734.02
4	Other carriages	114	3.58	7.07	0.70	11.35
5	Stage carriages	537	23.13	27.58	4.02	54.73
Total		12,344	353.11	801.72	77.09	1,231.92

Source : SMARTMOVE database.

Audit observed from the SMARTMOVE that 1,464 VCRs in respect of vehicles booked for the offence of plying without valid certificate of fitness was pending disposal and compounding fees of ₹ 39.80 lakh was not collected as detailed in **Appendix XXI**.

Government stated (December 2017) that an amount of ₹ 3.60 lakh was collected in 147 cases and action was in progress to collect the compounding fee in the remaining cases.

3.4.4.4 Vehicles plying without valid certificate of registration

As per Section 41(7) of MV Act, 1988, in respect of a motor vehicle, other than a transport vehicle, a certificate of registration issued under sub Section 41 (3) of the Act, shall be valid only for a period of fifteen years from the date of issue of such certificate and shall be renewable.

Under Section 41 (8) of the Act, an application for renewal of registration shall be made before expiry of registration. As per Section 41(10) of the Act, subject to the provisions of Section 56, the registering authority may, in receipt of an application under sub Section 41(8), renew the certificate of registration for a period of five years and intimate the fact to the original registering authority, if it is not the original registering authority.

As per Section 41(11) of the Act, if the owner fails to make an application under sub Section 41(8) before the date of its expiry (CMVR 52(1)), the fine prescribed in Rule 102 of KMV Rules, in lieu of action taken against the owner under Section 177 read with Section 41(13), is ₹ 100 for delay less than three months, ₹ 200 for delay exceeding three months and not exceeding six months and ₹ 300 for delay exceeding six months. Further, an additional fee¹³ of ₹ 300 for delay of every month or part thereof in respect of motor cycles and ₹ 500 for delay of every month or part thereof in respect of other classes of non-transport vehicles shall also be leviable.

Audit observed that validity of the certificates of registration in respect of 15,018 non-transport vehicles that expired before 31 March 2017 was not renewed, though tax was remitted for a period of six months to five years beyond the date of expiry of registration. Inadequate enforcement measures to identify the vehicles, which were plying on road without valid registration resulted in non-collection of ₹ 5.89 crore towards compounding fees, registration fees and fine for delay as detailed in **Appendix XXII**.

Government stated (December 2017) that tax of a non-transport vehicle registered in an office in the State can be remitted in any other office of the Department in the State. Similarly, the ownership of non-transport vehicles can be changed in any other office and re-registered without the knowledge of the authority where it was registered. The Department is empowered to seize the vehicles and penalise

¹³ Government of India notification G.S.R. 1183(E) dated 29 December 2016.

the owner if a vehicle is found plying on road without registration. This is being ensured by the Department through regular vehicle inspections and strict instructions in this regard was issued. When a vehicle with lapsed registration is brought for re-registration or tax remittance, penalty is being levied. It was also stated that ₹ 17.26 lakh was collected in respect of 695 vehicles.

Though data of vehicles of which certificate of registration expired was available in database, an internal control mechanism did not exist in the Department to check whether these vehicles were used on road after the expiry of certificate of registration. In the absence of such mechanism, the claim of the Department that these vehicles were not intended to use on road is not acceptable.

3.4.4.5 Pending vehicle check reports for the last 15 years

Section 200 of the MV Act, 1988, stipulates realisation of compounding fees from the vehicle owners committing offence such as driving vehicles without valid license, permit, certificate of fitness, etc., under various sections of the MV Act by issuing vehicle check reports.

Audit observed that minimum compounding fees of ₹ 41.83 lakh at the rate of ₹ 100 collectable in respect of 41,831 VCRs (upto 31 March 2017) was pending since 2011 as detailed in **Appendix XXIII**.

Government stated (December 2017) that action was being taken to minimize the number of pending check reports. Reply of Government was neither specific nor complete.

3.4.5 Conclusion

Audit arrived at the conclusion that:

- the existing system in the Department did not ensure the enforcement of identifying and penalising vehicles plying without permits, certificate of fitness and certificate of registration.
- check reports are pending disposal due to non-evolution of a stable system for adjudication of the offence.
- the system prevailing in the Department to ensure public safety is inadequate.

3.5 Short levy of one time tax due to non-inclusion of VAT and cess in the purchase value

- One RTO¹⁴ and five SRTOs¹⁵

As per the amendment brought out in clause (e) of Section 2 of Kerala Motor Vehicles Taxation (KMVT) Act, 1976, with effect from 1 April 2007 by Kerala State Finance Act 2014, “purchase value” means the value of the vehicle as shown in the purchase invoice and includes value added tax, cess and customs/excise duty chargeable on vehicle. The discount or rebate given by the dealer to the registered owner shall not be deducted from the bill amount for computing the purchase value.

During the audit (2015-16 and 2016-17) of RTO/SRTOs, it was observed that the purchase value of the vehicle was taken as the value of the vehicle as shown in the purchase invoice excluding thereby the value added tax and cess chargeable. The incorrect adoption of purchase value by Regional/Joint Regional Transport Officers resulted in short collection of one-time tax amounting to ₹ 22.05 lakh in 224 cases as detailed in the **Appendix XXIV**.

On this being pointed out by Audit (July 2017), Government stated (December 2017) that remedial action was initiated in 224 cases involving ₹ 22.05 lakh and ₹ 3.95 lakh was collected in 37 cases. Reply about remaining cases was not given by Government.

3.6 Non-remittance of tax during the operated period

- Four RTOs¹⁶

As per Section 5 (1) of the KMVT Act, 1976, in the case of motor vehicle which is not intended to be used or kept for use during the first month or the first and second months of a quarter, or the whole of a quarter or year, as the case may be, the registered owner or the person having possession of such vehicle shall give previous intimation in writing (Form G)¹⁷ to the Regional Transport Officer that such vehicle would not be used for such period and no tax shall be payable in respect of such vehicle for such period.

During the audit (2016-17) of RTOs, scrutiny of tax collection particulars and Form G filed revealed that though periods of non-use of the stage carriages were mentioned in the Form G filed, tax was not remitted by the registered owners in respect of those periods which were not shown as non-use in the Form G. Non

¹⁴ Idukki.

¹⁵ Devikulam, Nedumangad, Thodupuzha, Udumbanchola and Vandiperiyar.

¹⁶ Kasargod, Kollam, Muvattupuzha and Pathanamthitta.

¹⁷ Form G – Intimation of non-use of a vehicle.

remittance of tax for the operated period in respect of 25 stage carriages worked out to ₹ 10.47 lakh¹⁸ as detailed in the **Appendix XXV**.

On this being pointed out (July 2017), Government stated (December 2017) that remedial action was initiated in 25 cases involving ₹ 10.47 lakh and ₹ 3.41 lakh was collected in 12 cases. Reply in respect of remaining cases was awaited.

3.7 Short levy of one time tax

- **Five RTOs¹⁹ and six SRTOs²⁰**

As per Section 3(1) of the KMVT Act, 1976, one time tax at the prescribed rates shall be levied from the date of purchase for motor cars and private service vehicle for personal use (non transport vehicle). As per the Annexure – 1 of the KMVT Act, one time tax at the rate of six per cent, eight per cent, 10 per cent, 15 per cent and 20 per cent shall be levied on motor cars and private service vehicles having purchase value up to rupees five lakh, purchase value more than rupees five lakh and up to rupees 10 lakh, purchase value more than rupees 10 lakh and up to rupees 15 lakh, purchase value more than rupees 15 lakh and up to rupees 20 lakh and purchase value more than rupees 20 lakh respectively. Similarly, one time tax at the rate of eight per cent, 10 per cent and 20 per cent shall be levied on motor cycles having purchase value up to rupees one lakh, purchase value more than rupees one lakh and up to rupees two lakh and purchase value more than rupees two lakh respectively.

During the audit (2016-17) of RTO/SRTOs, on verification of details of vehicles registered as non-transport vehicles, it was observed that one time tax realised on vehicles was less than that prescribed as per the statutes. Short-levy of tax by Regional/Joint Regional Transport Officers in respect of 90 vehicles resulted in short collection of ₹ 10.60 lakh as detailed in the **Appendix XXVI**.

On this being pointed out (July 2017), Government stated (December 2017) that remedial action was initiated in 90 cases involving ₹ 10.60 lakh and ₹ 5.14 lakh was collected in 15 cases. Reply in remaining cases was not furnished.

¹⁸ In respect of stage carriages, rate of tax per quarter depends on the seating capacity.

¹⁹ Ernakulam, Kasargod, Kottayam, Pathanamthitta and Thiruvananthapuram.

²⁰ Guruvayoor, Mallappally, North Paravoor, Sulthan Bathery, Tirurangadi and Wadakkancherry.

3.8 Short collection of advertisement fee

- Nine RTOs²¹ and eleven SRTOs²²

As per Rule 191 of the Kerala Motor Vehicles Rules (KMVR), 1989, advertising device, figure or writing shall be exhibited on any transport vehicle as specified by the State or Regional Transport Authority by general or specific order and on payment of fee for a period of one year or part thereof for each vehicle. The rate of fee was increased to ₹ 20 per 100 centimetre square for an advertisement in writing and ₹ 40 per 100 centimetre square for an electronic advertisement with effect from 26 November 2015.

During the audit (2016-17) of RTO/SRTOs, it was observed that the revised rate of advertisement fee was not charged in the case of advertisements in 120 vehicles. The non-charging of revised fee by the Regional/Joint Regional Transport Officers concerned resulted in short-levy of advertisement fee of ₹ 7.87 lakh as detailed in the **Appendix XXVII**.

On this being pointed out (July 2017), Government stated (December 2017) that remedial action was initiated in 120 cases involving ₹ 7.87 lakh and ₹ 2.31 lakh was collected in 38 cases. Reply in remaining cases was awaited.

3.9 Application of incorrect rate of tax for goods carriages fitted with tipping mechanism

- Eight RTOs²³ and ten SRTOs²⁴

According to serial numbers 3(i) and 3(ii) of the Schedule to the KMVT Act, 1976, with effect from 1 April 2010, separate motor vehicle tax rates were fixed for goods carriages fitted with tipping mechanism and having no tipping mechanism. Prior to Finance Act 2010, both categories had same rate of tax. The class codes 106, 107 and 108 in the application software SMARTMOVE represents goods carriages fitted with tipping mechanism.

During the audit (2015-16 and 2016-17) of RTO/SRTOs, it was observed from the tax remittance particulars in the database that, tax at the higher rate was not levied for goods carriages having tipping mechanism. Mismatching of class code details in Tax Module of application software SMARTMOVE resulted in application of incorrect class code by Regional/Joint Regional Transport Officers.

²¹ Attingal, Ernakulam, Kasargod, Kollam, Kottayam, Kozhikode, Malappuram, Palakkad and Thrissur.

²² Angamali, Aluva, Chalakkudy, Karunagappally, Kodungallur, Koduvally, Kottarakkara, Koyilandy, Punalur, Tirur and Tirurangadi.

²³ Attingal, Kannur, Kasargod, Kollam, Pathanamthitta, Thiruvananthapuram, Thrissur and Vatakara.

²⁴ Changanassery, Kazhakoottom, Kodungallur, Koyilandy, Neyyattinkara, Pala, Taliparamba, Thalassery, Udumbanchola and Vandiperiyar.

Short collection of tax amounts to ₹ 5.16 lakh in 161 cases as detailed in the **Appendix XXVIII**.

On this being pointed out (July 2017), Government stated (December 2017) that remedial action was initiated in 161 cases involving ₹ 5.16 lakh and ₹ 0.85 lakh was collected in 17 cases. The reply in remaining cases was not intimated to Audit.

3.10 Short-levy of one time tax on percentage basis on reclassified vehicles

Section 3(1) of the Kerala Motor Vehicles Taxation (KMVT) Act, 1976, as amended by the Finance Act 2014, stipulates that in respect of a new motor vehicle registered on or after 1 April 2007 and reclassified from the category of transport vehicle to non-transport vehicle²⁵, one time tax on percentage basis with respect to the age of the vehicle is leviable. As per the Annexure – 1 of the KMVT Act, one time tax at the rate of six per cent, eight per cent, 10 per cent, 15 per cent and 20 per cent shall be levied on motor cars and private service vehicles having purchase value up to rupees five lakh, purchase value more than rupees five lakh and up to rupees 10 lakh, purchase value more than rupees 10 lakh and up to rupees 15 lakh, purchase value more than rupees 15 lakh and up to rupees 20 lakh and purchase value more than rupees 20 lakh respectively.

During the audit (2015-16 and 2016-17) of 15 RTOs²⁶ and 51 SRTOs²⁷, it was observed from the data available in the computer system/registration files that one time tax was not levied at the correct rate by the Regional/Joint Regional Transport Officers on vehicles reclassified from the category of transport vehicles to the category of non-transport vehicles as specified in the Act. While registering these vehicles, the Regional/Joint Regional Transport Officers applied incorrect percentage of one time tax due to mistake in calculation of age and purchase value of vehicle. The application of incorrect rate of tax resulted in short-levy of ₹ 1.82 crore in 1,559 cases as detailed in **Appendix XXIX**.

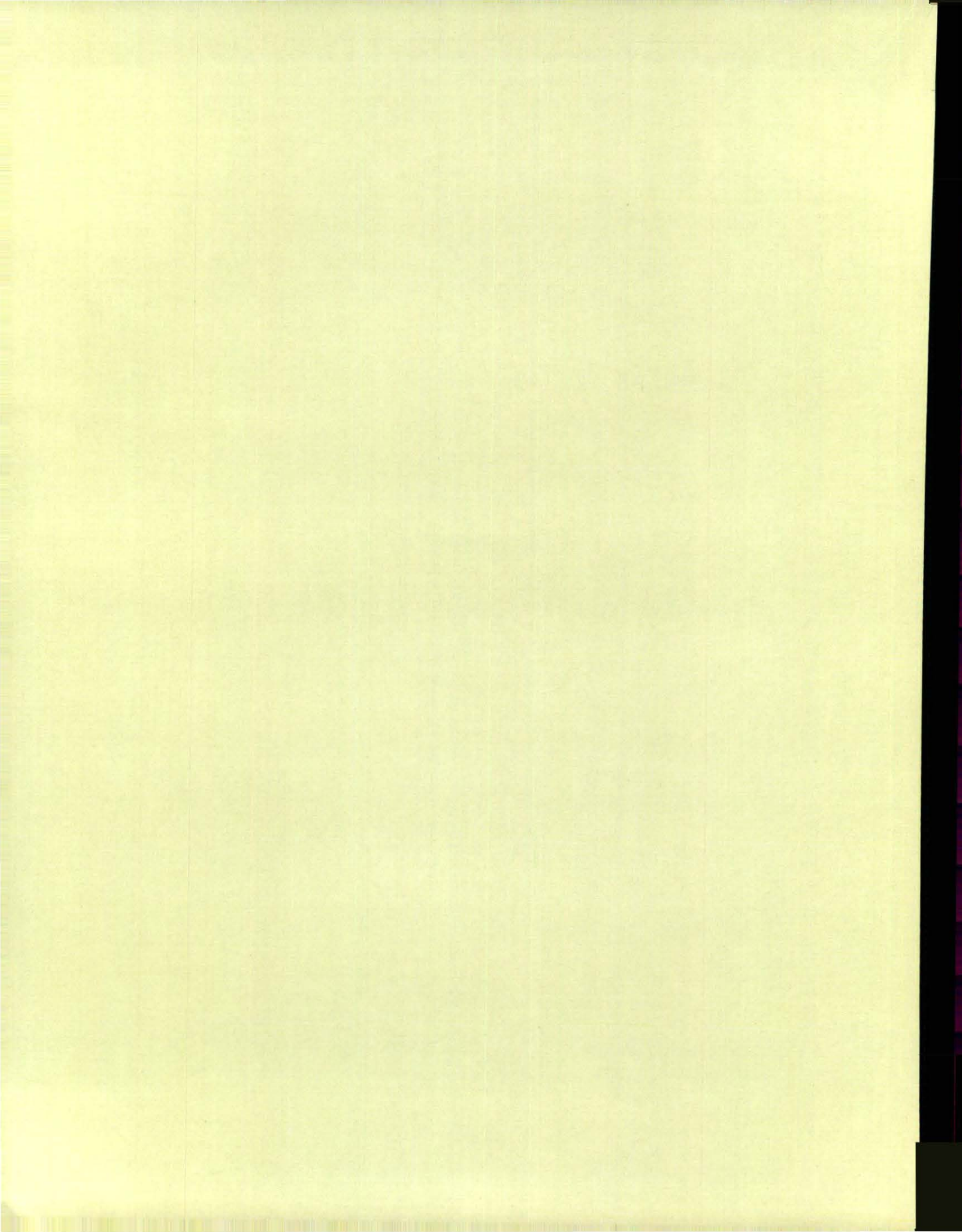
²⁵ “Transport vehicle” means a public service vehicle, a goods carriage, an educational institution bus or a private service vehicle where “non-transport vehicle” means vehicle meant for personal use.

²⁶ Alappuzha, Attingal, Ernakulam, Idukki, Kasargod, Kollam, Kottayam, Kozhikode, Malappuram, Palakkad, Pathanamthitta, Thiruvananthapuram, Thrissur, Vatakara and Wayanad.

²⁷ Adoor, Alathur, Aluva, Angamali, Chalakkudy, Changanassery, Chengannur, Chittur, Devikulam, Guruvayoor, Irinjalakkuda, Kanjirappally, Karunagappally, Kayamkulam, Kazhakoottam, Kodungallur, Koduvally, Kothamangalam, Kottarakkara, Koyilandy, Kunnathur, Kuttanad, Mallappally, Mananthavady, Mannarkkad, Mavelikkara, Muvattupuzha, Nedumangad, Neyyattinkara, Nilambur, North Paravoor, Ottappalam, Pala, Parassala, Pattambi, Perinthalmanna, Perumbavoor, Punalur, Ranni, Sulthan Bathery, Thalassery, Thiruvalla, Thodupuzha, Thrippunithura, Tirur, Tirurangadi, Udumbanchola, Uzhavoor, Vaikom, Vandiperiyar and Wadakkancherry.

On this being pointed out (July 2017), Government stated (December 2017) that remedial action was initiated in 1,559 cases involving ₹ 1.82 crore and ₹ 0.27 crore was collected in 220 cases. The reply in respect of remaining cases was awaited.

Chapter IV
Land Revenue and Building Tax



CHAPTER-IV LAND REVENUE AND BUILDING TAX

4.1 Tax administration

The Revenue and Disaster Management (R&DM) Department is under the control of the Additional Chief Secretary at the Government level with the Commissioner of Land Revenue as its head. The revenue collected by the Department includes basic tax, building tax, lease rent and plantation tax. The Department realises arrears of public revenue under the Kerala Revenue Recovery (KRR) Act, 1968, with interest and cost of process prescribed.

4.2 Internal audit

The Internal Audit Wing (IAW) of the Land Revenue Commissionerate was supervised by the Senior Finance Officer under the control of the Commissioner of Land Revenue. The audit of *Taluk* offices, Revenue Divisional Offices and Revenue Recovery Offices, Offices of Vigilance Deputy Collectors and Central Stamp Depot is conducted in a period of two to three years. The IAW was manned by one senior superintendent, three junior superintendents and six clerks. The Department stated that the selection of offices to be audited were made on the basis of the date of audit last conducted and the files to be checked were randomly selected and no risk analysis was done before selecting an office for audit. The Department also stated that there was no regular training programme for the staff of IAW. During 2016-17, the IAW planned 24 units for internal audit which were covered during the year. During the year, the Department settled 4,051 paragraphs out of 15,342 paragraphs which was 26.40 *per cent* of the outstanding objections. The Department stated that less clearance of audit observations was due to non-receipt of rectification reports from the sub offices audited.

4.3 Results of audit

The records of 53 units relating to land revenue and building tax were test checked during 2016-17. Under-assessment of tax and other irregularities involving ₹ 103.36 crore were detected in 206 cases which fall under the following categories as given in **Table - 4.1**.

Table - 4.1

(₹ in crore)			
Sl. No.	Categories	Number of cases	Amount
1	Compliance Audit on Collection of Building Tax in Land Revenue Department	1	28.28
2	Under-assessment and loss under building tax	124	30.20
3	Under-assessment and loss under other items	81	44.88
Total		206	103.36

During the course of the year, the Department accepted under-assessments and other deficiencies involving ₹ 32.54 crore in 111 cases. An amount of ₹ 9.52 crore pointed out was realised in 218 cases during the year 2016-17.

In four cases involving ₹ 1.58 crore, the Department recovered the entire amount. A Compliance Audit on Collection of Building Tax in Land Revenue Department involving ₹ 26.70 crore is mentioned in the succeeding paragraph.

4.4 Compliance Audit on Collection of Building Tax in Land Revenue Department

4.4.1 Introduction

Building tax¹ is being assessed, levied and collected by the Revenue and Disaster Management (R&DM) Department of the State Government, as one-time tax on buildings. As per the Kerala Building Tax Act, 1975 (KBT Act), a luxury tax is also leviable at the rate of ₹ 2,000 *per annum* on all residential buildings completed on or after 1 April 1999, having a plinth area² of 278.7 M² or more. The rate was revised to ₹ 4,000 *per annum* from 1 April 2014. As per the Kerala Finance Act, 2011, a cess at the rate of two *per cent* on the building tax shall be levied for residential buildings having a plinth area of 4,000 square feet and above, completed on or after 19 July 2011.

The jurisdiction of the R&DM Department extends to all 14 districts of the State which were further subdivided into 21 revenue divisions, 75 *taluks* and 1,664 villages. It is headed by Additional Chief Secretary (R&DM) at the Government level. At Directorate level, it is headed by Commissioner of Land Revenue who was assisted by an Additional Commissioner or Joint Commissioner and Assistant Commissioners. At various levels from district to village, the Commissioner of Land Revenue was assisted by District Collectors, Revenue Divisional Officers/Sub-Collectors, *Tahsildars*, Deputy *Tahsildars* and Village Officers.

The objectives of the audit were to assess (a) whether systems and procedures in the Department for assessment, levy and collection of building tax, luxury tax and cess on buildings were effectively implemented and (b) whether building tax, luxury tax and cess on buildings were assessed, levied, collected and properly accounted for.

Criteria of the audit was derived from the Kerala Building Tax Act, 1975, the Kerala Building Tax Rules, 1974, the Kerala Building Tax (Plinth Area) Rules, 1992, the Kerala Financial Code and Government Orders and Circulars, etc.

The Audit was conducted during May 2017 to July 2017 covering the period from 2014-15 to 2016-17. Audit selected five³ out of the 14 districts in the State and three *taluks*⁴ in each district by adopting statistical sampling method PPSWOR (Probability Proportional to Size and Without Replacement) using IDEA. Some

¹ As per the provisions of Kerala Building Tax Act, 1975 (as amended) there shall be charged a building tax based on the plinth area at the rate specified to the schedule to the Act on every building the construction of which is completed on or after 10-02-1992.

² Plinth area means the area included in the floor of a building and where a building has more than one floor, the aggregate area included in all the floors together.

³ Ernakulam, Kannur, Thiruvananthapuram, Thrissur and Wayanad.

⁴ Aluva, Chalakkudy, Chavakkad, Chirayinkeezhu, Kanayannur, Kannur, Kunnathunadu, Mananthavady, Neyyattinkara, Sulthan Bathery, Thalassery, Thaliparamba, Thiruvananthapuram, Thrissur and Vythiri.

selected offices including District Collectorates, Revenue Divisional Offices⁵, Village Offices, Local Bodies, etc., were also covered during audit. An entry conference was held on 5 May 2017 with Deputy Secretary, Revenue (Special Cell) Department, in which, the objectives, criteria and methodology of audit were explained. An exit conference was also held on 6 November 2017 with Additional Secretary (R&DM) and Joint Commissioner of Land Revenue wherein the audit findings were discussed. Cases pointed out during 2014-15 to 2016-17 in the local audit reports are also included in this report.

Audit findings

4.4.2 Non-assessment/levy of building tax

As per Section 5(1) of the KBT Act, building tax shall be charged on every building the construction of which is completed on or after 10 February 1992 based on the plinth area of the buildings at the rates prescribed. Section 7(1) of the KBT Act stipulates that the owner of every building, the construction of which, is completed or to which major repair or improvement is made on or after the appointed day⁶ shall furnish to the assessing authority, a return in the prescribed form (Form II) along with a copy of the plan approved by the local authority or such other authorities as may be specified by Government in this behalf.

As per Rule 3 of the Kerala Building Tax (Plinth Area) Rules, 1992, every Village Officer shall furnish to the assessing authority, within five days of the expiry of each month, a monthly list of buildings liable to assessment, together with extract from building application register of the local authority within whose area the buildings included in the list are situated. As per sub Section 4 of Section 5 of the KBT Act, where the plinth area of the building, the construction of which is completed after the appointed day is subsequently increased by new extensions or major repair or improvement, building tax shall be computed on the basis of total plinth area of the building including that of the new extension or repair or improvement and credit shall be given to the tax already levied and collected, if any, in respect of the building before such extension, or repair or improvement.

Certain observations and discrepancies noted during audit were as follows:

4.4.2.1 Non-levy of building tax due to buildings escaping assessment

Audit collected the details of completed buildings from the local authorities, which were cross verified with the assessment records of selected *Taluk* Offices for the same period and it was revealed that 367 buildings completed from 2011-12 to 2016-17 were not reported to the *taluk* authorities for assessment to building tax. Non assessment of the buildings under 13 *Taluk* Offices resulted in non-levy of building tax of ₹ 6.23 crore as detailed in **Appendix XXX**.

⁵ Fort Kochi, Mananthavadi, Muvattupuzha, Thalassery, Thiruvananthapuram and Thrissur.

⁶ 10 February 1992.

An analysis of the **Appendix XXX** shows that 60 per cent of the total non-levy related to Kozhikode and Thiruvananthapuram taluks.

At the instance of audit, Government collected ₹ 28.82 lakh in 37 cases.

Few illustrative cases are discussed below:

- **M/s Apollo DIMORA Hotel, Thiruvananthapuram**

A building owned by M/s Trivandrum Appolo Towers Private Limited having a plinth area of 11,805.15 M² was not reported for assessment to building tax. As per the records maintained by Thiruvananthapuram Corporation, the building was completed on 16 November 2015. Non reporting of the building for building tax assessment resulted in non-levy of building tax of ₹ 52.51 lakh.

After this being pointed out in audit (August 2016), the building was assessed (March 2017) to building tax and demanded ₹ 52.65 lakh. Government stated (February 2018) that an amount of ₹ 38.17 lakh was realised from the assessee. The remaining amount was yet to be recovered.

- **The Kerala Transport Development Finance Corporation (KSRTC Bus Stand), Thiruvananthapuram**

The Kerala State Road Transport Corporation (KSRTC) entrusted the construction of a shopping complex cum garage, having an area of 24,984 M² to the KTDFC⁷ on BOT⁸ basis. The BOT period will be the period up to which the total project cost with interest is realised fully from the project by way of net rental income generated and collected by the BOT operator. Therefore, KTDFC is the owner of the building and liable to pay building tax.



Verification of records maintained by Thiruvananthapuram Corporation revealed that the building was completed in February 2014 and was not reported for assessment to building tax, which resulted in non-levy of building tax of ₹ 55.91 lakh.

After this being pointed out (August 2016), the building was assessed to building tax amounting to ₹ 1.46 crore payable in four instalments. Government stated (February 2018) ₹ 36.43 lakh was realised from the assessee.

⁷ Kerala Transport Development Finance Corporation Limited.

⁸ Build-operate-transfer.

Recommendation: Audit recommends that Government may institute suitable mechanism to link the payment of building tax along with the property tax levied by Local authorities so as to make payment of building tax compulsory to get services from other Departments.

4.4.2.2 Buildings escaped assessment detected during joint physical inspection

Audit conducted joint physical inspection (JPI) with revenue officials in the selected *taluks* and observed that out of 235 buildings inspected, 83 buildings were not reported for assessment, resulting in non-assessment of building tax of ₹ 3.24 crore as detailed in **Appendix XXXI**.

At the instance of Audit, Government realised ₹ 4.66 lakh in five cases.

Few illustrative cases are discussed below:

- **M/s Hilite Platino, Kanayannur**

During joint physical inspection conducted at the site of M/s Hilite Platino, it was observed that a building having six floors with a total plinth area of 17,652.02 M² was not reported by *taluk* authorities for assessment to building tax. As per the records maintained by Maradu Municipality, the building was completed on 5 June 2014. Non assessment of the building resulted in non-levy of building tax of ₹ 63.00 lakh.

The case was reported to Government (October 2017) but reply was not received (January 2018).

- **The Kerala Water Authority, Thiruvananthapuram**

During joint physical inspection conducted at the site of the Kerala Water Authority at Jalabhavan, Thiruvananthapuram, it was observed that a 12 storey building having plinth area of 11,784.57 M² was not reported by *taluk* authorities for assessment of building tax. As per the records of Thiruvananthapuram Corporation, the building was completed in 2016. Non assessment of the building resulted in non-levy of building tax of ₹ 52.43 lakh.

The case was reported to Government (October 2017) but reply was not received (January 2018).

4.4.2.3 Non assessment of additional construction of existing buildings

During cross verification of the building tax assessment records of the *Taluk* Offices with the records of local bodies and joint physical inspection of selected buildings, it was revealed that in 13 cases, addition to the existing buildings were not reported by Village Officers for assessment. This resulted in buildings escaping assessment of building tax to the extent of ₹ 83.79 lakh as detailed in **Appendix XXXII**.

At the instance of audit, Government realised ₹ 0.80 lakh in two cases.

Few illustrative cases are discussed below:

- **M/s Cosmopolitan Hospital, Thiruvananthapuram**

A ten storey building, named M/s Cosmopolitan Hospital, having a plinth area of 9,212.00 M² was assessed to building tax for ₹ 13.64 lakh in October 1998. During joint physical inspection conducted at the premises of the Hospital, it was revealed that there was additional construction made to the old block and the total plinth area measured was 15,319.41 M². The total building tax leviable was worked out to ₹ 34.16 lakh. Non-assessment of additional construction resulted in non-levy of building tax of ₹ 20.52 lakh.

The case was reported to Government (October 2017), but reply was not received (January 2018).

- The *Tahsildar*, Thrissur *taluk* assessed (December 2014) a building to building tax of ₹ 9.92 lakh for a plinth area of 4,542.89 M², which included the plinth area of 2,071.79 M² already assessed. On verification of the records maintained by the Thrissur Corporation, Audit observed that the construction of the building was completed in three stages as given in **Table - 4.2**.

Table - 4.2

Plinth area completed as on:	Area (M ²)
20-12-2006	2,071.79
04-04-2011	2,420.27
10-07-2014	4,403.70
Total	8,895.76

Thus, the total plinth area assessable was 8,895.76 M², but assessment was completed on a plinth area of 4,542.89 M² only. It was also observed that the assessment was made on the rate of tax applicable to the buildings completed before 1 April 2014. Non-assessment of newly completed plinth area of 4,352.87 M² and application of incorrect rate of tax resulted in non-levy of building tax amounting to ₹ 29.50 lakh as given in **Table - 4.3**.

Table - 4.3

	(₹ in lakh)
Total completed plinth area as on 10 July 2014	8,895.76 M ²
Building tax at the rate applicable to other buildings completed on or after 1 April 2014 in Corporation area.	39.42
Less building tax already remitted	9.92
Balance tax payable	29.50

After this being pointed out in Audit, *Tahsildar* stated that assessment was completed and an amount of ₹ 19.26 lakh towards building tax was demanded.

However, the assessment completed was not in accordance with the provisions of the Kerala Building Tax Act, as Section 5(4) of the Act provides that where the plinth area of a building is subsequently increased by new extensions, building tax shall be computed on the total plinth area of the building, including that of the new extensions and credit shall be given to the tax already levied and collected. The Department stated (November 2017) that assessee filed writ petition and the case is under stay.

4.4.2.4 Short-levy of building tax due to application of incorrect rate/ incorrect computation of building tax

On scrutiny of building tax assessment files in three *Taluk* Offices, it was observed that in five cases, substantial extension or improvement were made after 1 April 2014. While finalising the building tax assessments, the assessing authority computed revised rate of tax for the extended portion only instead of total plinth area of the building. In two cases, the assessing authority incorrectly computed the rate of building tax. The incorrect computation/application of incorrect rate of tax by the respective *Tahsildars* resulted in short-levy of building tax of ₹ 37.12 lakh as shown in **Appendix XXXIII**.

The matter was reported to the Department (March 2016 to March 2017) and referred to Government in May 2017. Government stated (February 2018) that assessment was revised in all the cases pointed out by Audit.

4.4.2.5 Non-assessment of building tax in respect of buildings reported by Village Officers

Audit cross verified the building tax registers maintained in the Village Offices with the assessment records of the selected 30 *Taluk* Offices and observed that 2,742 buildings reported by Village Officers during the period from 2014-15 to 2016-17 were not assessed to building tax by *Tahsildars*. Age-wise analysis of the cases with reference to the date of completion of the buildings is given in **Table-4.4**. Inaction on the part of the *Tahsildars* to assess these buildings resulted in non-levy of building tax of ₹ 10.23 crore as detailed in **Appendix XXXIV**.

Table - 4.4

(₹ in crore)

Periodicity of pendency	No. of cases pending	Amount involved
One year	589	3.47
Two years to three years	2,065	6.47
Four years to five years	50	0.20
More than five years	38	0.09
Total	2,742	10.23

An analysis of the pending cases showed that 2,153 cases (78.52 per cent) were pending assessment for more than one year.

The cases were also reported to Department (March 2016 to February 2017) and referred to Government (May 2017). The Department/Government stated (September and October 2017) that assessments were completed in 1,569 cases. It was also stated (February 2018) that ₹ 5.94 lakh has been realised in 24 cases.

Even though the matter was pointed out in previous Audit Reports for the years ended March 2014 (167 cases involving ₹ 0.52 crore), March 2015 (986 cases involving ₹ 2.26 crore) and March 2016 (1,884 cases involving ₹ 4.92 crore), the issue of non-assessment of building tax still persists.

Recommendation: Audit recommends that the Department may fix time frame for the assessment of building tax for the cases reported by Village Officers.

4.4.2.6 Non-assessment of flats/apartments to building tax

As per explanation 2 below Section 2 (e) of the KBT Act, where a building consists of different apartments or flats owned by different persons and the cost of construction of the building was met by all such persons jointly, each such apartment or flat shall be deemed to be a separate building⁹.

Audit collected building tax assessment records of flats/apartments from five Taluk Offices and observed that in 35 cases assessment was not completed as detailed in **Appendix XXXV**.

Government stated (February 2018) that ₹ 35.03 lakh has been collected in two cases.

Few illustrative cases are discussed below: -

- **M/s DLF Southern Towns Private Limited, Kanayannur**

Verification of records of Thrikkakara Municipality revealed that three towers owned by M/s DLF Southern Towns Private Limited was completed in March 2015. The *Tahasildar*, Kanayannur taluk did not take any steps to assess the buildings, which resulted in potential non-levy of building tax amounting to ₹ 3.28 crore as shown in **Table - 4.5**.

⁹ In the Government letter No. 1745/SC 1/05/RD dated 1 June 2005 it was directed to assess the different apartments or flats owned by different persons in a multi storey building separately for building tax in terms of the above provision. Records such as sale deed, construction agreements between the builders and the owners, cash flow statement to ascertain the construction cost met by the owners, etc., required to be produced by the assesseees for assessing buildings separately for building tax.

Table - 4.5

(₹ in crore)

Tower	Total plinth area (M ²)	Building tax due
I	49,903.42	1.19
V	36,529.52	0.87
VI	50,789.72	1.22
Total	1,37,222.66	3.28

Source: Property tax registers maintained by Thrikkakara Municipality.

• **M/s Heera Constructions, Thiruvananthapuram**

On joint physical inspection conducted at the site of M/s Heera Constructions, it was observed that a multi storey building having 17 floors completed in May 2014 with a total plinth area¹⁰ of 16,323.98 M² was not identified by *Tahsildar* for assessment to building tax. This resulted in non-levy of building tax of ₹ 56.89 lakh.

Department stated (November 2017) action was initiated to assess the flats and apartments pointed out in audit.

Recommendation: Audit recommends that Government may institute a fool proof mechanism for assessment of flats/apartments to building tax.

4.4.3 Non-levy/realisation of luxury tax

According to Section 5A of the KBT Act, luxury tax at the rate of ₹ 4,000¹¹ *per annum* is leviable on all residential buildings completed on or after 1 April 1999 and having a plinth area of 278.7 M² or more. The Act further stipulates that the luxury tax is to be collected in advance on or before 31 March every year.

Scrutiny of luxury tax assessment registers maintained at 17 *Taluk* Offices revealed non-levy/realisation of luxury tax of ₹ 1.92 crore in 3,449 cases as shown in **Appendix XXXVI**.

Government stated (October 2017) that ₹ 0.73 crore was collected in 1,668 cases and action for realising amount in remaining cases was in progress.

4.4.4 Non-levy/collection of Housing Project Cess

As per the Kerala Finance Act, 2011, Housing Project Cess at the rate of two *per cent* on the building tax shall be levied for residential buildings having a plinth area of 4,000 square feet and above, completed on or after 19 July 2011. As per Section 19 of the KBT Act, 1975, in case of default, such

¹⁰ Other building: 6,071.55 M² and Residential building: 10,252.43 M².

¹¹ ₹ 2,000 upto 31 March 2014.

amount shall be recoverable under the law relating to the recovery of arrears of public revenue due on land. Further, the arrears of cess shall attract interest at six *per cent per annum* from the date of default.

On scrutiny of building tax assessment files in ten *Taluk* Offices, it was observed that the Housing Project Cess at the rate of two *per cent* on building tax was not levied/collected in the case of 184 buildings. Non-levy/collection of Housing Project Cess worked out to ₹ 3.09 lakh as detailed in the **Appendix XXXVII**.

At the instance of audit, Government collected Housing Project Cess of ₹ 1.90 lakh in 129 cases and action was initiated in remaining cases.

4.4.5 Delay in disposal of appeals and consequent delay in collection of revenue due to Government

On verification of building tax/luxury tax appeal files and registers maintained in five Revenue Divisional Offices (RDOs), Audit observed that 547 appeal cases, involving building tax/luxury tax amounting to ₹ 3.77 crore, were pending finalisation as detailed in **Table - 4.6** and **Table - 4.7**.

Table - 4.6
RDO wise pendency in disposal of appeal cases

(₹ in crore)

Name of RDO	No. of cases	Amount involved
Fort Kochi	88	1.42
Mananthavady	23	0.64
Muvattupuzha	22	0.10
Thalassery	395	1.19
Thrissur	19	0.42
Grand Total	547	3.77

Table - 4.7
Age wise pendency in disposal of appeal cases

(₹ in crore)

Year	No. of cases	Amount involved
Upto 2013	18	0.38
2014	101	0.37
2015	188	0.87
2016	186	1.44
2017	54	0.71
Grand Total	547	3.77

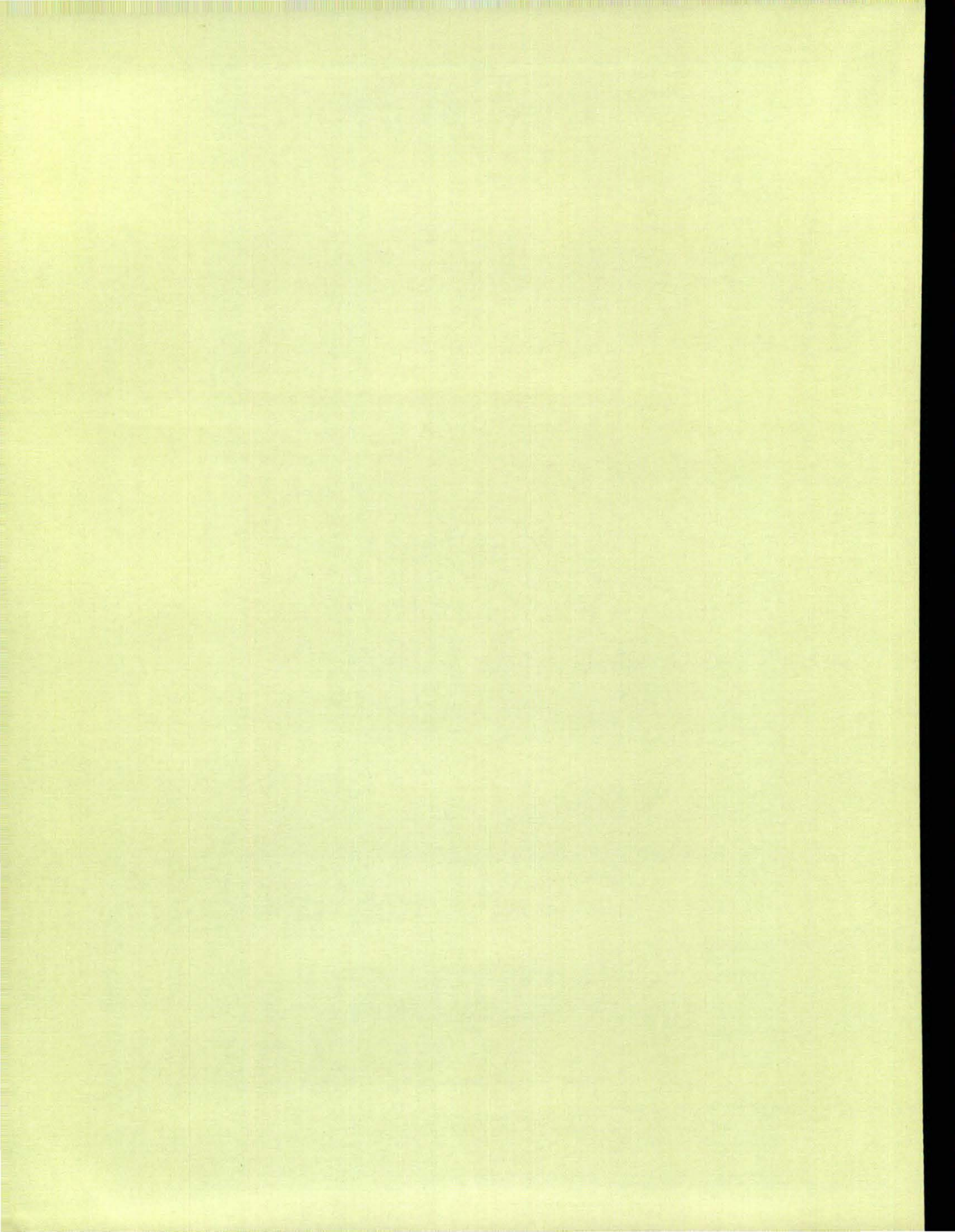
An analysis of the pending cases shows that 307 cases (56 *per cent*) were pending disposal for more than one year.

Recommendation: Audit recommends that the Department may fix time frame for disposing building tax appeals in order to avoid delay.

4.5 Conclusion

- Effective follow up action is not seen taken for assessment of buildings, levy and collection of building tax and luxury tax.
- Earnest efforts were not made for assessment of flats/apartments to building tax in many cases.
- A number of appeal cases on building tax/luxury tax are pending settlement in Revenue Divisional Offices.

Chapter V
Other Tax Receipts



CHAPTER-V OTHER TAX RECEIPTS

A – STATE EXCISE

5.1 Tax administration

The Additional Chief Secretary to the Government (Excise), is the administrative head of the Excise Department at Government level. The Department is headed by the Excise Commissioner (EC). The Department is divided into three¹ zones, which are headed by the Joint Excise Commissioners (JEC), South, Central and North zone. The divisions at the district level are working under the Deputy Excise Commissioners (DEC). Besides, Excise Circle Inspectors (ECI) and Excise Inspectors (EI) under the control of the DEC of the respective districts are deputed to oversee collection of excise duties, licence fee, etc.

5.2 Internal audit

The Internal Audit Wing (IAW) in the State Excise Department is monitored by the Excise Commissioner (EC). The Wing consists of one Joint Commissioner of Excise assisted by one Assistant Excise Commissioner (AEC), three superintendents, three excise inspectors (EI) and six preventive officers. The priority for internal audit is given to auditee districts in which more vehicles have been seized, huge collectable arrears are pending and undue delay in collection was noticed in auditee offices.

The wing was to conduct inspections in the 311 sub offices annually. Out of the total 311 units to be audited, the wing planned and audited 46 units during 2016-17 as against 118 units audited during 2015-16. During the year, the Department cleared 924 paragraphs out of 1,808 paragraphs which was 51.11 *per cent* of the outstanding objections. The Department needs to cover up the shortfall in conduct of audit and to settle old outstanding objections.

5.3 Results of audit

In 2016-17, test check of the records relating to excise duty, license fee receipts, etc., of 25 offices under Excise Department showed non/short-realisation of excise duty/license fee/interest/penalty and other irregularities involving ₹ 1.20 crore in 15 cases, which fall under the following categories as given in **Table - 5.1**.

¹ South zone (Alappuzha, Kollam, Kottayam, Pathanamthitta and Thiruvananthapuram), Central zone (Ernakulam, Idukki, Palakkad and Thrissur) and North zone (Kannur, Kasargod, Kozhikode, Malappuram and Wayanad).

Table - 5.1

(₹ in crore)

Sl. No.	Categories	Number of cases	Amount
1	Non-levy of Excise Duty/License fee	4	0.13
2	Others	11	1.07
Total		15	1.20

During the course of the year, the Department accepted under-assessment and other deficiencies involving ₹ 1.04 crore in nine cases pointed out by Audit. The Department realised an amount of ₹ 0.38 crore in 15 cases during the year 2016-17.

In four cases involving ₹ 0.16 crore, the Department recovered the entire amount. One paragraph involving ₹ 0.40 crore is mentioned in the succeeding paragraph.

5.4 Unauthorised reconstitution of Board of Directors of companies/firms holding Foreign Liquor licences

As per Section 67(2) read with 67(3) of Abkari Act, as amended in 2014, the Excise Commissioner (EC) may impose a fine of Rupees three lakh each on any person or persons holding a license or permit for violation by reconstitution, alteration or modification without the permission of the EC of any deed on the strength of which any license is granted and the EC may regularise such irregular reconstitution on payment of fine and on application from the licensee. Under Rule 19(iii) of Foreign Liquor Rules, reconstitution of partnership/directors of a company may be allowed on payment of Rupees one lakh.

Audit cross verified the data on reconstitution of Board of Directors of companies in four offices² between October 2016 and March 2017 with the data in the Website of Ministry of Corporate Affairs, Government of India, which discloses the master data and signatory/director details of companies and observed that seven companies, who had neither applied for permission nor regularisation of reconstitution, had modified/reconstituted Board of Directors of companies on 10 occasions by addition/deletion of directors/partners as given in **Table - 5.2**.

Table - 5.2

Sl. No.	Name of Company	District in which licensee operates	No. of occasions
1	Hamara Hotels Pvt. Ltd.	Thrissur	1
2	Hotel Aramana (Samuel & Joseph Hotel Pvt. Ltd.)	Thrissur	2
3	Quality Hotels Pvt. Ltd.	Thrissur	2
4	Contour Holiday Resorts Pvt. Ltd.	Thrissur	1
5	Zuri Hotels & Resorts Pvt. Ltd.	Kottayam	2
6	Quilon Hotels & Resorts Pvt. Ltd.	Kollam	1
7	Hotel Souparnika Inn	Malappuram	1
Total			10

Non-imposition of fine by EC for unauthorised reconstitution and fee for regularisation resulted in non realisation of revenue of ₹ 40 lakh³ realisable from seven companies during the period from 2012-13 to 2015-16.

On this being pointed out (April 2017), Government replied (October 2017) that notices were issued in respect of all cases and ₹ 6.50 lakh was collected in respect of two cases. One case was pending before the Hon'ble High Court.

² Commissionerate of Excise, Thiruvananthapuram, Excise Division Office, Kasargode, Kollam and Malappuram.

³ 10 occasions x four lakh each (fee ₹ one lakh each and fine ₹ three lakh each).

B – STAMP DUTY AND REGISTRATION FEES

5.5 Tax administration

Receipts from stamp duty and registration fee are regulated under the Indian Stamp Act, 1899 (IS Act), Indian Registration Act, 1908 (IR Act) and the Rules framed there-under as applicable in Kerala and are administered at the Government level by the Secretary to Government, Taxes Department. The Inspector General of Registration (IGR) is the head of the Registration Department who is empowered with the superintendence and administration of registration work. He was assisted by the District Registrars (DR) and Sub-Registrars (SR).

5.6 Internal audit

Inspector General of Registration (IGR), Kerala monitors the functioning of the Internal Audit Wing (IAW) of the Registration Department. The sub-registry offices are audited annually. The total number of staff deputed for the internal audit work in the Department is 66. There is no separate manual for internal audit in the Department. The auditee offices are selected after giving special preference to those offices where the Registering Officer is due to retire shortly, which itself is a risk analysis aimed at avoiding revenue loss. During 2016-17, IAW audited 267 units out of 296 units planned for audit and pointed out 2,234 observations. During the year 2016-17, 4,386 audit observations could be cleared out of the 8,357 outstanding observations, which was 52.48 per cent of the outstanding observations.

5.7 Results of audit

The records of 69 offices relating to Registration Department were test checked during 2016-17. Non/short-levy of stamp duty and registration fee and other irregularities amounting to ₹ 1.70 crore were detected in 143 cases which fall under the following categories as given in **Table - 5.3**.

Table - 5.3

			(₹ in crore)
Sl. No.	Categories	No. of cases	Amount
1	Undervaluation of documents	102	1.63
2	Other lapses	41	0.07
Total		143	1.70

During the course of the year, the Department accepted under-valuation and other deficiencies involving ₹ 0.57 crore in 39 cases. An amount of ₹ 0.10 crore was realised in 35 cases during the year, of which, eight cases involving ₹ 0.02 crore pertained to 2016-17.

A few illustrative cases involving ₹ 0.39 crore are given in the following paragraphs.

5.8 Short collection of stamp duty and registration fee due to incorrect classification of landed properties

Government notified⁴ the fair value of land in Kerala by classifying entire land into 15 categories based on usage of land. Government issued instructions⁵ that when the instruments were brought for registration, if it was found that fair value has been omitted to be fixed in respect of the survey/resurvey/sub division numbers of the properties, the Sub Registrars should report the same to the District Collector as appeal for necessary action. Section 45A of the Kerala Stamp Act (KSA), 1959, stipulates that, the registering officer shall, while registering an instrument transferring any land, chargeable with duty, verify whether the value of land or the consideration set forth in the instrument is the fair value of that land. As per the Circular⁶ of Registration Department, if fair value was not fixed for a subsequent sub-division of a survey number, fair value of the mother sub-division matching with the classification by use whose fair value is already fixed can be taken for the subsequent sub-division.

- **Sub Registry Office, Kuttanellur**

In Sub Registry Office, Kuttanellur, scrutiny of documents (June 2016) revealed that a sale deed⁷ was registered conveying 178.88 Ares⁸ of land and one building for ₹ 4.82 crore⁹. As per the document, the property had access to *Panchayat* road. Audit conducted a joint physical inspection along with the Sub-Registrar and Village Officer and observed that the plot had access to the PWD Road. Fair value for plot with PWD road access in the said survey number was not fixed nor applied rate of similar survey number for the classification of land with PWD road access. Sub-Registrar did not report this to the District Collector for necessary action. The incorrect classification of land by Sub Registrar, Kuttanellur resulted in undervaluation of documents amounting to ₹ 3.13 crore and consequent short collection of stamp duty and registration fee of ₹ 25.02 lakh.

⁴ GO (P)/515 dated 6 March 2010.

⁵ GO (Ord) No. 77/10/TD dated 27 March 2010.

⁶ RR 9/20442/2014 dated 1 January 2015.

⁷ Doc. No. 1067/1/15 dated 13 April 2015.

⁸ Are is a unit of measurement of land 1 Are = 100 square metre, 100 Are = One hectare, 1 Are = 2.471 cent, 247.1 cent = 1 hectare.

⁹ ₹ 4.6 crore for land and ₹ 0.22 crore for building.

On this being pointed out (March 2017), Government stated (September 2017) that *suo motu* action on document under section 45B(3) of Kerala Stamp Act, 1959, for suspected undervaluation was initiated.

- **Sub Registry Office, Kottapady**

In Sub-Registry Office, Kottapady, scrutiny of document (June 2016) revealed that a sale deed¹⁰ was registered conveying 21.045 Ares¹¹ of land for ₹ 87.50 lakh. According to the fair value register, the property was classified as a wet land. While scrutinising the documents, it was observed that there was a theatre in that plot. Audit conducted a joint physical inspection along with the Sub Registrar and Village Officer and observed that the plot was a commercially important one having access to PWD road. But fair value was not fixed for commercially important plot. Thus, the plot was misclassified by Sub Registrar, Kottapady as wet land instead of commercially important plot. Sub Registrar did not report this to the District Collector for necessary action. The incorrect classification of land resulted in undervaluation of document amounting to ₹ 27.23 lakh and consequent short collection of stamp duty and registration fee of ₹ 2.72 lakh.

On this being pointed out (March 2017), Government stated (September 2017) that *suo motu* action on document under section 45B(3) of Kerala Stamp Act, 1959, for suspected undervaluation was initiated.

5.9 Short collection of stamp duty and registration fee due to incorrect adoption of value of land

- **SRO, Chalakkudy**

Government notified¹² the fair value of land in Kerala by classifying entire land into 15 categories based on usage of land. Government issued instructions¹³ that when the instruments were brought for registration, if it was found that fair value has been omitted to be fixed in respect of the survey/resurvey/sub division numbers of the properties, the Sub-Registrars should report the same to the District Collector for necessary action. Section 45B (1) of KSA, 1959, stipulates that if the registering authority has reason to believe that the value of the property or the consideration was not truly set forth in the instrument brought before him for registration, he may after registering the document, refer the same to the District Collector for determination of the value or consideration and proper duty payable thereon. As per Section 45B (3) of the KSA, 1959, the District Collector may *suo motu* within two years from the date of registration of any instruments not already referred to him under sub section (1) above, call for and examine

¹⁰ Doc. No. 815/12 dated 12 April 2012.

¹¹ Are is a unit of measurement of land 1 Are = 100 square metre, 100 Are = One hectare, 1 Are = 2.471 cent, 247.1 cent = 1 hectare.

¹² GO (P)/515 dated 6 March 2010.

¹³ GO (Ord) No. 77/10/TD dated 27 March 2010.

the instrument and if he has reason to believe that the value or consideration has not been truly set forth in the instrument he may determine the value and the duty which shall be payable by the person liable to pay the duty.

Scrutiny of documents (October 2016) in Sub Registry Office, Chalakkudy, revealed that four sale deeds¹⁴ were registered in survey No.1827/2 on the same day (1 January 2013) conveying 148.89 Ares¹⁵ of land for ₹ 26.19 lakh to the same purchaser. Scrutiny of previous documents revealed that the present executants of the entire area of 148.89 Ares got possession and titles of the land from a single Document No. 6874/2005. Hence Audit conducted a joint physical inspection along with the Sub Registrar and Village Officer and observed that the entire area of 148.89 Ares lay in a single stretch of land having PWD road access. The registering authority collected stamp duty and registration fee at the rate applicable to land with PWD road access only for 4.05 Ares of land (Document No.41/2013) instead of for entire stretch of land. The fair value for residential plot with PWD road access in survey No.1827/2 was not fixed. The incorrect adoption of value of land resulted in undervaluation of the property to the tune of ₹ 1.23 crore. The Sub Registrar, Chalakkudy did not report the undervaluation to the District Collector as stipulated in the Act. This resulted in short collection of stamp duty and registration fee of ₹ 11.04 lakh.

On this being pointed out (March 2017), Government stated (September 2017) that *suo motu* action on document under section 45B(3) of Kerala Stamp Act, 1959, for suspected undervaluation was initiated.

5.10 Purchase of land in excess of the ceiling prescribed under Kerala Land Reforms Act, 1963

- **Sub Registry Office, Vellanad**

Section 82 (1) (d) of the Kerala Land Reforms Act (KLR Act), 1963, stipulates that, in the case of any person, other than a joint family, the ceiling area shall not be more than 15 acres in extent. Section 2(43) of KLR Act, 1963 defines that “person” shall include a company, family, joint family, association or other body of individuals, whether incorporated or not, and any institution capable of holding property. Section 83 of KLR Act, 1963, provides that no person shall be entitled to own or hold or to possess under a mortgage lands in the aggregate in excess of the above ceiling area. A person holding or owning land in excess of the ceiling area shall surrender such excess land to the Government as per Section 85(1) of KLR Act, 1963, and file a statement (ceiling statement) under Section 85(2) before the Land Board showing the total area owned or held including the area proposed for surrender. Section 82 (5) of the KLR Act, provides that the lands owned or

¹⁴ Doc. No. 39/2013, 40/2013, 41/2013 and 42/2013 dated 1 January 2013.

¹⁵ Are is a unit of measurement of land 1 Are = 100 square metre, 100 Are = One hectare, 1 Are = 2.471 cent, 247.1 cent = 1 hectare.

held by a private trust or a private institution shall be deemed to be lands owned or held by the person creating the trust or establishing the institution. Section 120 of KLR Act, provides that no document relating to any transfer of land shall be received for registration unless the transferor and transferee make separate declarations in writing as to the total extent of land held by him. Section 71 of the Registration Act, 1908, enables the Sub Registrar to refuse registration of a document after making an order of refusal and recording the reasons for such Order.

On behalf of a company, M/s Poabs Granites Private Ltd, Sri Joseph Jacob, the Director of the Company purchased a total land of 17.69 Acres (716.10 Ares) in Aruvikkara and Vellanad Villages in 25 separate sale deeds for a total consideration of ₹ 1.51 crore from various persons. Apart from that on behalf of the company, wife (Managing Partner of the company) of the individual also purchased total land of 2.17 Acres (88 Ares) in Aruvikkara Village in four separate sale deeds for a total consideration of ₹ 43 lakh from various persons. The company owns 19.86 Acres, which was in excess of the ceiling prescribed by Section 82 (1) (d) of KLR Act, 1963 to the extent of 4.86 Acres than the allowable limit of 15 Acres. Though the company registered various purchases, it did not disclose the extent of landed property owned at the time of such transactions. Registration Department did not comply with the provisions of the Act resulting in irregular purchase of excess land.

On this being pointed out (April 2017), Government replied (November 2017) that *suo motu* action was initiated against the company. Government also stated that strict instructions were issued to Registration Department to insist for the declaration regarding the extent of land holding at the time of registration.

Chapter VI
Non-Tax Receipts

CHAPTER-VI NON TAX RECEIPTS

STATE LOTTERIES

6.1 Tax administration

The Lotteries (Regulation) Act, 1998, promulgated by the Government of India was formed to regulate the system of lotteries in the States of India and empowered the States to regulate the conduct of lotteries. In Kerala, a separate Department called “Directorate of State Lotteries” was formed under the administrative control of Secretary (Taxes).

6.2 Internal audit

The internal audit wing (IAW) of the Lotteries Department consists of one Joint Director, one District Lottery Officer, one Accounts Officer, one Senior Superintendent, one Junior Superintendent and four clerks supervised by Finance Officer. During the year 2016-17, 183 audit observations were settled out of the 232 outstanding observations, which was 78.88 *per cent* of the outstanding observations.

6.3 Compliance Audit on Conduct of Lotteries in the State of Kerala

6.3.1 Introduction

The administration of the conduct of lotteries in Kerala is governed by the Kerala Paper Lotteries (Regulation) Rules, 2005. The Secretary to Government, Taxes Department has administrative control over the Lottery Department. At the Directorate level, the Lottery Department is headed by the Director of State Lotteries (DSL) who is empowered to organise lotteries in the State. All important functions in the conduct of lotteries, including fixing the number and face value of a lottery, its prize structure, designing and printing of lottery tickets, sale of lottery tickets to distributors, draw of lotteries, etc., are vested with the DSL, who is assisted by Additional/Joint/Deputy Directors at State level and District Lottery Officers (DLOs) at district level. The State is conducting three type of lotteries; normal¹, specific purpose² and bumper lotteries³. The specific purpose lotteries *inter alia* include 'Karunya' and 'Karunya Plus' lotteries, from the net proceeds of which Government constituted⁴ the Karunya Benevolent Fund (KBF) organised by the State for providing financial assistance to the poor for the treatment of cancer, kidney and heart diseases, palliative care patients and haemophilia.

During the audit period,⁵ the Department conducted 2011 normal draws and 36 bumper draws and distributed 10.97 crore prizes amounting to ₹ 10,845.82 crore. Department earned a revenue of ₹ 27,019.49 crore by selling 806.20 crore tickets during the same period. Net profit earned by the Department during the audit period was ₹ 6,185.54 crore, which comprises 22.89 *per cent* of the total revenue of the Department. Gross revenue contributed by the Department comes to 71.53 *per cent* of the total non-tax revenue of the Government of Kerala during the audit period.

¹ Weekly lotteries conducting without any specific purpose.

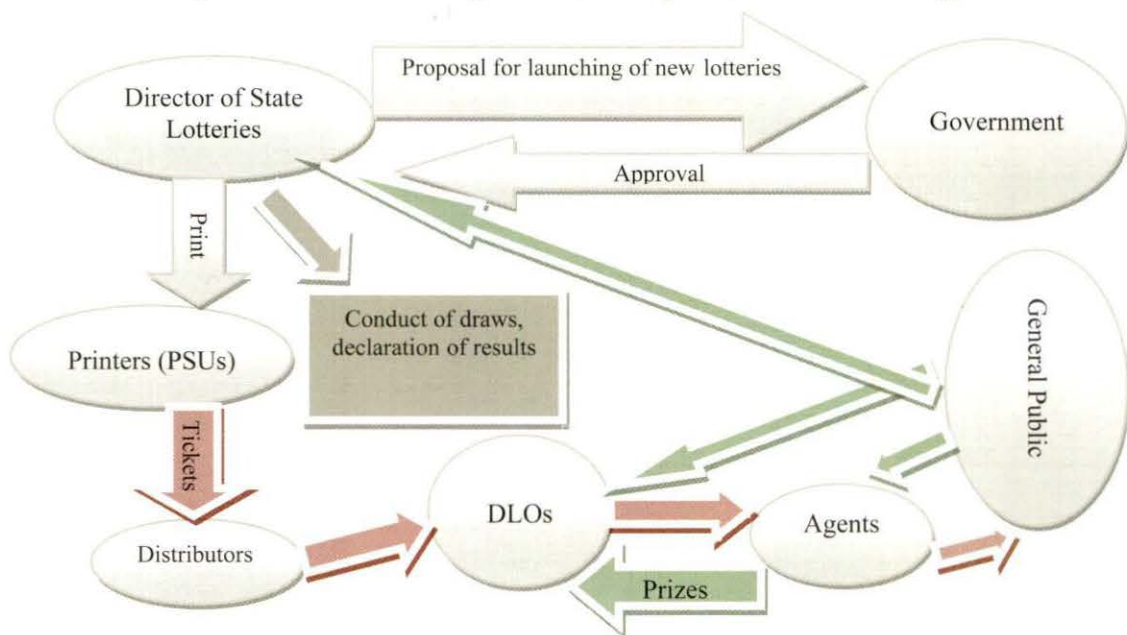
² Weekly lotteries conducting with intention to transfer its net proceeds to some specific purpose.

³ Lotteries conducted on special occasion with high prizes.

⁴ Vide GO(MS)No.07/12/TD dated 30 January 2012.

⁵ From 2011-12 to 2016-17.

The process of conducting lotteries is depicted in the following flow chart



The core functions and responsibilities of the State, distributors and customers in the lottery process and their inter-relationship are given in **Appendix XXXVIII**.

The objectives of Audit were to assess whether:

- (1) procedures laid down in the Lotteries (Regulation) Act, Rules and the State specific Rules were followed in letter and spirit while organising lotteries by the State;
- (2) revenues from the lotteries are properly assessed and remitted;
- (3) taxes on income/VAT, wherever applicable, were deducted at source and remitted/paid into proper heads of account; and
- (4) in the case of special purpose lotteries, revenue generated was used for the prescribed purposes.

Audit of the conduct of lotteries in the State of Kerala was conducted between September 2016 and April 2017, covering the period from 2011-12 to 2016-17.

The scope of the audit was confined mainly to the Directorate of State Lotteries, Kerala State Lottery Agents and Sellers Welfare Fund Board (KSLASWFB), KBF and District Lottery Offices. Audit selected five⁶ out of the 14 District Lottery Offices by simple random sampling method using IDEA. An entry conference was held on 19 September 2016 with the Additional Secretary, Taxes Department, to discuss the Audit objectives, scope, criteria and audit plan. On

⁶ DLO Ernakulam, Kozhikode, Palakkad, Thiruvananthapuram and Thrissur.

conclusion of the audit, an exit conference was held on 17 July 2017 with the Additional Secretary (Taxes) and the Director of State Lotteries. Audit findings were also discussed with the Secretary (Taxes) on 24 August 2017. Their views and replies have been suitably incorporated in the relevant paragraphs.

The Indian Audit and Accounts Department acknowledges the co-operation of the Taxes Department, the Directorate of State Lotteries, The Kerala Police Department, The Kerala Books and Publications Society, C-apt, KBF, authorities of various hospitals and Kerala State Lottery Agents and Sellers Welfare Fund Board in providing necessary information and records to Audit.

Audit findings

6.3.2 Conduct of lotteries

6.3.2.1 Lack of transparency in the appointment of selling agents of lottery tickets

According to Rule 5 of the Kerala Paper Lotteries (Regulation) Rules, 2005, any person desirous of obtaining an agency for sale of Kerala State lottery tickets shall apply for it in Form No. II to the District Lottery Officer by remitting a fee of ₹ 200 (from 1 October 2014 ₹ 300) in cash.

Audit observed that the District Lottery Offices did not have a separate inward receipt section and the applications for agency were received directly in the counter and no inward receipt register was maintained in the counter. As on 31 March 2017, there were 65,079 registered lottery agents, out of which 28,456 agents were registered during the period from 2010-11 to 2016-17. The District Lottery Office-wise statement is given in the **Appendix XXXIX**. On a scrutiny of Lottery Information Management System (LIMS), Audit observed that the Department did not have Management Information System (MIS) report on the status of applications for agency. In the absence of MIS report, the total number of applications received and disposed off, the reason for pendency or rejection of applications, etc., could not be ascertained, which indicated lack of control over applications received.

Government stated (October 2017) that on the basis of Audit observation, direction was given to all District Lottery Officers for maintaining a register of all agency applications received and details of grant of registration.

6.3.2.2 Failure to collect the details of sub agents from the registered agents

Rule 6 of the Kerala Paper Lotteries (Regulation) Rules, 2005, stipulates that the agent shall be liable to keep and produce, on demand, all particulars of sub agents and retailers under him for verification to the District Lottery Officers. The Director of State Lotteries had also issued circular⁷ to collect the details of tickets

⁷ No. S1/2231/12/DSL dated 7 August 2012.

sold by the agents, who collect more than 2,000 tickets from the District Lottery Offices.

Audit observed that in three⁸ District Lottery Offices, out of the five District Lottery Offices audited, the authorities did not demand such particulars from the registered agents and hence the officers responsible to monitor the sale of lottery tickets were functioning without the knowledge of the number and details of sellers of lottery tickets in the State. The Joint Physical Inspection (JPI) conducted during March and April 2017 with the Police Department and Directorate of State Lotteries, in the offices of four wholesale dealers under the jurisdiction of two District Lottery Offices⁹ showed that they did not submit any sales details as required under the Rules to the District Lottery Officers in spite of sales of more than 2,000 tickets.

Government stated (October 2017) that on the basis of the Audit observation, strict instructions were given to all District Lottery Officers to direct the agents to comply with the Rule 6 of the Kerala Paper Lotteries (Regulation) Rules, 2005, and to conduct surprise checks of the same.

6.3.2.3 Non-payment of charges for the lotteries organised/promoted in the State

According to Rule 3(10) of the Lotteries (Regulation) Rules, 2010, the organising State shall charge a minimum amount of ₹ five lakh per draw for bumper draw of lotteries and for all other form of lotteries, a minimum of ₹ 10,000 per draw with effect from 1 April 2010.

Audit observed that from 1 April 2011 to 31 March 2017, lottery tickets of 36 bumper draws and 2,011 other draws organised by DSL were sold in the State. However, the DSL did not pay any amount as provided under the Rules, which resulted in non-payment of charges of ₹ 3.81 crore to the Government.

Government stated (October 2017) that the Department was paying taxes on all the lotteries conducted at the prescribed rate to the Commercial Taxes Department.

The reply was not acceptable since the provisions for collecting charges were as per Rule 3(10) of Lotteries (Regulation) Rules, 2010 and taxes paid by DSL were derived from Section 6 of the Kerala Tax on Paper Lotteries Act, 2005, i.e., from two different statutes, one from Union List and the other from State List.

⁸ DLO Ernakulam, Palakkad and Thiruvananthapuram.

⁹ DLO Ernakulam and Palakkad.

6.3.2.4 Multiple payments of prizes for a single ticket

According to Rule 9(6) of Kerala Paper Lotteries (Regulation) Rules 2005, no ticket shall be eligible for more than one prize in a draw and if any event of a ticket winning more than one prize in a draw, the ticket shall be eligible only for the highest prize declared to it.

The prizes were allowed after identifying the prize winning tickets by reading the number and secret code using bar code readers and match it with the input data available in LIMS. Audit observed that in the selected District Lottery Offices¹⁰, 1,149 prizes were distributed for 568 prize winning tickets of same series during the period from April 2011 to February 2013. Against an actual prize claim of ₹ 2.26 lakh for the 568 tickets, the DLOs distributed ₹ 4.53 lakh to the winners and this had resulted in an excess payment of ₹ 2.27 lakh as shown in Appendix XL.

Government stated (October 2017) that even though preliminary examination of the winning prize search reports pertaining to the ticket numbers in LIMS software shows multiple payments for a single ticket, the subsidiary cash book, which is the authentic report on daily receipts and expenditure, shows only single payment. It was also stated that the service provider, M/s KELTRON, informed that in normal case, the possibility of this kind of error of duplicate ticket was not possible. M/s KELTRON was required to analyse the database and programme for finding any issue and would submit report on completion of the analysis.

However, even after persistent follow-ups, the Department did not provide the subsidiary cash book and connected vouchers to verify the correctness of the reply (February 2018).

6.3.2.5 Disbursement of prizes on tickets collected unauthorisedly by agents from the prize winners

Rule 9(5) of Kerala Paper Lotteries (Regulation) Amendment Rules, 2008, stipulates that the agents can collect prize tickets up to the amount of ₹ 5,000 from the prize winners and can present the same for payment to District Lottery Officers within a period of 60 days from the date of draw. Sub Rule 3(5) of Rule 6 of Kerala Treasury Code provides that the sale proceeds of lottery tickets received by District Lottery Officers may be utilised for meeting the expenditure of prize money up to ₹ 5,000 by direct appropriation of departmental receipts.

Audit observed that the District Lottery Officers allowed the claims of ₹ 10,000 and ₹ one lakh submitted by agents, though the agents were not authorised to collect such tickets as mentioned in the succeeding paragraphs.

¹⁰ DLO Emakulam, Kozhikode, Palakkad, Thiruvananthapuram and Thrissur.

- **Unauthorised appropriation of prize amount against cost of tickets**

Audit verified the claims of ₹ 10,000 prizes disbursed during the period from 2011-12 to 2016-17 by collecting the data captured in LIMS and observed that though the agents were not allowed to collect the prize tickets of ₹ 10,000, the District Lottery Officers allowed prizes of those unauthorisedly collected tickets. Scrutiny of the vouchers submitted by agents in the selected cases, revealed that there were instances in which the prize amount of ₹ 10,000 was adjusted against the cost of new tickets purchased by the agent who presented the prize winning tickets. Illustrative cases are mentioned in **Appendix XLI**.

The District Lottery Officers neither complied with the provisions of the Rules nor reported the matter of unauthorised collection of tickets by agents to the DSL and appropriated the prize amount against the cost of tickets violating the provision in Kerala Treasury Code.

Government stated (October 2017) that circular was sent to all District Lottery Officers not to accept ₹ 10,000 prize claims from agents other than from their unsold portion. As per the proceedings of the DSL dated 28 June 2017, prize structure of all lottery schemes was revised eliminating ₹ 10,000 prizes, except consolation prizes, which were limited to only 11 prizes.

- **Unauthorised collection of ₹ one lakh prized tickets**

Audit collected the details of prizes of ₹ one lakh disbursed during the period from 2011-12 to 2016-17 by five District Lottery Offices selected for audit and observed that in three District Lottery Offices¹¹, out of 2,951 prize winning tickets of ₹ one lakh, 937 tickets were presented by 31 agents contrary to the Rule as shown in **Appendix XLII**, which constituted 32 *per cent* of the total claims.

The District Lottery Officers neither complied with the provisions of the Rules nor reported the matter of unauthorised collection of tickets by agents to the DSL. As Income Tax was paid in the name of the agents, payment of high value prizes will create unaccounted money in the hands of actual prize winner.

During discussion Secretary (Taxes) stated (August 2017) that majority of the claims of ₹ one lakh prizes by agents were on the tickets kept with them as unsold. The issue was referred to Vigilance and Enforcement Directorate. The reply was not acceptable since one of the 31 agents mentioned in the para claimed ₹ one lakh prizes 155 times during the audit period. However, Government reply (October 2017) was silent on the issue.

¹¹ DLO Ernakulam, Palakkad and Thiruvananthapuram.

6.3.2.6 Existence of fake lottery tickets

Section 7(3) of Lotteries (Regulation) Act, 1998, provides rigorous imprisonment to those persons who organise, conduct, promote lotteries or purchase and sell the tickets of lotteries in contravention to the provisions of the Act. Rule 3(21) of the Lotteries (Regulation) Rules, 2010, stipulates that the organising State shall devise suitable means and procedures to effectively supervise the conduct of lotteries to avoid any malpractice. According to Section 26(2) of Kerala Tax on Paper Lotteries Act 2005, any person who is found to be in possession of unaccounted lottery tickets shall be liable to a penalty of ₹ one lakh.

Audit observed that in all the five selected District Lottery Offices, 2,348 claims of prizes were pending for payment from March 2014, the reason stated for which was that the tickets presented were not genuine¹² tickets. Further to verify whether these were stray incidence or not, Audit collected the data relating to tickets presented for prize claim of all the District Lottery Offices in the State for the period from 2011-12 to 2016-17 from LIMS. The analysis of the data revealed that during the period 8,18,96,698 prize winning tickets were presented, out of which 3,48,699 tickets were denied payment by the District Lottery Officers for the reason that payment for those tickets were already made. Illustrative cases are given in **Appendix XLIII**.

When these tickets were identified by the authorities as fake, those were returned back to the presenters. Only in few cases, the presenters insisted for prize claiming that the tickets presented by them were genuine and so the District Lottery Officers sent the tickets to DSL for verification and 123 such tickets were received by DSL.

The DSL also received details of 36 tickets confiscated by the Police Department and submitted to the Judicial First Class Magistrate, Thiruvananthapuram as 'mainour'¹³, out of which, 30 tickets were confirmed as fake by the printers C-apt (Kerala State Centre for Advanced Printing & Training). Though prize payments were not effected to a second ticket presented, neither the District Lottery Officers had reported the existence of fake ticket of the same number to the higher authorities nor DSL followed up LIMS report in this regard. Audit also felt that had the DLOs and DSL reported the cases to the Commercial Tax Department, penalty would have been levied as per Section 26(2) of Kerala Tax on Paper Lotteries Act, 2005, for possession of unaccounted lottery tickets.

During discussion, the Secretary (Taxes) stated (August 2017) that there was no revenue loss to Government due to the existence of fake lottery tickets as fake prize winning tickets were made as photocopy/scanned copy of prize winning tickets after the draw. Government stated (October 2017) that the agents, who present the tickets were not aware that the tickets were fake as they collected the

¹² Tickets printed and sold by the Department and complete in all respects.

¹³ A thing stolen, discovered in the hands of the thief.

tickets from the winners and the cases were registered for production of fake tickets. Enquiry on cases registered was in progress and penal provisions could be initiated only on completion of enquiry.

The reply was not acceptable as Rule 3 (21) of Lotteries (Regulation) Rules, 2010, stipulates that the organising State shall devise suitable means and procedures to effectively supervise the conduct of lotteries to avoid any malpractice. There was neither an enforcement wing to curb this practice nor manual prescribing the procedures to be followed in such occasions.

6.3.2.7 Non/short deduction of Income Tax from the agent prize disbursed

Rule 9(7) of the Kerala Paper Lotteries (Regulation) Rules, 2005, stipulates that Income Tax and surcharge as per Rules will be deducted from the prize claims and remitted to Income Tax Department. According to section 194G of Income Tax Act 1961, any person who is responsible for paying to any person, who is or has been stocking, distributing, purchasing or selling lottery tickets, any income by way of commission, remuneration or prize (by whatever name called) on such tickets in an amount exceeding ₹ 1,000 (from 1 June 2016 ₹ 15,000) shall, at the time of credit of such income to the account of the payee or at the time of payment of such income in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier, deduct Income Tax thereon at the rate of 10 *per cent* (from 1 June 2016 five *per cent*).

Audit observed that during the period from 2011-12 to 2016-17, three District Lottery Officers did not deduct Income Tax at prescribed rates from the agent prize disbursed in 284 cases out of 779 cases test checked. Illustrative cases are given in **Appendix XLIV**.

Government stated (October 2017) that the cases pertaining to the period from 2011-12 to 2015-16 and the Department has to verify the records at District Lottery Offices and detailed reply would be furnished later.

6.3.2.8 Non deduction of Income Tax from winning prizes disbursed

Rule 3(18) of the Lotteries (Regulation) Rules, 2010, states that it shall be the duty of the lottery organising State to ensure that Income Tax on prizes, wherever applicable, is deducted at source. According to Section 194B of Income Tax Act, the person responsible for paying to any person any income by way of winnings from any lottery or crossword puzzle or card game and other game of any sort in an amount exceeding ₹ 10,000 shall, at the time of payment thereof, deduct Income Tax thereon at the rate of 30 *per cent*.

Audit observed that in all the five District Lottery Offices selected for audit, the agents or individuals claimed prizes exceeding ₹ 10,000 at a time through more than one prize winning tickets of ₹ 10,000. As the prize won by a person from a single draw exceeds ₹ 10,000, Income Tax should be deducted from the prizes

disbursed. A total of 40,216 tickets which won ₹ 10,000 prizes were disbursed during the period from 2011-12 to 2015-16 to agents or individuals who won two or more such prizes in a single draw. Illustrative cases are furnished in **Appendix XLV**. There was no provision in LIMS to deduct Income Tax automatically on winning from lotteries where the prize amount was less than ₹ one lakh. Prizes worth ₹ 40.20 crore were disbursed without tax deducted at source.

Government stated (October 2017) that as per the Finance Act 2010, the word “ten thousand rupees” was substituted for “five thousand rupees” and thereby mandating TDS for only prizes above ₹ 10,000. It was also stated that as per Rule 9(6) of the Kerala Paper Lotteries (Regulation) Rules 2005, no ticket shall be eligible for more than one prize in a draw and hence there cannot be two or more ₹ 10,000 prizes on the same lottery ticket warranting TDS.

The reply was not acceptable since Section 194B of Income Tax Act clearly provides that TDS must be effected for payment exceeding ₹ 10,000 at a time from winning of lotteries.

6.3.2.9 Irregular collection of Service Tax from agents violating the provisions of Service Tax Act

According to Section 73 A (2) of the Service Tax Act, 1994, where any person who has collected any amount, which is not required to be collected, in any manner as representing Service Tax, such person shall forthwith pay the amount so collected to the credit of the Central Government.

Government appointed¹⁴ the Kerala State Lottery Agents and Sellers Welfare Fund Board (KSLASWFB) as the sole distributor of the State lotteries and KSLASWFB opted (November 2015) for compounding system of payment of Service Tax¹⁵. The sole distributor is responsible for paying Service Tax on behalf of the agents. Government permitted¹⁶ the distributor to collect Service Tax from the agents at prescribed¹⁷ *per cent* on the face value of the tickets. The District Lottery Officers who sold the tickets to agents on behalf of the distributor collected the Service Tax from the agents and the DSL consolidated the figures received from District Lottery Officers and transferred it to KSLASWFB for payment to the Central Excise Department.

During the period from November 2015 to March 2017, the District Lottery Officers collected Service Tax of ₹ 153.96 crore from agents and transferred to KSLASWFB, which remitted ₹ 131.85 crore to Central Excise Department

¹⁴ GO (P) No. 177/2015/TD dated 30 September 2015.

¹⁵ Required to pay Service Tax at the rate of ₹ 12,800 on every ₹ 10 lakh (or part thereof) of aggregate face value of tickets printed by the State.

¹⁶ Letter No. 10751/H1/2015/TD dated 8 October 2015.

¹⁷ 1.35 *per cent* against 1.28 *per cent* from 8 October 2015, 1.5 *per cent* against 1.33 *per cent* from 22 December 2015, 1.6 *per cent* against 1.38 *per cent* from 4 July 2016.

thereby keeping ₹ 22.10 crore as detailed in **Appendix XLVI**, violating the provisions of Service Tax Act.

Government stated (October 2017) that it was clearly written in the invoice given to the agents that 1.6 *per cent* collected was towards Service Tax and administrative expenses of Welfare Board. So it is erroneous to conclude that Service Tax was retained by Welfare Board against the provisions of the Service Tax Act. Moreover, the balance ₹ 22.10 crore with KSLASWFB as mentioned in the audit report includes ₹ 7.41 crore in the Service Tax component for the period 9 November to 31 December 2016 for which exemption was sought for from the Central Government as a relief towards losses occurred due to demonetisation.

The reply was not acceptable as the Government order states that 1.6 *per cent* should be collected as Service Tax and not include administrative expenses as claimed in the reply. The amount collected in the name of Service Tax was seen appropriated towards payment of Service Tax in respect of unsold tickets. This clearly violates Section 73A(2) of Service Tax Act.

Internal control

6.3.2.10 Lack of Internal control mechanism to ensure correctness of printing/sale of lottery tickets

Section 4(b) of Lotteries (Regulation) Act, 1998, provides that lottery tickets bear the imprint and logo of the State in such manner that the authenticity of the lottery ticket is ensured. As per Rule 3 of Kerala Paper Lotteries (Regulation) Rules, 2005, the tickets shall bear the facsimile signature of DSL and shall contain name of the lottery, draw number, date of draw, series, ticket number, cost of the ticket and other important details on the front side of the ticket and details such as prize pattern, terms and conditions, etc., on the reverse side of the ticket. As per the agreement between the printers and DSL, if the contractors default in the prompt printing and supply of tickets or any portion thereof or commits breach of all or any of the provisions, the contractor shall be responsible for the resulting revenue loss to the Government exchequer and the entire revenue loss shall be recovered from the contractor.

An authentic ticket contains unique number and corresponding to the unique number a secret code, which can be verified by bar code readers using LIMS. The Regional Director of State Lotteries, Ernakulam was assigned with the responsibility to supervise the output of printed tickets from the Kerala Books and Publications Society¹⁸ and the Deputy Director of State Lotteries (Printing) was assigned with the responsibility to supervise the output of printed tickets from the Kerala State Centre for Advanced Printing and Training (C-apt).

¹⁸ The Kerala Books and Publications Society and C-apt are the printing presses authorised for printing the lottery tickets.

Analysis of data collected from Directorate of State Lotteries revealed that in the case of a particular lottery, 'Bhagyanidhi' (BN 258) series, out of the 2,348 tickets presented for payment in six District Lottery Offices¹⁹, 1,410 tickets were pending for disposal as LIMS was unable to read the bar codes and secret codes in those tickets presented. The cause for this was attributed to printing errors.

A beneficiary survey conducted by Audit among 50 agents and four sub agents during December 2016 and January 2017 revealed that tickets purchased by four agents from District Lottery Offices or from registered agents were with printing errors.

During joint physical inspection, one agent produced evidences of defective printing of lottery tickets, which were purchased from District Lottery Offices. During the scrutiny of records of Directorate of State Lotteries, the major printing errors noticed were (a) in certain tickets of a particular draw the details of another lottery was printed (b) the bar code and secret code were printed outside the specified place (c) printers failed to print the full digits of the ticket number, etc.

Audit observed that these types of printing errors were the result of lack of internal control mechanism to monitor the printing of tickets and also found that this will affect the credibility of the conduct of lotteries by DSL. Besides this, revenue loss occurred to Department due to the printing errors was also not levied against printing presses as provided in item 13 of the agreement between the printers and DSL.

Government stated (October 2017) that strict instructions were given to the printers to avoid mistakes/doubling of tickets and that if the Department had to make prize payments due to printing errors, the printers are made liable for the same and the amount would be deducted from printing charges. It was also stated that more security features were added to lottery tickets so that the chances of fake tickets reaching the hands of public can be avoided. Government further stated that as per clause 13 of the agreement executed with the press, press was liable to pay any revenue loss to Government due to printing errors and the Department deducted ₹ 18,540 from two presses.

The reply was not acceptable as recovery was made only in two small cases and the reply was silent on the introduction of proper monitoring system.

- **Failure to conduct annual financial audit of various lottery schemes and system audit**

Rule 3(19) of Lotteries (Regulation) Rules, 2010, provides that every lottery organising State shall conduct an annual financial audit of various lottery schemes organised by it and system audit.

¹⁹ DLO Ernakulam, Kollam, Kozhikode, Palakkad, Thiruvananthapuram, Thrissur.

Audit observed that the Department failed to conduct financial audit of the various lottery schemes organised during the audit period (from 2011-12 to 2016-17) by the Directorate of State Lotteries. As the records pertaining to earlier periods could not be traced, the same was not verified.

It was also noticed that the functions regarding the conduct of lotteries, except printing, were computerised in 2008 using the web based software, LIMS. Though the software certification for LIMS by Standardisation Testing and Quality Certification was taken up in 2010, the accuracy and reliability of the software was not tested by a competent authority and as such the Directorate was still using uncertified software. Though this was brought to the notice of the Department vide para No.8.1.5.4 of the Report of the Comptroller and Auditor General of India (Revenue Receipts) for the year ended 31 March 2012, the position remained unchanged.

Government stated (October 2017) that lottery/scheme-wise audit was not conducted in the Department due to various reasons such as non-completion of prize distribution of a particular draw/scheme within a fixed time, difficulty in separation of publicity, distribution and other charges, etc. Government further stated that financial audit was conducted based on the total receipts and expenditure of a financial year. The software developer/promoter, M/s KELTRON, assured that LIMS was safe, even though uncertified, since it functions in Virtual Private Network (VPN) platform. It was also stated that the Department was permitted to develop a new version of Lottery Information Management System, entrusting it to NIC.

Reply was not acceptable since the multiple prize payment was made for the same number (para 6.3.2.4) and Income Tax to be deducted from prize winners of above ₹ 10,000 was not done (para 6.3.2.8) due to the failure of software. Moreover, the statute mandates the conduct of annual financial and system audit.

Non utilisation of sale proceeds of lotteries introduced for special purposes

According to Rule 3(2) of the Lotteries (Regulation) Rule, 2010, State Government may organise a lottery by issuing a notification in its official gazette outlining the purpose, scope, limitation and methods thereof. Audit observed that in two cases, out of the three such lotteries organised, the net proceeds were not fully utilised for the intended purposes as stated below:

6.3.2.11 Lottery organised for women welfare

Kerala State Social Security Mission, under Social Justice Department, proposed to implement 'Sthree Sakthi' a scheme for the upliftment of women with components like increase work participation of women, modernise the rehabilitation of the distressed women, extend higher education to the needy women, assistance to physically/mentally challenged and aged women, marriage assistance to poor and needy women, assistance to widows, etc. The State

Government accorded sanction²⁰ for a special purpose weekly lottery ‘Sthree Sakthi’ lottery, with the intention of utilising the net proceeds of the lottery for the implementation of Sthree Sakthi Scheme. The first draw of the lottery was on 3 May 2016.

Audit observed that though 48 draws of ‘Sthree Sakthi’ lottery were made upto 31 March 2017, the scheme was not implemented even after a lapse of one and half years after commencement of the lottery. The net sale proceeds from the 48 draws of the lottery comes to about ₹ 169.22 crore and this fund was placed in the Consolidated Fund, just like all other lotteries conducted by DSL, instead of transferring it for the intended purpose for which the lottery was organised.

Government stated (October 2017) that Social Security Mission or Social Justice Department did not submit any scheme for implementation.

The reply of Government was not tenable as it was its duty to work towards the intended objectives.

6.3.2.12 Bumper lottery organised for Jawans

On the basis of decision of Armed Forces Flag Day Fund Committee (9 November 2011) Government agreed to launch a lottery to give the net proceeds to Sainik Welfare Department for the welfare of the war veterans, war widows and ex-servicemen. Based on this, Government directed²¹ to change the name of “X’ Mas New Year Bumper 2012-13” as “X’ Mas New Year Bumper for Jawans” and to contribute the net proceeds from the lottery of that year to Sainik Welfare Department.

Audit observed that though the net proceeds from the lottery in 2012-13 was ₹ 12.97 crore, only ₹ two crore was transferred²² to Sainik Welfare Department and ₹ 10.97 crore collected in the name of Jawans was kept in the Consolidated Fund.

Government stated (October 2017) that sales proceeds of X’mas New year Bumper for Jawan 2012-13 lottery was remitted to Government/treasury account as in the case of all other lotteries and ₹ two crore was so far been given by the Taxes Department to the Sainik Welfare Department on the basis of their request. No further requests was received from the Sainik Welfare Department.

The reply was not acceptable since the lottery was marketed in the name of Jawans and the net proceeds from its sale was kept in the Consolidated Fund without utilisation.

²⁰ GO(MS)No. 38/2016/TD dated 19 February 2016.

²¹ Letter No.10605/HI/2012/TD dated 12 October 2012.

²² vide GO(Rt)No.6233/14/GAD dated 22 August 2014 and GO(Rt) No.7221/16/GAD dated 22 October 2016.

6.3.3 Karunya Benevolent Fund

6.3.3.1 Introduction to Karunya Benevolent Fund

In January 2012, Government constituted²³ the Karunya Benevolent Fund (KBF) for providing financial assistance to the poor for the treatment of cancer, kidney, heart diseases and palliative care patients, by utilising the net proceeds from the draws of 'Karunya' and 'Karunya Plus' lotteries organised by DSL. The Taxes Department, Government of Kerala, issued detailed guidelines²⁴ for the implementation of KBF schemes. As per the guidelines, patients from BPL²⁵ families as also from APL²⁶ families whose annual income is less than ₹ three lakh are entitled to get a maximum financial assistance of ₹ two lakh. According to budget allocation, fund will be transferred to KBF by DSL, who is also the Administrator of KBF. The facility is available for treatment in all government hospitals in the State, including premier tertiary hospitals²⁷ with the treatment facility for diseases specified in the guidelines. Assistance is also given from KBF for treatment in the accredited private hospitals.

For the implementation of the scheme, two committees were constituted, one at District level, with the District Collector as Chairman, to examine the genuineness of the applications and an Apex Monitoring Committee at the State level, with the Minister (Finance) as the Chairman, to sanction the assistance on the basis of recommendations from the District level committees. Government vide orders²⁸ granted permission to the State Level Committee (SLC) for taking decisions in cases that warranted allowing of relaxation to the prescribed norms for assistance.

Claimants²⁹ shall submit applications in prescribed forms with necessary supporting documents to District Lottery Officer, who place the applications before the District level committee and the committee examines genuineness of the cases with the assistance of expert doctors from government hospitals and recommend the appropriate package to the State Level Committee, which shall consider the recommendations and pass orders for providing financial assistance, which shall be paid to the account of the government hospital concerned. On completion of treatment, the hospital concerned was to send the utilisation certificate along with a declaration from the patient to the effect that he had undergone treatment in the hospital and balance amount, if any, to be refunded to the KBF. In respect of private hospitals, the financial assistance as per the package rate will be remitted to the account of the hospital concerned on

²³ Vide GO (MS) No.07/TD dated 30 January 2012.

²⁴ Vide GO (MS) 26/12/TD dated 21 February 2012.

²⁵ Categorisation of families as "Below Poverty Line".

²⁶ Categorisation of families as "Above Poverty Line".

²⁷ Malabar Cancer Centre, Regional Cancer Centre, Sree Chitra Thirunal Institute for Medical Science and Technology.

²⁸ GO(MS)/No.830/2015/TD dated 9 November 2015.

²⁹ Patients who apply for assistance from KBF.

completion of treatment and submission of discharge summary and a declaration from the patient.

Net proceeds from Karunya lotteries and the funds transferred to KBF during the period 2011-12 to 2016-17 is given in **Table - 6.1**.

Table - 6.1
Details of funds received and expenditure from Karunya Lotteries

(₹ in crore)

Year	Receipt							Expenditure		
	Net proceeds from Karunya lotteries	Budget provision/ fund allotted	Interest	Public contribution/ contribution from DSL	Total funds received	Refunds received	Total	Fund transferred to hospital	Establishment cost	Total
2011-12	38.96	15	0	0	15.00	0	15.00	0.17	0.02	0.19
2012-13	105.25	100	0.01	0	100.01	2.97	102.98	72.28	1.04	73.32
2013-14	132.02	210	0.24	0	210.24	7.78	218.02	183.08	1.00	184.08
2014-15	273.20	200	0.43	0.05	200.48	28.93	229.41	296.09	1.65	297.74
2015-16	303.55	250	0.59	0.50	251.09	34.33	285.42	157.64	1.60	159.24
2016-17	370.26	250	0.29	0	250.29	38.08	288.37	416.20	1.67	417.87
Total	1,223.24	1,025	1.56	0.55	1,027.11	112.09	1,139.20	1,125.46	6.98	1,132.44

Source : Data received from Director of State Lotteries and Karunya Benevolent Fund.

As on 31 March 2017, sanction was accorded to 1,23,553 patients, requiring an amount of ₹ 1,603.90 crore, for taking treatment in government hospitals and to 24,951 patients, requiring an amount of ₹ 235.75 crore, for taking treatment in private hospitals as shown in **Table - 6.2**.

Table - 6.2
Details of requirement of funds

(₹ in crore)

Period	Government hospitals		Private hospitals	
	No. of patients	Required amount	No. of patients	Required amount
2011-12	20	0.17	0	0.00
2012-13	8,822	94.34	1,136	12.18
2013-14	22,579	280.72	5,274	57.42
2014-15	25,813	336.27	6,960	67.35
2015-16	32,812	432.60	6,159	51.69
2016-17	33,507	459.80	5,422	47.11
Total	1,23,553	1,603.90	24,951	235.75

Source : Data received from Karunya Benevolent Fund.

Out of 1,23,553 patients, 62,435 claims, requiring ₹ 611.47 crore, in government hospitals and out of 24,951 patients, 8,792 claims, requiring ₹ 20.53 crore, in private hospitals were pending for disbursement.

Government stated (October 2017) that since large number of applications were received under Karunya Scheme and also due to the shortage of budget provision, payment was pending to be disbursed to the government hospitals. With regard to the pendency of private hospitals, urgent steps are taken by engaging more employees to clear the arrears and the process was going fast to settle the pending claims.

6.3.3.2 Non-refund of assistance received that was not utilised or partially utilised

According to decision 11³⁰ of the Committee, headed by the Administrator and attended by other members of KBF, held on 9 August 2012 for finalising the process of implementation of KBF, the treatment of patients selected would start based on the pre-authorisation certificate issued by KBF to the patients and the fund for that would be transferred to the designated account of the hospitals. The sanction orders clearly mention the details of patients to whom the assistance were intended to. The hospitals were required to submit utilisation certificates for the amount received.

- **Non-refund of assistance received that was not at all utilised**

Audit scrutiny of utilisation of KBF by the test checked government hospitals revealed that 1,520 beneficiaries, out of 49,023 beneficiaries who were sanctioned assistance for taking treatment in six hospitals, did not take treatment in that hospital, as neither the treatment details of those patients were available in the hospitals nor any amount was expended on their account, and the amounts sanctioned for their treatment were kept in the account of the hospitals as shown in **Table - 6.3**.

Table - 6.3
Details of unutilised amount

Sl. No.	Name of hospital	No. of cases	(₹ in crore)
			Amount remained unutilised
1	General Hospital, Ernakulam	89	0.92
2	Medical College Hospital (MCH), Kozhikode	260	3.49
3	Medical College Hospital (MCH), Thiruvananthapuram	264	3.01
4	Medical College Chest Hospital (MCCH), Thrissur	97	0.66
5	Regional Cancer Centre (RCC), Thiruvananthapuram	204	3.13

³⁰ Minutes of meeting held on 9 August 2012.

Sl. No.	Name of hospital	No. of cases	Amount remained unutilised
6	Sree Chitra Thirunal Institute for Medical Science and Technology (SCTIMST), Thiruvananthapuram	606	8.47
Total		1,520	19.68

Source: Data maintained by hospitals

These amounts were transferred to the hospitals from 2012 to 2016. As these patients did not undergo treatment, this amount should have been refunded to KBF.

On this being pointed out in Audit, Medical College Hospital, Kozhikode refunded (April 2017) ₹ 3.29 crore to KBF. Reply in respect of remaining cases was awaited by Audit.

- **Non-surrender of funds that remained partially utilised for a long period**

Test check of the cases in the following four government hospitals revealed that in 3,142 cases, out of 38,460 cases, utilisation was less than 20 per cent of amount transferred. Even after a lapse of two to five years of disbursement, the unutilised amount of ₹ 40.96 crore was kept in the KBF accounts of the hospitals as shown in **Table - 6.4**.

Table - 6.4
Details of partially utilised amount

Sl. No.	Name of hospital	No. of cases	Amount transferred	Amount remained unutilised
1	MCH, Kozhikode	1,710	26.34	24.23
2	MCH, Thiruvananthapuram	76	0.86	0.77
3	MCCH, Thrissur	107	0.78	0.72
4	RCC, Thiruvananthapuram	1,249	16.86	15.24
Total		3,142	44.84	40.96

(₹ in crore)

Source: Data received from hospitals

The balance unutilised amount of ₹ 40.96 crore should have been refunded to KBF as per the guidelines. Audit observed that there was no system in the KBF to monitor the utilisation of fund, which resulted in unnecessary parking of funds in the account of hospitals.

Government stated (October 2017) that letters were issued to the Secretary Health/Taxes, all hospital authorities, Director of Health Services and Director of Medical Education for taking necessary action for the refund of amount and also to collect utilisation certificates. As per the decision of 28th State Level Committee, a committee including the Secretary, Taxes/Finance/Health was constituted to decide the amount to be released to government hospitals in lump sum without considering the patient wise details and the next instalment would be released only after the submission of utilisation certificate of the fund already released.

6.3.3.3 Non-remittance of interest accrued in the KBF account into the Consolidated Fund

According to Rule 6(2) (Section V) of Kerala Treasury Code, all moneys, that form part of Consolidated Fund, received shall be paid into treasury and moneys received as aforesaid shall not be appropriated to meet departmental expenditure nor otherwise kept apart from Government account.

Audit verified the bank account details of selected government hospitals and KBF account and observed that interest accrued to the tune of ₹ 14.35 crore³¹ on the amount deposited by KBF was credited in the bank account as shown in **Appendix XLVII**. Since Government permitted to utilise only the net proceeds from Karunya lotteries for the treatments under KBF, the interest accrued should be credited to the Consolidated Fund. Moreover, all kind of tax and non-tax revenue are to be credited to the Consolidated Fund of the State and expenditure from this fund can be made through budget proposals. Audit observed that no guideline was issued by KBF to remit the interest accrued on its funds into the treasury, but permitted to utilise the interest accrued on the balance kept in the accounts to meet the expenditure on wages of clerical assistants posted in the hospitals for KBF related work. The permission given by KBF to utilise the interest for wages and the non-remittance of receipts on account of interest into Consolidated Fund of the State and meeting the expenditure from it without legislative approval was irregular.

Government stated (October 2017) that hospitals were directed to furnish the details of receipt and expenditure towards interest amount. After getting the same, the details of interest would be submitted before the State Level Committee for taking necessary action.

6.3.3.4 Violation of agreements by the accredited private hospitals

According to item 6.2 of KBF guidelines for the implementation of the scheme, private hospitals of good repute shall be accredited on the basis of norms fixed by the State Level Committee and Memorandum of understanding (MoU) entered with these hospitals for providing treatment as per the approved packages at the

³¹ ₹ 1.56 crore in the account of KBF and ₹ 12.79 crore in the KBF account of hospitals.

cost fixed by the committee. According to item 9 of Article 2 of MoU between KBF and the accredited hospitals, the accredited hospital shall undertake specified interventions/treatment to the beneficiaries as per the package rates mentioned in the schedule and as per item 2 and 3 of Article 6, no amount other than the agreed amount shall be charged.

Audit observed that out of the 11 accredited hospitals test checked, five private hospitals³² charged amount in excess of the package rates and claimed the difference amount from the beneficiaries concerned. This was a violation of the agreement and against the intention of KBF scheme to give cashless treatment to small income groups. A few cases are illustrated in **Appendix XLVIII**.

Audit also observed that in EMS Memorial Co-operative Hospital & Research Centre, Perinthalmanna, most of the patients test checked had given undertakings to the effect that they needed additional facilities such as rooms, better quality stent, consumables, etc., and they were ready to pay for the same. KBF guidelines did not permit for getting payments for providing additional facilities. It was not ascertained whether such patients actually needed assistance from KBF, as they were capable and willing to pay these amounts.

Government stated (October 2017) that if any hospital had charged any additional amount from the patient, legal action would be taken against them. Direction was also issued to take action to avoid getting financial assistance for patients who actually do not need assistance from KBF as they are capable and willing to pay these amounts. It was further stated that directions were given to conduct audit on the accounts of accredited private hospital by the Internal Audit Wing.

In the circumstances, Audit recommends investigation for further appropriate action in the matter as per scheme objectives.

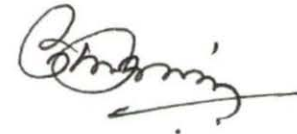
³² Amala Cancer Hospital and Research Centre, Thrissur; Baby Memorial Hospital, Kozhikode; Caritas Hospital, Kottayam; Lisie Hospital, Ernakulam and EMS Co-operative Hospital & Research Centre, Perinthalmanna.

6.3.4 Conclusion

The Department did not pay charges for regulating the lotteries organised/ promoted in the State. Non-compliance of certain provisions in the statute leads to flaws in areas like printing/sales of tickets and disbursement of prizes. Department did not evolve an effective mechanism to wipe out the existence of fake lottery tickets. Non-reconciliation of funds transferred to government hospitals leads to accumulation of Karunya Benevolent Fund in the bank account of hospitals. Non-conduct of inspection in accredited private hospitals leads to violation of agreement by hospitals.

Thiruvananthapuram,

The '28 MAY 2018'

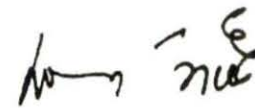


(K P ANAND)
Accountant General
(Economic and Revenue Sector Audit)
Kerala

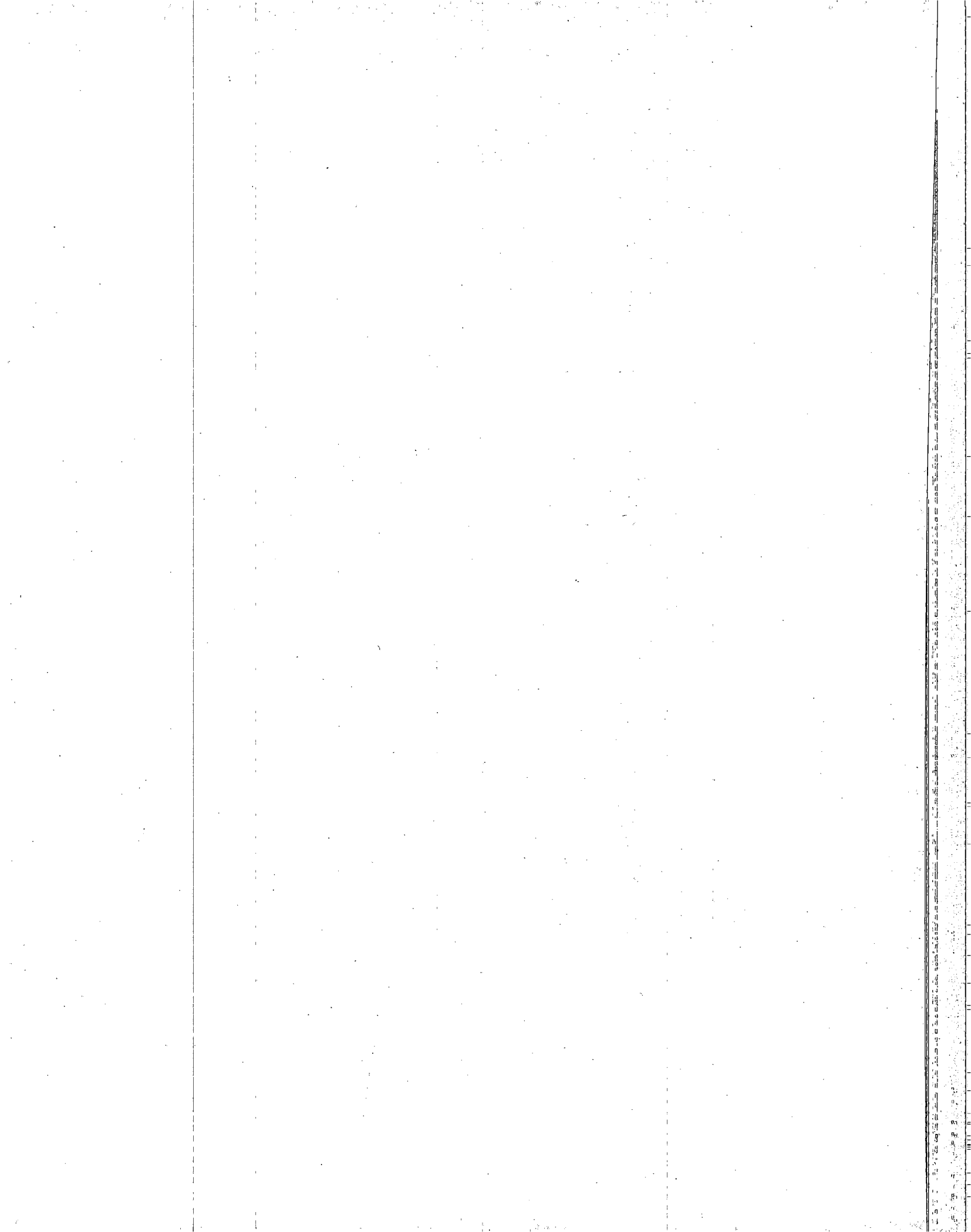
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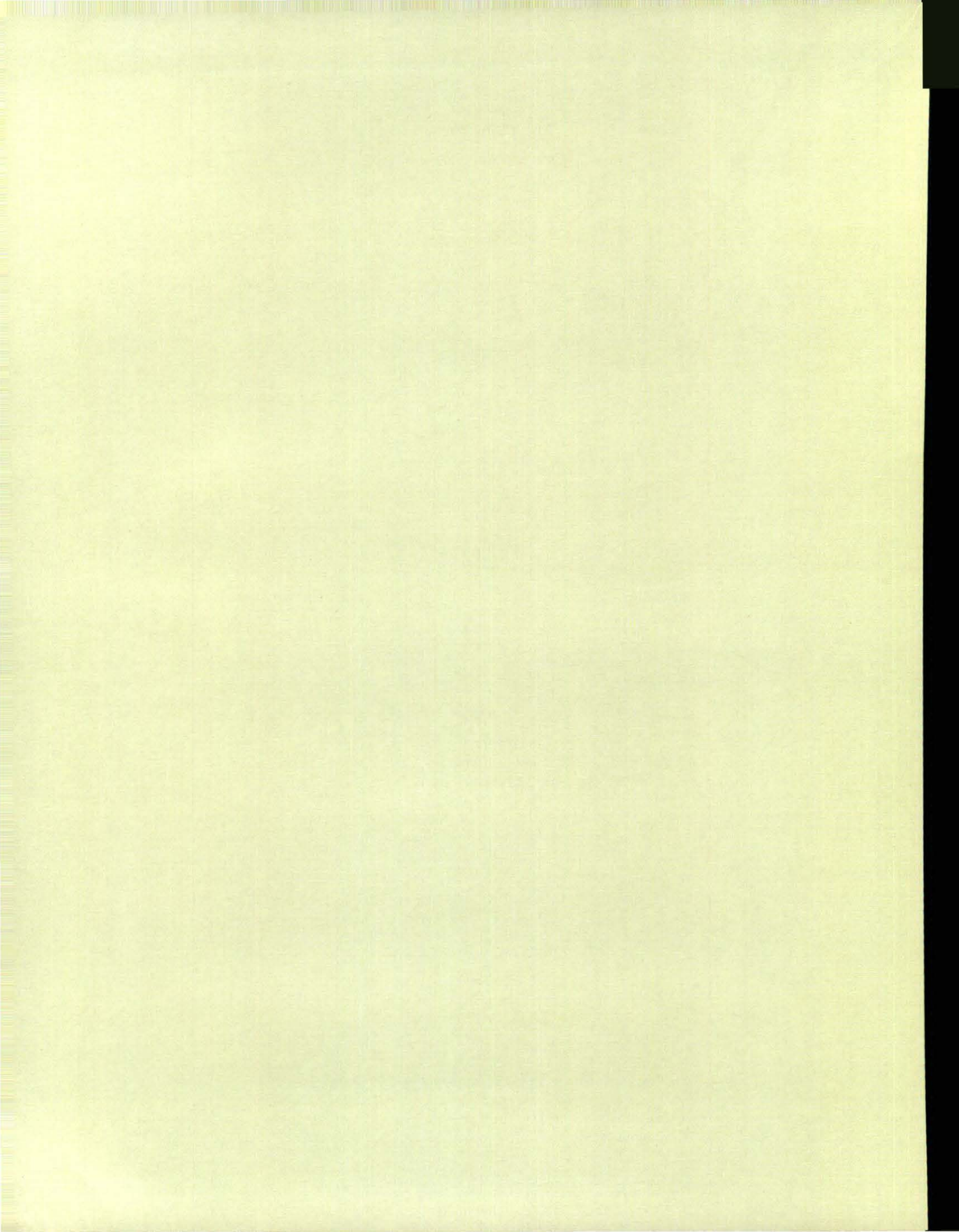
The '30 MAY 2018'



(RAJIV MEHRISHI)
Comptroller and Auditor General of India



Appendix



Appendix I
(Reference: Paragraph 1.2)

Arrears of revenue

(₹ in crore)

Sl. No.	Head of revenue	Total amount outstanding as on 31 March 2017	Amount outstanding for more than 5 years as on 31 March 2017	Remarks of Departments
1	0040- Tax on Sales, Trade etc.	8,785.55	4,223.91	In Commercial Taxes Department, an amount of ₹ 7,607.90 crore is pending due from individuals, private firms, private companies. An amount of ₹ 666.80 crore is pending due from public sector undertakings of Government of India, ₹ 497.38 crore from public sector undertakings of Government of Kerala, ₹ 13.12 crore from other State Governments, ₹ 0.34 crore from Government of India and ₹ 0.01 crore from local bodies. An amount of ₹ 4,922.89 crore is under revenue recovery proceedings, recoveries involving ₹ 3,352.69 crore are under stay by High Court and other judicial authorities and by Government. The Department attributed (October 2017) the reason for delay in collection of revenue to stay of proceedings by various authorities, closing of business of dealers and insolvent dealers. However, only ₹ 3,352.69 crore (38.16 per cent) out of a total of ₹ 8,785.55 crore were covered under judicial intervention.
2	0041-Taxes on vehicles	1,765.58	439.82	The Department stated (September 2017) that out of the total arrears of ₹ 1,765.58 crore, the dues from the Kerala State Road Transport Corporation is ₹ 1,433.06 crore and the balance of ₹ 332.52 crore is from individuals, private firms and private companies. It was also stated (September 2017) that a demand of ₹ 88.15 crore is covered by Revenue Recovery Certificate, recovery is held up on ₹ 0.27 crore due to rectification/ review of applications and ₹ 1,654.33 crore is under other stages. The Department stated (September 2017) that demand notices were sent to the registered owners for the respective vehicles.
3	0043-Taxes and Duties on Electricity	1,053.86	1.20	An amount of ₹ 1,014.08 crore was due from public sector undertakings of Government of Kerala, ₹ 24.13 crore from local bodies and ₹ 15.65 crore was due from individuals, private firms, private companies, etc. The Department attributed (October 2017) the reason for delay in collecting the revenue to non-remission of dues regularly by persons/institutions concerned. The Department stated (October 2017) that revenue recovery steps had already been initiated to realise the arrears.

Appendix I - Contd.

(Reference: Paragraph 1.2)

Arrears of revenue

(₹ in crore)

Sl. No.	Head of revenue	Total amount outstanding as on 31 March 2017	Amount outstanding for more than 5 years as on 31 March 2017	Remarks of Departments
4	0406-Forestry and Wild Life	340.21	188.03	The Principal Chief Conservator of Forests stated (November 2017) that the nature of demand in the Forest Department includes value of timber, teak stumps, lease rent, penal interest, re-auction loss, centage charges etc. An amount of ₹ 0.63 crore pending for more than five years is due from Government of India, ₹ 0.25 crore from other State Governments, ₹ 0.67 crore from Local Bodies, ₹ 3.38 crore from public sector undertakings of Government of India, ₹ 320.49 crore from public sector undertakings of Government of Kerala and other States and ₹ 14.80 crore from individuals, private companies, etc. The Department attributed (November 2017) the reason for delay in collecting the revenue to pending revenue recovery steps against the defaulters, court cases, stay orders etc. The Department stated (November 2017) that necessary action has been initiated to realise the amount in auction and to realise defaulted arrears of lease rent and other dues from departments and public sector undertakings through discussions at Government level.
5	0055-Police	199.73	90.43	The nature of demand in the Police Department is cost of police guard. An amount of ₹ 115.81 crore is pending due from Government of India, ₹ 13.89 crore from public sector undertakings of Government of India, ₹ 63.58 crore from public sector undertakings of Government of Kerala, ₹ 4.02 crore from other State Governments and ₹ 2.43 crore from individuals, private firms and private companies. The major defaulters were Southern Railway, KSEB and Ministry of Home Affairs, Government of India.
6	0039-State Excise	199.32	197.89	The Excise Commissioner stated (July 2017) that the abkari arrears in the Department are pending from 1952 onwards. The abkari arrears of ₹ 199.32 crore are due from individuals, private firms, private companies, etc. Of this, an amount of ₹183.42 crore is pending realisation from 313 defaulters from whom rupees one lakh or more is due. The Department attributed (July 2017) the reasons for delay in collection of revenue to pending revenue recovery action and stay by court. The reason furnished by the Commissioner is not acceptable since only ₹ 47.43 crore (23.80 per cent) out of a total ₹ 199.32 crore were covered under judicial intervention. The Department stated (July 2017) that revenue recovery action was initiated. It was also stated that Department introduced Amnesty Scheme for speedy recovery of arrears.

Appendix I - Contd.

(Reference: Paragraph 1.2)

Arrears of revenue

(₹ in crore)

Sl. No.	Head of revenue	Total amount outstanding as on 31 March 2017	Amount outstanding for more than 5 years as on 31 March 2017	Remarks of Departments
7	0029-Land Revenue	168.60	36.04	In the Revenue and Disaster Management Department, the nature of demand includes land revenue and revenue recovery dues. An amount of ₹ 117.94 crore is under stay by High Courts and other judicial authorities and by Government. The Department attributed (September 2017) the reasons for delay in collection of revenue to stay by Government, Court and appellate authorities and that the Department has taken legal steps to realise the arrears.
8	0070-60-110 Other Administrative Services- Other Services- Fees for Government audit	34.68	Not furnished	The Director, Kerala State Audit Department stated (June 2017) that the arrears of revenue pending collection towards audit charge are ₹ 10.93 crore from universities, ₹ 3.10 crore from Devaswom Boards, ₹ 0.91 crore from temples, ₹ 16.17 crore from development authorities and Kerala State Housing Boards and ₹ 3.57 crore from miscellaneous institutions. The Kerala State Audit Department attributed (June 2017) the reasons for pendency to the lack of initiative from auditee institutions in remitting the audit charge. The Director stated (June 2017) that demand notices are being sent to auditee institutions and proposals have been submitted to the Government for realising audit charge from the grants given to the auditee institutions.
9	0030-Stamps and Registration Fees	28.24	Not furnished	The Registration Department stated (July 2017) that revenue pending collection in the Department is from 1986 onwards. Out of ₹ 28.24 crore which was due from individuals, ₹ 4.22 crore is covered by revenue recovery certificates and ₹ 9.36 crore are under stay by courts. The Department had not furnished the details of stages of action for the remaining amount of ₹ 14.66 crore.
10	0230-Labour and Employment	7.62	2.76	The Labour Commissioner stated (September 2017) that the nature of demand in the Labour Department was revenue receipts under labour laws. The amount of arrears of ₹ 7.62 crore is pending collection from individuals, private firms and private companies. The reasons for delay in collection of revenue were non-submission of application for renewal of registration and negligence from the employers in renewing the registration certificates in due time. The Labour Commissioner stated (September 2017) that inspection and follow up action is being taken to realise the arrears.
11	1051-Ports and Light Houses	4.89	2.46	The Director of Ports stated (October 2017) that the amounts due to the Ports Department are ₹ 4.45 crore from individuals, private firms, private companies, etc. and ₹ 0.39 crore from public sector undertakings of Government of Kerala. The Director stated (October 2017) that non-payment by the Departments/offices concerned is the reason for revenue pending collection.

Appendix I - Concl'd.
(Reference: Paragraph 1.2)
Arrears of revenue

(₹ in crore)

Sl. No.	Head of revenue	Total amount outstanding as on 31 March 2017	Amount outstanding for more than 5 years as on 31 March 2017	Remarks of Departments
12	0853-Non-Ferrous Mining and Metallurgical Industries	1.72	0.22	The Director of Mining & Geology stated (June 2017) that the main source of revenue is from the grant of mineral concessions and realisation of royalty of minerals. The arrears of revenue pending collection are ₹ 0.30 crore from Co-operative Societies, ₹ 0.26 crore from public sector undertakings of Government of Kerala and ₹ 1.16 crore from individuals, private firms, private companies, etc. The Department stated (June 2017) that the reason for delay in collection of revenue was due to dispute regarding the claims, court stays, appeals and Government stays and that action was being taken to redress the dispute and to vacate the stays.
13	0230-Labour and Employment	0.97	0.02	The Director of Factories and Boilers stated (September 2017) that the nature of demand of the Department of Factories and Boilers was fee for renewal of licence of factories. An amount of ₹ 0.30 lakh, ₹ 0.66 lakh and ₹ 95.84 lakh are due from public sector undertakings of Government of India, public sector undertakings of Government of Kerala and individuals, private firms and private companies respectively. The Director stated (September 2017) that the delay in collection was due to the fact that most of the factories, which have arrears, are not working.
Total		12,590.97	5,182.78	

Source : Details obtained from respective Departments.

Appendix II

(Reference: Paragraph 1.7.3)

Statement showing details of Special circles and Works Contract Offices where non production of files were noticed.

Sl. No.	Name of office	Year in which it was to be audited	Number of assessment cases not submitted		
			KGST	VAT	Total
1	CTO, Special Circle, Alappuzha	2014-15	0	11	11
2	CTO Special Circle I, Ernakulam	2014-15	2	49	51
3	CTO, Special Circle III, Ernakulam	2014-15	0	21	21
4	CTO, Special Circle, Kannur	2014-15	0	5	5
5	CTO, Special Circle, Kasargode	2014-15	0	15	15
6	CTO, Special Circle, Kollam	2014-15	0	21	21
7	CTO, Special Circle, Kottayam	2012-13	0	13	30
		2013-14	0	12	
		2014-15	0	5	
8	CTO, Special Circle II, Kozhikode	2013-14	0	6	10
		2014-15	0	4	
9	CTO, Special Circle, Palakkad	2013-14	0	6	10
		2014-15	0	4	
10	CTO, Special Circle, Thiruvananthapuram	2014-15	0	21	21
11	CTO, Special Circle, Thrissur	Upto 2013-14	1	7	19
		2014-15	0	11	
12	CTO, (WC<), Kottayam	2013-14	0	20	20
13	CTO (WC<), Malappuram	2009-10	0	1	15
		2010-11	0	2	
		2013-14	0	12	
14	CTO, (WC<), Pathanamthitta	Upto 2013-14	0	18	33
		2016-17	0	15	
15	CTO, (WC<), Thrissur	2013-14	0	10	10
Total			3	289	292

Appendix III
(Reference: Paragraph 1.7.3)

Statement showing details of files not produced, circle/division with names of heads of offices

Name of office	No. of files /Name of Head of office									
	2012-13		2013-14		2014-15		2015-16		2016-17	
	KGST	VAT	KGST	VAT	KGST	VAT	KGST	VAT	KGST	VAT
CTO, Special Circle Kollam	Pratibha Jnanasundram		M. Gopalakrishnan		Belraj Kumar G.		M. Gopalakrishnan (AC)		Latha A Pillai	
	0	37	0	167	-	251	0	28	0	21
CTO Special Circle, Thiruvananthapuram	LS. Sreekumari		Pratibha Jnanasundram		Suresh Kumar S. Manacaud		Suresh Kumar S Manacaud (AC), Mohammed Shafeer (AC), Sribindu (AC)		Sribindu	
	86	394	0	344	70	179	24	109	0	21
CTO Special Circle, Kannur	T.K. Raveendran (AC)		T.K. Raveendran (AC)				Chippy Jayan (AC-I)		Mohammed Ashraf	
	-	33	-	19	-	-	0	14	0	5
CTO Special Circle (Produce), Mattancherry	P.D Unnikrishnan Nair (AC), K. Sugathan (AC)		K. Sugathan (AC), E.P. Chandra babu (AC)							
	271	1	318	61	-	-	0	0	-	-
CTO Special Circle, Thrissur	M.K. Sugathan (AC)		MG. Remadevi (AC)				A.V. Suresh (AC)		Simon P.J, Jayakumar K, K.. Viswanathan	
	0	4	3	3	8	3	0	19	1	18
CTO, Special Circle II, Ernakulam	Sivankutty (AC)		K.P. Zelina (AC)		Sivankutty (AC), K.P. Zelina (AC)		Zelina KP (AC)			
	10	58	0	76	12	150	10	47	-	-
CTO Special Circle III, Ernakulam	Valsalapani (AC)		V.G. Umadevi (AC)		V.G. Umadevi (AC)		BT Vijayamohan (AC)		C.G. Hareendranath	
	220	28	0	27	0	370	41	363	0	21

Appendix III - Concl'd.

(Reference: Paragraph 1.7.3)

Statement showing details of files not produced, circle/division with names of heads of offices

Name of office	No. of files /Name of Head of office									
	2012-13		2013-14		2014-15		2015-16		2016-17	
	KGST	VAT	KGST	VAT	KGST	VAT	KGST	VAT	KGST	VAT
CTO Special Circle, Malappuram	P. Narayanan Kutty		P. Narayanan Kutty		B. Arun		K. AbdulLatheef NP Natarajan			
	151	121	0	52	158	4	0	180	-	-
CTO Special Circle, Palakkad	K.G. Rama Bai		V.S Sathyannarayanan		R. Rajesh		B.N. Jayakumar, K. AbdulLatheef, PA Padmaja, Sabia Bhanu A		V. Vijayakumari	
	45	12	0	42	0	15	0	12	0	10
CTO (WC<), Ernakulam	M.K. Hajra (AC), K.A. Shahul Hameed, BT. Varghese , H. Mohammed Basheer		P.K. Satheesh Kumar (AC)		V.A. Raghunathan (AC), Raji. S. Anil. V. Nair, Anil Kumar A., Bazil L. Kizhekaden , C.J. Johny, C.K. Premji , M.O. Johnson,		Anil V Nair (AC)			
	5	84	0	394	0	736	0	613	-	-
CTO, Vadakara	TM. Assainar		G. Suchithra		K.K. Krishnan		-		K. Preman	
	270	-	270	11	21	30	0	0	0	7
CTO V Circle, Kozhikode	P.P Chandran CTO		G. Lorancee CTO		Livy Jacintha CTO		M Sujithlal (CTO)		Soman T	
	270	-	-	34-	0	20	0	30	0	16
CTO (WC<), Mattancherry	M.P. Sajan (AC), N.R. Raghunathan (CTO)		A.V. Salila (AC) N.R. Raghunathan (CTO)		N. Santhosh Kumar, CTO, Johnson Chacko, CTO		N Santhosh Kumar (CTO)			
	65	177	19	174	0	226	69	169	-	-

Appendix IV

(Reference: Paragraph 1.9)

Details of Performance Audits featured in the Reports for the last five years and their status

Year of Report	Name of the PA	No. of recommendations	Details of recommendations	Status
31 March 2012	Levy and collection of VAT on evasion prone commodities/ areas in Commercial Taxes Department	5	<p>The Government/Department may consider</p> <ul style="list-style-type: none"> restoring audit assessment wing, Commercial Investigation Wing, and strengthening the Internal Audit Wing to ensure compliance of the provision of the Acts and Rules introducing a system of obtaining information periodically from other Departments/Boards etc. in respect of the persons registered with them and cross verify the same with KVATIS to trace the dealers whose turnover crossed the threshold limit taking follow up action on goods brought into the state in view of its potential misuse of items covered by Form 16 notifying the nature of transactions which would come under the scope of intangible and incorporeal good eligible to tax as featured in the schedule attached to the Maharashtra VAT Act taking timely action to revise floor rates in respect of evasion prone commodities. 	The PA was examined by PAC in October 2015. Report of PAC was not received.
	Conduct of Lotteries in the State	5	<p>The Department may</p> <ul style="list-style-type: none"> ensure that provisions for ascertaining the genuineness of tickets before payment of prizes are observed pursue the cases with the crime branch for ensuring credibility finalise accounts of lotteries scheme wise for the efficient conduct of lotteries fix a timeframe for e-payment ensure a databank of all the persons involved directly or indirectly by making suitable provisions in the software LIMS. 	The PA was examined by PAC in October 2017. Report of PAC was not received.
31 March 2013	Performance Audit on Assessment, levy and collection of VAT on transfer of goods involved in the execution of	6	<p>The Government/Department may ensure that</p> <ul style="list-style-type: none"> separate identification numbers/code are assigned to work contractors separate account subheads are provided for accounting receipts under works contracts regular survey and inter-departmental cross verification of data are conducted to identify the works contractors by strengthening the intelligence wing and suitable measures for registration are taken promptly valid documents in support of compounding are produced by the applicant timely internal control mechanism is adequate to plug revenue loss, detecting the 	Action taken explanatory notes were not received.

Appendix IV - Contd.

(Reference: Paragraph 1.9)

Details of Performance Audits featured in the Reports for the last five years and their status

Year of Report	Name of the PA	No. of recommendations	Details of recommendations	Status
	works/supply contract		<p>defects/deficiencies promptly.</p> <ul style="list-style-type: none"> various declaration forms in support of claims for concession/exemptions are verified properly 	
	Land Management by the Government of Kerala with special focus on land for Aranmula Airport and Smart City Kochi (Standalone)	13	<p>Audit recommends for</p> <ul style="list-style-type: none"> taking steps for effective implementation of the land management policy so as to generate maximum revenue to Government since the supply/availability of land is very limited identifying and inventorising all government lands on a war footing by surveying and demarcating the land prescribing and maintaining a register in the <i>Taluk</i>/District/Division level for noting the details of the lease such as order number, area under lease, name of the lessee, date of expiry of lease, periodical renewal details and demand, collection and balance of lease rent etc in respect of each lease developing a mechanism to fix lease rent and renew the lease within the time period stipulated in Act/Rules and fix a mechanism to revise fair value of land at frequent intervals prescribing a heavy fine and punitive action against those who violate lease conditions and initiate effective action against encroachment and prompt implementation of provisions of KLCA fixing conditions for assignment of land on registry putting in place a reporting system from village level to Commissioner of Land Revenue level for monthly reporting of lease cases such as total cases, time expired cases, demand, collection and balance of lease rent, resumed cases under resumption procedure etc. identifying and inventorising all forest lands on a war footing by surveying and demarcating the land developing a mechanism to monitor and renew the lease/lease rent within the time period stipulated in Act/Rules putting in place a mechanism to realise lease rent dues promptly ensuring that agreements are executed in all lease cases. 	Action taken explanatory notes were not received.

Appendix IV - Contd.

(Reference: Paragraph 1.9)

Details of Performance Audits featured in the Reports for the last five years and their status

Year of Report	Name of the PA	No. of recommendations	Details of recommendations	Status
			<ul style="list-style-type: none"> conducting an in-depth study on the need for a fifth airport in the small state of Kerala and that too at Aranmula which is less than 150 Kms from Thiruvananthapuram and Kochi international airports. conducting an in depth study on the impact of the project on the ecology/environment on the basis of the issues raised in the Reports of the Legislature Committee on Environment, Kerala State Biodiversity Board and the Expert Committee appointed by AAI and take effective action to resolve the impact. conducting an independent enquiry into the cases of violations of provisions of various Act/Rules including the lapses that has occurred at all levels including that of the secretariat departments which supported the illegal acts of the individual/company. 	
	Effectiveness of Kerala Value Added Tax Information System (KVATIS) in the Tax Administration of Commercial Taxes Department (Standalone)	20	<ul style="list-style-type: none"> Business Rules regarding registration may be mapped properly to avoid acceptance of multiple registrations by the system unless specifically permitted by Commissioner of Commercial Taxes under Section 20(3). The system be updated to cover the risk of tax evasion by dealers having multiple registration, working out their aggregate turnover as specified in Section 20(4) of KVAT Act. Department may conduct periodical analysis of dormant registration numbers, other than application for temporary stoppage of business (vide Section 16), and take timely action for issuing notices for renewal or otherwise cancel the registration of dealers who had no business transactions for more than two years, to avoid misuse of Registration Certificate. System should generate appropriate alerts for renewal of Bank guarantees before its date of expiry and while dealers are effecting transactions. Necessary modifications may be made to the system to adequately capture the results of manual verification done by Assessing Officers. The department may provide adequate controls in the software to detect and alert the interstate transactions by cancelled dealers and the dealers who have not renewed their registration. Entering of valid registration numbers in the field for Consignee TIN/Consignor TIN in the e-declaration format for generating e-token may be made mandatory. 	Action taken explanatory notes were not received.

Appendix IV - Contd.

(Reference: Paragraph 1.9)

Details of Performance Audits featured in the Reports for the last five years and their status

Year of Report	Name of the PA	No. of recommendations	Details of recommendations	Status
			<ul style="list-style-type: none"> • System generated alerts needs to be devised for tracking consignment of goods in bulk quantity to prevent misuse of the facility for transporting consignments 'for own use' without payment of tax. • The system should be enabled to provide information about the non-surrendered transit passes to authorities including the intelligence wing of the department so as to track such vehicle. • Department may ensure that all business Rules are mapped to the system properly, that the system provides all necessary input and that there exists adequate process controls and validation checks to detect shortfalls in payment of tax. • Government may consider strengthening KVATIS for monitoring the scrutiny of returns through it. • The Department may incorporate a provision in the KVATIS to ensure that the closing stock shown in the certified accounts in Form 13-A of a year is correctly taken as the opening stock of the succeeding year. • Proper controls be built into the system so that the system can scrutinise returns collecting details from different databases. • Department/Govt may initiate early action for the upgradation of the present server which would be cost effective in terms of improvement of revenue realisation it would fetch. • The Department may operationalise the Audit Assessment Module with suitable modifications for the selection of high risk dealers through KVATIS for detailed audit. • The Department may initiate action to make use of other Modules so that the disposal of appeals, the nature of penalty levied, progress of collecting arrears etc can easily be monitored. • Important/required MIS reports may be made available in the software. • The Department may impart sufficient training to all officers and staff periodically. 	

Appendix IV - Contd.

(Reference: Paragraph 1.9)

Details of Performance Audits featured in the Reports for the last five years and their status

Year of Report	Name of the PA	No. of recommendations	Details of recommendations	Status
			<ul style="list-style-type: none"> The upgradation of the present system/server which is slow, would be cost effective in terms of improvement of revenue realisation, which was one of the primary goals of implementation of KVATIS. The Department may lay down norms for check of physical records on the basis of reports generated through KVATIS indicating risk areas. 	
31 March 2014	(No Reviews were featured in this Audit Report)			
31 March 2015	System of Assessment under KVAT	8	<ul style="list-style-type: none"> Department may take measures to bring all dealers into the tax net by utilising the inputs available in KVATIS and with other agencies. Government may examine the guidelines issued for selection of files for desk review by CBDT/CBEL and similar system of selection with relevant parameters be put in place in the State for VAT cases. The CCT may issue guidelines to the DCs regarding the aspects to be considered while reviewing the monthly quarterly reports. Government may consider fixing the time limit for completion of assessments. Department may prepare a manual detailing all aspects of assessment to ensure uniformity in the system of assessment. Further, it may be ensured that necessary reports are generated automatically from the KVATIS. A system may be established to collect the data relating to the taxable events from other departments and transfer the results of analysis to the lower/sub-ordinate level for utilising in the assessment process. Department may ensure that the final assessments are completed by utilising the data captured in KVATIS. Department may ensure the quality of assessments by adopting the system prevailing in Central Receipts as basis so that the number of cases which are failing in judicial review would be on a lower side. 	Action taken explanatory notes were not received.
	Levy, Collection and Accounting of Electricity Duty, Surcharge and Inspection Fee	5	<ul style="list-style-type: none"> Government may identify all LV installations/cable TV poles which are now left out and instruct licensees not to issue permit to Cable TV operators without production of safety certificate from the Department and work out a practical process of assessing and realising the revenue from the inspection of Cable TV poles. 	Action taken explanatory notes were not received.

Appendix IV - Contd.
(Reference: Paragraph 1.9)

Details of Performance Audits featured in the Reports for the last five years and their status

Year of Report	Name of the PA	No. of recommendations	Details of recommendations	Status
			<ul style="list-style-type: none"> • In order to prevent non/short levy, Government may consider taking the following measures: instruct CEI to ensure that the licensees are levying electricity duty/license fee from consumers/persons liable to pay it, licensees may be directed to calculate electricity duty on the price of energy indicated in the invoice and evolve a mechanism to collect the electricity duty/license fee payable by the consumers/persons liable for their payment. • Department may expedite revenue recovery proceedings for early realisation of arrears of government revenue. Government may include interest leviable from KSEBL while netting off. • Government may: avoid irregular grant of exemptions to railways and for lighting, amend Rule relating to collection charges which should be in line with the Act and in the interest of the Government and objective of the Act and consider amendment of the Act incorporating the treatment of excess T&D loss. • Government may: take remedial measures to take care of inspection of lifts and escalators under regulations issued by Central Government and to ensure that MV installations and accounts of licensee are inspected as per periodicity prescribed, invoke penal provision on licensees not submitting returns, ensure that receipts involved in netting off with KSEBL were included in Government accounts and ensure that remittances through JSK are reconciled as per Kerala Budget Manual. 	
31 March 2016	Disaster Management in the State	16	<ul style="list-style-type: none"> • Instructions may be issued by the Government to prepare the Disaster Management plan at departmental, village and local levels • Government may take steps to submit the Annual Report to the legislature and appoint full time members in KSDMA • Dedicated staff may be provided for DM activities 	Action taken explanatory notes were not received.

Appendix IV - Concl.

(Reference: Paragraph 1.9)

Details of Performance Audits featured in the Reports for the last five years and their status

Year of Report	Name of the PA	No. of recommendations	Details of recommendations	Status
			<ul style="list-style-type: none"> • Instructions may be issued by the Government to set up VDMCs • Government may take steps to establish Civil Defence set up • Government may take steps to constitute NGO coordination committee • SEOC and DEOCs may be made operational 24 x 365 with sufficient communication networks • Infrastructure and DM plans may be put in place for hospital preparedness • Steps may be taken to create awareness of disaster among school children • Steps may be taken to identify buildings other than school buildings to run relief camps • Steps may be taken to implement the annual plan and to refund the unutilised funds before close of the financial year • Dedicated SDR Force may be made functional by recruiting category wise staff • Retrofitting of lifeline buildings in the State may be done at the earliest and necessary amendments be carried out in the regulations to incorporate multi hazard safety measures in new constructions • Government may take steps for preparation of budget after assessing requirements and efficient management of finance related to disaster management activities • Government may take steps to establish mitigation funds as per the prescribed procedure • State Disaster Relief fund should be spent as per SDRF guidelines after due authorisation by State Executive Committee 	

Appendix V

(Reference: Paragraph 2.5.4.1)

Collection of data from other Departments and cross verification not effective –
Dealers in cashew

(₹ in crore)

Sl. No.	Name of Dealer (TIN) (M/s)	Assessment Year	Import as per customs data	Import returned	Difference
1.	AA Nutts (32020287232)	2015-16	13.22	3.23	9.98
2.	Afeef Cashew Company (32020241422)	2015-16	13.65	5.57	8.09
3.	Alpha International (32020281483)	2015-16	20.09	9.24	10.85
4.	Beffy Cashew(32020258915)	2016-17	76.95	68.36	8.59
5.	Chandra Cashew Imports and Exports Private Limited (32020221341)	2015-16	51.30	46.41	4.89
6.	Dileep Traders (32020210214)	2015-16	13.00	1.83	11.16
7.	India Food Exports (32020200472)	2015-16	62.31	2.55	59.76
		2016-17	94.24	2.78	91.43
8.	Kerala Nut Food (32020213724)	2016-17	103.28	14.81	88.48
		2015-16	80.75	13.14	67.62
9.	Kerala State Cashew Workers Apex Coop(32020204454)	2015-16	55.66	8.11	47.56
10.	NS Cashew Company (32020248609)	2015-16	23.54	9.37	14.17
		2016-17	29.62	4.04	25.58
11.	Piniel Cashew Company (32020288705)	2015-16	16.78	15.82	0.97
12.	Prakash Exports (32020222162)	2015-16	50.31	1.22	49.09
13.	Prasanthi Cashew Company (32020270874)	2015-16	29.50	24.50	5.00
14.	Quilon Foods Private Limited (32020262425)	2015-16	51.16	11.39	39.77
15.	Sai Export Enterprises (32020252277)	2015-16	19.59	12.67	6.92
16.	Somarajan Paramu Kailas Cashew Exporters (32020223242)	2015-16	61.62	56.28	5.34
		2016-17	79.30	57.46	21.83
17.	Souparnika (32020272202)	2016-17	69.10	66.32	2.78
18.	St. George Foods (32020209854)	2015-16	17.48	16.76	0.72
19.	St. Gregorios Cashew (32020222015)	2016-17	70.01	67.25	2.76

Appendix V - Concl'd.

(Reference: Paragraph 2.5.4.1)

Collection of data from other Departments and cross verification not effective – Dealers in cashew

(₹ in crore)

Sl. No.	Name of Dealer (TIN) (M/s)	Assessment Year	Import as per customs data	Import returned	Difference
20.	St. Nicholas Cashew Exporters (32020210462)	2015-16	14.65	2.75	11.90
21.	Sunfood Corporation (32020279255)	2015-16	45.72	2.57	43.15
22.	Tasty Nut Industries (32020237304)	2016-17	70.03	18.42	51.61
23.	Thamanna Cashew Exports (32021222253)	2015-16	5.05	2.51	2.54
24.	Thankam Cashew Factory (32020203194)	2015-16	44.36	37.70	6.67
25.	Vijayalaxmi Cashews (32020285386)	2015-16	333.24	95.24	238.00
		2016-17	245.13	30.70	214.43
26.	Kairali Exports (32010939999)	2015-16	25.08	10.28	14.80
		2016-17	23.28	10.16	13.12
27.	Outspan India Private Limited (32010145132)	2016-17	58.83	0	58.83
Total			1,967.83	729.44	1,238.39

Appendix VI

(Reference: Paragraph 2.9)

Short levy of compounded tax due to under reporting of number and jaw size of crushing machines

Sl. No.	Name of Office	Name of the assessee/ TIN No.	Year	Number/ Size of Machines actually installed	Number/Size of Machines reported	Tax due (₹)	Tax paid (₹)	Short levy of tax (₹)	Interest (₹)	Total (₹)
1	CTO, Pala	J&B Blue Metals, Ramapuram/ 32050962674	2014-15	One Secondary crusher size III -106.68 cm x 22.86 cm and One Primary crusher 76.2 cm x 60.96 cm	One Secondary crusher Size I – (jaw size not exceeding 30.48cm x 22.86 cm)	9,60,000	35,000	9,25,000	1,66,500	10,91,500
2		Kaduvanayil Crusher Industries, Vayala, Kottayam/ 32050932985	2012-13	One Secondary crusher Size III – 50.80 cm x 25.40 cm	One Secondary crusher Size II (jaw size exceeding 30.48 cm x 22.86 cm but not exceeding 40.64 cm x 25.40 cm)	3,20,000	1,20,000	2,00,000	84,000	2,84,000
			2013-14	One Secondary crusher Size III - 50.80 cm x 25.40 cm	One Secondary crusher Size II (jaw size exceeding 30.48 cm x 22.86 cm but not exceeding 40.64 cm x 25.40 cm)	3,20,000	1,20,000	2,00,000	60,000	2,60,000
3.	CTO, Tirur	Valliyamannil Granites, Rangattoor, Malappuram/ 32100555328	2012-13	One Secondary crusher Size III - 56 cm x 36 cm	One Secondary crusher Size II – (jaw size exceeding 30.48 cm x 22.86 cm but not exceeding 40.64 cm x 25.40 cm)	3,20,000	1,20,000	2,00,000	84,000	2,84,000
			2013-14	One Secondary crusher size III - 56 cm x 36 cm	One Secondary size II (jaw size exceeding 30.48 cm x 22.86 cm but not exceeding 40.64 cm x 25.40 cm)	3,20,000	1,20,000	2,00,000	60,000	2,60,000

Appendix VI - Contd.

(Reference: Paragraph 2.9)

Short levy of compounded tax due to under reporting of number and jaw size of crushing machines

Sl. No.	Name of Office	Name of the assessee/ TIN No.	Year	Number/ Size of Machines actually installed	Number/Size of Machines reported	Tax due (₹)	Tax paid (₹)	Short levy of tax (₹)	Interest (₹)	Total (₹)
			2014-15	One Secondary crusher size III - 56 cm x 36 cm	One Secondary crusher size II – (jaw size exceeding 30.48 cm x 22.86 cm but not exceeding 40.64 cm x 25.40 cm)	6,40,000	1,20,000	5,20,000	93,600	6,13,600
4.	CTO, Circle I, Palakkad	Royal Sand and Gravels, Plaza Jn. Dhony/ 32090547306	2014-15	One Secondary crusher size III – 40.64 cm x 25.40 cm, One Primary crusher – 60.96 cm x 40.64 and One HSI Machine >25MT and up to 50MT	One Secondary crusher size III – (jaw size exceeding 40.64 cm x 25.40 cm)	17,10,000	3,20,000	13,90,000	2,50,200	16,40,200
5.	CTO, Perinthalmanna	Ernad Granites, UK Padi, Vellilia PO, Malappuram/ 32100703064	2014-15	One HSI Machine with production capacity >25MT and up to 50MT	HSI Machine not reported	7,50,000	Nil	7,50,000	1,35,000	8,85,000
6.	CTO, Ettumanoor	Tharamangalathu Granites, Pattithanam, Kottayam/ 32051155926	2012-13	Two Secondary crushers size III - (jaw size exceeding (40.64 cm x 25.40 cm) and One Primary crusher	One Secondary size III (jaw size exceeding 40.64 cm x 25.40 cm) and one Primary crusher	9,60,000	4,80,000	4,80,000	2,01,600	6,81,600
			2013-14	Two Secondary crusher size III (jaw size exceeding 40.64 cm x 25.40 cm) and One Primary crusher	One Secondary crusher size III (jaw size exceeding 40.64 cm x 25.40 cm) and One Primary	9,60,000	4,80,000	4,80,000	1,44,000	6,24,000

Appendix VI - Contd.

(Reference: Paragraph 2.9)

Short levy of compounded tax due to under reporting of number and jaw size of crushing machines

Sl. No.	Name of Office	Name of the assessee/ TIN No.	Year	Number/ Size of Machines actually installed	Number/Size of Machines reported	Tax due (₹)	Tax paid (₹)	Short levy of tax (₹)	Interest (₹)	Total (₹)
7.	CTO, Ettumanoor	Vallikkattu Aggregates, Kanakkari P.O, Ettumanoor/ 32051192477	2012-13	Two Secondary crusher size III (jaw size exceeding 40.64 cm x 25.40 cm) and one Primary crusher	One Secondary crusher size III (jaw size exceeding 40.64 cm x 25.40 cm) and one Primary	9,60,000	4,80,000	4,80,000	2,01,600	6,81,600
			2013-14	Two Secondary crusher size III (jaw size exceeding 40.64 cm x 25.40 cm) and one Primary crusher	One Secondary crusher size III (jaw size exceeding 40.64 cm x 25.40 cm) and one Primary crusher	9,60,000	4,80,000	4,80,000	1,44,000	6,24,000
8.	CTO, Payyannur	Jas Industrials/ 32499281222	2014-15	Two Secondary crusher size III (jaw size exceeding 40.64 cm x 25.40 cm) and one Primary crusher	One Secondary crusher size III (jaw size exceeding 40.64 cm x 25.40 cm) and one Primary crusher	19,20,000	9,60,000	9,60,000	2,11,200	11,71,200
9.	CTO, Aluva	Swadesi Aggregates/ 32150794667	2014-15	One Secondary size III (jaw size exceeding 40.64 cm x 25.40 cm) and one Primary crusher and one HSI Machine	One Secondary crusher size II (jaw size exceeding 30.48 cm x 22.86 cm but not exceeding 40.64 cm), one Primary crusher and one HSI Machine	13,35,000	8,55,000	4,80,000	1,00,800	5,80,000
10.	CTO, Thiruvalla	J.J. Crusher/ 32030518252	2013-14	Two Secondary crushers size III (jaw size exceeding 40.64 cm x 25.40 cm) and one Primary crusher	One Secondary crusher size III (jaw size exceeding 40.64 cm x 25.40 cm) and one Primary crusher	9,60,000	4,80,000	4,80,000	1,44,000	6,24,000

Appendix VI - Concl.

(Reference: Paragraph 2.9)

Short levy of compounded tax due to under reporting of number and jaw size of crushing machines

Sl. No.	Name of Office	Name of the assessee/ TIN No.	Year	Number/ Size of Machines actually installed	Number/Size of Machines reported	Tax due (₹)	Tax paid (₹)	Short levy of tax (₹)	Interest (₹)	Total (₹)
			2014-15	Two Secondary crusher size III (jaw size exceeding 40.64 cm x 25.40 cm) and one Primary crusher and one VSI Machine	Two Secondary crusher size III (jaw size exceeding 40.64 cm x 25.40 cm) and one Primary crusher	22,95,000	19,20,000	3,75,000	67,500	4,42,500
11.	CTO, Special Circle, Kottarakkara	Venad Granite and Sand Pvt Ltd.	2014-15	One cone crusher, one Primary crusher and One VSI Machine	Five Sand making machines	73,50,000	23,12,500	50,37,500	8,56,375	58,93,875
Total								1,36,37,500	30,04,375	1,66,41,875

Appendix VII

(Reference: Paragraph 2.11)

Short levy of tax on income received towards bottling charges

(Amount in ₹)

M/s Empee Distilleries Ltd/32090206645					
Year	2010-11	2011-12	2012-13	2013-14	2014-15
Total amount received towards bottling/conversion charges	1,13,95,506	1,29,01,330	2,43,80,475	3,43,33,478	3,87,82,830
Total quantity of IMFL manufactured (in cases)	342,631	4,29,431	8,12,295	9,77,050	10,85,810
Total quantity of IMFL manufactured (in litres)	30,83,679	38,64,879	73,10,655	87,93,450	97,72,290
DM water content @57.14 per cent (in litre)	17,62,014	22,08,392	41,77,308	50,24,577	55,83,887
Cost of DM Water @ ₹ 1* per litre	17,62,014	22,08,392	41,77,308	50,24,577	55,83,887
Rate of tax (in per cent)	12.5	12.5	13.5	14.5	14.5
Tax due	2,20,252	2,76,049	5,63,937	7,28,564	8,09,664
Cess due	2,203	2,760	0	0	0
Total due (tax + cess)	2,22,455	2,78,809	5,63,937	7,28,564	8,09,664
Tax assessed @ 50 per cent of conversion charges received	0	2,43,971	4,93,469	6,37,525	7,08,491
Tax short assessed	2,22,455	34,838	70,468	91,039	1,01,173
Interest due rate (in per cent)	66	54	42	30	18
Interest due	1,46,820	18,813	29,597	27,312	18,211
Tax short assessed	3,69,275	53,651	1,00,065	1,18,351	1,19,384
Total tax short assessed					7,60,726
M/s Imperial Spirits Ltd/32090282425					
Year	2010-11	2011-12	2012-13	2013-14	2014-15
Total amount received towards bottling/conversion charges	5,27,18,987	4,50,71,059	6,35,09,043	7,37,64,985	P&L Account not made available to audit
Total quantity of IMFL manufactured (in cases)	16,62,360	14,51,623	15,70,569	20,46,752	13,19,202
Total quantity of IMFL manufactured (in litres)	1,49,61,240	1,30,64,607	1,41,35,121	1,84,20,768	1,18,72,818
DM water content @57.14 per cent (in litres)	85,48,853	74,65,116	80,76,808	1,05,25,627	67,84,128
Cost of DM Water @ ₹ 1* per litre	85,48,853	74,65,116	80,76,808	1,05,25,627	67,84,128
Rate of tax (in per cent)	12.5	12.5	13.5	14.5	14.5
Tax due	10,68,607	9,33,140	10,90,369	15,26,216	9,83,699
Cess due	10,686	9,331	0	0	0
Total due (tax + cess)	10,79,293	9,42,471	10,90,369	15,26,216	9,83,699
Tax assessed @ 50 per cent of conversion charges received	9,35,077	8,16,538	9,54,120	13,35,506	8,60,779
Tax short assessed	1,44,216	1,25,933	1,36,249	1,90,710	1,22,920
Interest due rate (in per cent)	66	54	42	30	18
Interest due	95,183	68,004	57,225	57,213	22,126
Tax short assessed	2,39,399	1,93,937	1,93,474	2,47,923	1,45,046
Total tax short assessed					10,19,779

Appendix VII - Concl'd.

(Reference: Paragraph 2.11)

Short levy of tax on income received towards bottling charges

(Amount in ₹)

M/s SDF Industries Ltd/32090257462					
Year	2010-11	2011-12	2012-13	2013-14	2014-15
Total amount received towards bottling/conversion charges	3,84,85,276	3,65,91,210	3,90,10,773	5,06,07,817	6,80,08,905
Total quantity of IMFL manufactured (in cases)	14,80,593	13,86,505	13,32,951	14,55,535	18,50,359
Total quantity of IMFL manufactured (in litres)	1,33,25,337	1,24,78,545	1,19,96,559	1,30,99,815	1,66,53,231
DM water content @57.14 per cent (in litres)	76,14,098	71,30,241	68,54,834	74,85,234	95,15,656
Cost of DM Water @ ₹ 1* per litre	76,14,098	71,30,241	68,54,834	74,85,234	95,15,656
Rate of tax (in per cent)	12.5	12.5	13.5	14.5	14.5
Tax due	9,51,762	8,91,280	9,25,403	10,85,359	13,79,770
Cess due	9,518	8,913	0	0	0
Total due (tax + cess)	9,61,280	9,00,193	9,25,403	10,85,359	13,79,770
Tax assessed @ 50 per cent of conversion charges received	6,65,698	6,94,982	8,11,184	0	0
Tax short assessed	2,95,582	2,05,211	1,14,219	10,85,359	13,79,770
Interest due rate (in per cent)	66	54	42	30	18
Interest due	1,95,084	1,10,814	47,972	3,25,608	2,48,359
Tax short assessed	4,90,666	3,16,025	1,62,191	14,10,967	16,28,129
Total tax short assessed					40,07,978
M/s Sreedharan and Company Private Limited/32120204725					
Year	2011-12				
Total amount received towards bottling/conversion charges	1,16,97,803				
Total quantity of IMFL manufactured (in cases)	4,14,686				
Total quantity of IMFL manufactured (in litres)	37,32,174				
DM water content @ 57.14 per cent (in litres)	21,32,564				
Cost of DM Water @ ₹ 1* per litre	21,32,564				
Rate of tax (in per cent)	12.5				
Tax due	2,66,571				
Cess due	2,666				
Total due (tax + cess)	2,69,236				
Tax assessed @ 50 per cent of conversion charges received	2,05,895				
Tax short assessed	63,341				
Interest due rate (in per cent)	55				
Interest due	34,837				
Tax short assessed	97,545				
Total tax short assessed					97,545
Total short/non-levy of tax, interest and cess					58,86,028
* Cost of DM Water taken as ₹ 1 per litre as taken for assessment by the AC (Assessment)					

Appendix VIII

(Reference: Paragraph 2.13 – bullet 2)

Details of purchases of Margarine by M/s Promise Trading Company, Ernakulam

(Amount in ₹)

Sl. No.	TIN No.	Supplier details	Margarine brand/name	Invoice No.	Inv. Date	Value of goods purchased
1	32050762852	Anna Traders, Kottayam	Mellow Margarine	A524	12/02/2013	2,43,200
2	32071558094	Bakers Traders, EKM	Mellow Margarine	1865	21/01/14	11,980
3	32071558094	Bakers Traders, EKM	Mellow Margarine	1395	22/12/13	35,940
4	32071679144	Giby Traders	A1fa Inds Margarine	686	26/11/13	33,415
5	32150357807	Ruchi Soya Industries Ltd	PuffMo/CakeMo	2166	31/7/13	1,04,100
6	32150357807	Ruchi Soya Industries Ltd	PuffMo/CakeMo	2704	29/7/13	1,44,300
7	32150357807	Ruchi Soya Industries Ltd	PuffMo/CakeMo	2570	23/7/13	55,000
8	32150357807	Ruchi Soya Industries Ltd	PuffMo/CakeMo	2318	07/12/2013	47,500
9	32150357807	Ruchi Soya Industries Ltd	PuffMo/CakeMo	2492	19/7/13	48,450
10	32150357807	Ruchi Soya Industries Ltd	PuffMo/CakeMo	2045	28/6/13	1,79,938
11	32150357807	Ruchi Soya Industries Ltd	PuffMo/CakeMo	1848	19/6/13	1,35,214
12	32150357807	Ruchi Soya Industries Ltd	PuffMo/CakeMo	1743	14/6/13	1,07,238
13	32150357807	Ruchi Soya Industries Ltd	PuffMo/CakeMo	1710	12/6/13	90,672
14	32150357807	Ruchi Soya Industries Ltd	PuffMo/CakeMo	1529	5/6/13	1,20,500
15	32150357807	Ruchi Soya Industries Ltd	PuffMo/CakeMo	1363	29/5/13	1,41,300
16	32150357807	Ruchi Soya Industries Ltd	PuffMo/CakeMo	1316	27/5/13	51,000
17	32150357807	Ruchi Soya Industries Ltd	PuffMo/CakeMo	1177	21/5/13	52,609
18	32150357807	Ruchi Soya Industries Ltd	PuffMo/CakeMo	1178	21/5/13	1,41,300
19	32150357807	Ruchi Soya Industries Ltd	PuffMo/CakeMo	1083	16/5/13	1,41,300
20	32150357807	Ruchi Soya Industries Ltd	PuffMo/CakeMo	1082	16/5/13	45,750
21	32150357807	Ruchi Soya Industries Ltd	PuffMo/CakeMo	907	8/5/13	51,250
22	32150357807	Ruchi Soya Industries Ltd	PuffMo/CakeMo	751	2/5/13	38,240
23	32150357807	Ruchi Soya Industries Ltd	PuffMo/CakeMo	750	2/5/13	58,207
24	32150357807	Ruchi Soya Industries Ltd	PuffMo/CakeMo	651	27/4/13	51,250
25	32150357807	Ruchi Soya Industries Ltd	PuffMo/CakeMo	588	24/4/13	10,650

Appendix VIII - Contd.

(Reference: Paragraph 2.13 – bullet 2)

Details of purchases of Margarine by M/s Promise Trading Company, Ernakulam

(Amount in ₹)

Sl. No.	TIN No.	Supplier details	Margarine brand/name	Invoice No.	Inv. Date	Value of goods purchased
26	32150357807	Ruchi Soya Industries Ltd	PuffMo/CakeMo	590	24/4/13	76,480
27	32150357807	Ruchi Soya Industries Ltd	PuffMo/CakeMo	476	19/4/13	62,140
28	32150357807	Ruchi Soya Industries Ltd	PuffMo/CakeMo	374	16/4/13	39,800
29	32150357807	Ruchi Soya Industries Ltd	PuffMo/CakeMo	373	16/4/13	65,280
30	32150357807	Ruchi Soya Industries Ltd	PuffMo/CakeMo	283	11/4/13	92,420
31	32150357807	Ruchi Soya Industries Ltd	PuffMo/CakeMo	154	04/06/2013	79,800
32	32150357807	Ruchi Soya Industries Ltd	PuffMo/CakeMo	5574	26/11/13	2,11,800
33	32150357807	Ruchi Soya Industries Ltd	PuffMo/CakeMo	5521	23/11/13	1,07,430
34	32150357807	Ruchi Soya Industries Ltd	PuffMo/CakeMo	5382	19/11/13	2,78,490
35	32150357807	Ruchi Soya Industries Ltd	PuffMo/CakeMo	5366	16/11/13	1,81,455
36	32150357807	Ruchi Soya Industries Ltd	PuffMo/CakeMo	5283	13/11/13	1,22,760
37	32150357807	Ruchi Soya Industries Ltd	PuffMo/CakeMo	5305	14/11/13	2,23,200
38	32150357807	Ruchi Soya Industries Ltd	PuffMo/CakeMo	4968	31/10/13	97,500
39	32150357807	Ruchi Soya Industries Ltd	PuffMo/CakeMo	5059	5/11/13	87,750
40	32150357807	Ruchi Soya Industries Ltd	PuffMo/CakeMo	4720	22/10/13	1,95,000
41	32150357807	Ruchi Soya Industries Ltd	PuffMo/CakeMo	4926	31/10/13	1,07,250
42	32150357807	Ruchi Soya Industries Ltd	PuffMo/CakeMo	3882	13/9/13	2,66,350
43	32150357807	Ruchi Soya Industries Ltd	PuffMo/CakeMo	3761	10/9/13	2,52,250
44	32150357807	Ruchi Soya Industries Ltd	PuffMo/CakeMo	3829	12/9/13	2,06,500
45	32150357807	Ruchi Soya Insustries Ltd	PuffMo/CakeMo	3310	23/8/13	66,243
46	32150357807	Ruchi Soya Insustries Ltd	PuffMo/CakeMo	3238	20/8/13	1,69,800
47	32150357807	Ruchi Soya Insustries Ltd	PuffMo/CakeMo	3311	23/8/13	64,100
48	32150357807	Ruchi Soya Insustries Ltd	PuffMo/CakeMo	3049	13/8/13	1,16,625
49	32150357807	Ruchi Soya Insustries Ltd	PuffMo/CakeMo	3188	19/8/13	2,33,250

Appendix VIII - Contd.

(Reference: Paragraph 2.13 – bullet 2)

Details of purchases of Margarine by M/s Promise Trading Company, Ernakulam

(Amount in ₹)						
Sl. No.	TIN No.	Supplier details	Margarine brand/name	Invoice No.	Inv. Date	Value of goods purchased
50	32150357807	Ruchi Soya Insustries Ltd	PuffMo/CakeMo	8048	27/2/14	1,10,000
51	32150357807	Ruchi Soya Insustries Ltd	PuffMo/CakeMo	8459	17/3/14	91,800
52	32150357807	Ruchi Soya Insustries Ltd	PuffMo/CakeMo	8083	28/2/14	2,55,000
53	32150357807	Ruchi Soya Insustries Ltd	PuffMo/CakeMo	8756	29/3/14	4,29,630
54	32150357807	Ruchi Soya Insustries Ltd	PuffMo/CakeMo	8690	27/3/14	2,04,370
55	32150357807	Ruchi Soya Insustries Ltd	PuffMo/CakeMo	7846	19/2/14	1,02,000
56	32150357807	Ruchi Soya Insustries Ltd	PuffMo/CakeMo	7749	14/2/14	1,96,000
57	32150357807	Ruchi Soya Insustries Ltd	PuffMo/CakeMo	6960	16/11/14	2,08,200
58	32150357807	Ruchi Soya Insustries Ltd	PuffMo/CakeMo	6589	01/02/2014	1,56,150
59	32150357807	Ruchi Soya Insustries Ltd	PuffMo/CakeMo	6282	21/12/13	1,32,375
60	32150357807	Ruchi Soya Insustries Ltd	PuffMo/CakeMo	6066	13/12/13	1,16,490
61	32150357807	Ruchi Soya Insustries Ltd	PuffMo/CakeMo	7848	10/2/14	49,200
62	32150357807	Ruchi Soya Insustries Ltd	PuffMo/CakeMo	5842	6/12/13	1,58,850
63	32150357807	Ruchi Soya Insustries Ltd	PuffMo/CakeMo	7841	30/1/14	98,000
64	32150357807	Ruchi Soya Insustries Ltd	PuffMo/CakeMo	8665	26/3/14	2,14,000
65	32070252644	SSD Oil Company	Great Chef Puff/Cake Margarine	39	22/5/13	97,629
66	32070252644	SSD Oil Company	Great Chef Puff/Cake Margarine	54	11/6/13	97,629
67	32070252644	SSD Oil Company	Great Chef Puff/Cake Margarine	58	18/6/13	97,029
68	32070252644	SSD Oil Company	Great Chef Puff/Cake Margarine	88	24/7/13	99,010
69	32070252644	SSD Oil Company	Great Chef Puff/Cake Margarine	26	27/4/13	99,009
70	32070252644	SSD Oil Company	Great Chef Puff/Cake Margarine	16	17/4/13	49,504
71	32070252644	SSD Oil Company	Great Chef Puff/Cake Margarine	189	30/11/13	1,10,396
72	32070252644	SSD Oil Company	Great Chef Puff/Cake Margarine	138	30/9/13	1,01,980
73	32070252644	SSD Oil Company	Great Chef Puff/Cake Margarine	131	27/9/13	1,01,980

Appendix VIII - Contd.

(Reference: Paragraph 2.13 – bullet 2)

Details of purchases of Margarine by M/s Promise Trading Company, Ernakulam

(Amount in ₹)

Sl. No.	TIN No.	Supplier details	Margarine brand/name	Invoice No.	Inv. Date	Value of goods purchased
74	32070252644	SSD Oil Company	Great Chef Puff/Cake Margarine	105	21/8/13	1,00,000
75	32070252644	SSD Oil Company	Great Chef Puff/Cake Margarine	109	26/8/13	1,51,484
76	32070252644	SSD Oil Company	Great Chef Puff/Cake Margarine	202	14/12/13	55,198
77	32070252644	SSD Oil Company	Great Chef Puff/Cake Margarine	227	15/1/14	1,10,396
78	32070252644	SSD Oil Company	Great Chef Puff/Cake Margarine	246	5/2/14	1,08,911
79	32070252644	SSD Oil Company	Great Chef Puff/Cake Margarine	227	13/3/14	46,138
80	32070252644	SSD Oil Company	Great Chef Puff/Cake Margarine	282	19/3/14	1,15,347
81	32071695344	JK Traders,kochi	SSMIGSMILotusLilylite Margarine	1487	26/7/13	80,600
82	32071695344	JK Traders,kochi	SSMIGSMILotusLilylite Margarine	1457	24/7/13	6,590
83	32071695344	JK Traders,kochi	SSMIGSMILotusLilylite Margarine	1344	16/7/13	27,400
84	32071695344	JK Traders,kochi	SSMIGSMILotusLilylite Margarine	1384	18/7/13	1,00,590
85	32071695344	JK Traders,kochi	SSMIGSMILotusLilylite Margarine	1295	12/7/13	60,570
86	32071695344	JK Traders,kochi	SSMIGSMILotusLilylite Margarine	1229	5/7/13	41,100
87	32071695344	JK Traders,kochi	SSMIGSMILotusLilylite Margarine	1157	1/7/13	13,180
88	32071695344	JK Traders,kochi	SSMIGSMILotusLilylite Margarine	1210	4/7/13	40,020
89	32071695344	JK Traders,kochi	SSMIGSMILotusLilylite Margarine	1132	28/6/13	67,240
90	32071695344	JK Traders,kochi	SSMIGSMILotusLilylite Margarine	1051	21/6/13	99,790
91	32071695344	JK Traders,kochi	SSMIGSMILotusLilylite Margarine	959	13/6/13	33,090
92	32071695344	JK Traders,kochi	SSMIGSMILotusLilylite Margarine	910	10/6/13	25,340
93	32071695344	JK Traders,kochi	SSMIGSMILotusLilylite Margarine	857	5/6/13	64,250
94	32071695344	JK Traders,kochi	SSMIGSMILotusLilylite Margarine	826	3/6/13	64,250
95	32071695344	JK Traders,kochi	SSMIGSMILotusLilylite Margarine	742	27/5/13	38,010
96	32071695344	JK Traders,kochi	SSMIGSMILotusLilylite Margarine	736	24/5/13	38,010
97	32071695344	JK Traders,kochi	SSMIGSMILotusLilylite Margarine	706	23/5/13	77,100

Appendix VIII - Contd.

(Reference: Paragraph 2.13 – bullet 2)

Details of purchases of Margarine by M/s Promise Trading Company, Ernakulam

(Amount in ₹)

Sl. No.	TIN No.	Supplier details	Margarine brand/name	Invoice No.	Inv. Date	Value of goods purchased
98	32071695344	JK Traders,kochi	SSMJGSMILotusLilylite Margarine	666	21/5/13	25,340
99	32071695344	JK Traders,kochi	SSMJGSMILotusLilylite Margarine	663	21/5/13	6,335
100	32071695344	JK Traders,kochi	SSMJGSMILotusLilylite Margarine	660	20/5/13	6,335
101	32071695344	JK Traders,kochi	SSMJGSMILotusLilylite Margarine	648	18/5/13	39,090
102	32071695344	JK Traders,kochi	SSMJGSMILotusLilylite Margarine	545	13/5/13	31,675
103	32071695344	JK Traders,kochi	SSMJGSMILotusLilylite Margarine	502	9/5/13	32,575
104	32071695344	JK Traders,kochi	SSMJGSMILotusLilylite Margarine	487	7/5/13	6,515
105	32071695344	JK Traders,kochi	SSMJGSMILotusLilylite Margarine	457	6/5/13	25,340
106	32071695344	JK Traders,kochi	SSMJGSMILotusLilylite Margarine	403	1/5/13	77,100
107	32071695344	JK Traders,kochi	SSMJGSMILotusLilylite Margarine	339	25/4/13	44,625
108	32071695344	JK Traders,kochi	SSMJGSMILotusLilylite Margarine	277	19/4/13	57,735
109	32071695344	JK Traders,kochi	SSMJGSMILotusLilylite Margarine	276	19/4/13	12,670
110	32071695344	JK Traders,kochi	SSMJGSMILotusLilylite Margarine	229	17/4/13	70,740
111	32071695344	JK Traders,kochi	SSMJGSMILotusLilylite Margarine	226	17/4/13	12,850
112	32071695344	JK Traders,kochi	SSMJGSMILotusLilylite Margarine	157	11/4/13	11,403
113	32071695344	JK Traders,kochi	SSMJGSMILotusLilylite Margarine	164	11/4/13	76,840
114	32071695344	JK Traders,kochi	SSMJGSMILotusLilylite Margarine	49	4/4/13	93,833
115	32071695344	JK Traders,kochi	SSMJGSMILotusLilylite Margarine	1559	2/8/13	80,860
116	32071695344	JK Traders,kochi	SSMJGSMILotusLilylite Margarine	1711	14/8/13	40,020
117	32071695344	JK Traders,kochi	SSMJGSMILotusLilylite Margarine	1642	9/8/13	74,270
118	32071695344	JK Traders,kochi	SSMJGSMILotusLilylite Margarine	1827	22/8/13	96,585
119	32071695344	JK Traders,kochi	SSMJGSMILotusLilylite Margarine	1746	16/8/13	13,180
120	32071695344	JK Traders,kochi	SSMJGSMILotusLilylite Margarine	1947	30/8/13	65,305
121	32071695344	JK Traders,kochi	SSMJGSMILotusLilylite Margarine	1898	27/8/13	89,400

Appendix VIII - Contd.

(Reference: Paragraph 2.13 – bullet 2)

Details of purchases of Margarine by M/s Promise Trading Company, Ernakulam

(Amount in ₹)

Sl. No.	TIN No.	Supplier details	Margarine brand/name	Invoice No.	Inv. Date	Value of goods purchased
122	32071695344	JK Traders,kochi	SSMJGSMILotusLilylite Margarine	2024	6/9/13	94,615
123	32071695344	JK Traders,kochi	SSMJGSMILotusLilylite Margarine	1757	17/8/13	9,590
124	32071695344	JK Traders,kochi	SSMJGSMILotusLilylite Margarine	2136	13/9/13	65,385
125	32071695344	JK Traders,kochi	SSMJGSMILotusLilylite Margarine	2312	27/9/13	56,000
126	32071695344	JK Traders,kochi	SSMJGSMILotusLilylite Margarine	2243	24/9/13	56,360
127	32071695344	JK Traders,kochi	SSMJGSMILotusLilylite Margarine	2438	8/10/13	42,810
128	32071695344	JK Traders,kochi	SSMJGSMILotusLilylite Margarine	2350	1/10/13	48,605
129	32071695344	JK Traders,kochi	SSMJGSMILotusLilylite Margarine	2593	18/10/13	48,005
130	32071695344	JK Traders,kochi	SSMJGSMILotusLilylite Margarine	2492	11/10/13	68,970
131	32071695344	JK Traders,kochi	SSMJGSMILotusLilylite Margarine	2639	22/10/13	55,320
132	32071695344	JK Traders,kochi	SSMJGSMILotusLilylite Margarine	2704	26/10/13	47,775
133	32071695344	JK Traders,kochi	SSMJGSMILotusLilylite Margarine	2760	31/10/13	16,604
134	32071695344	JK Traders,kochi	SSMJGSMILotusLilylite Margarine	2784	11/01/2013	43,260
135	32071695344	JK Traders,kochi	SSMJGSMILotusLilylite Margarine	2846	01/06/2013	56,240
136	32071695344	JK Traders,kochi	SSMJGSMILotusLilylite Margarine	2928	11/12/2013	71,380
137	32071695344	JK Traders,kochi	SSMJGSMILotusLilylite Margarine	2979	16/11/13	7,49,860
138	32071695344	JK Traders,kochi	SSMJGSMILotusLilylite Margarine	3213	29/11/13	56,560
139	32071695344	JK Traders,kochi	SSMJGSMILotusLilylite Margarine	3294	4/12/13	3,53,300
140	32071695344	JK Traders,kochi	SSMJGSMILotusLilylite Margarine	3279	3/12/13	1,44,200
141	32071695344	JK Traders,kochi	SSMJGSMILotusLilylite Margarine	3491	14/12/13	1,42,400
142	32071695344	JK Traders,kochi	SSMJGSMILotusLilylite Margarine	3384	9/12/13	1,44,200
143	32071695344	JK Traders,kochi	SSMJGSMILotusLilylite Margarine	3725	01/03/2014	35,150
144	32071695344	JK Traders,kochi	SSMJGSMILotusLilylite Margarine	3615	22/12/13	1,42,400
145	32071695344	JK Traders,kochi	SSMJGSMILotusLilylite Margarine	4003	28/1/14	28,320

Appendix VIII - Concl'd.

(Reference: Paragraph 2.13 – bullet 2)

Details of purchases of Margarine by M/s Promise Trading Company, Ernakulam

(Amount in ₹)

Sl. No.	TIN No.	Supplier details	Margarine brand/name	Invoice No.	Inv. Date	Value of goods purchased
146	32071695344	JK Traders,kochi	SSMJGSMILotusLilylite Margarine	3844	15/1/14	41,400
147	32071695344	JK Traders,kochi	SSMJGSMILotusLilylite Margarine	4289	20/2/14	50,485
148	32071695344	JK Traders,kochi	SSMJGSMILotusLilylite Margarine	4213	14/2/14	27,960
149	32071695344	JK Traders,kochi	SSMJGSMILotusLilylite Margarine	4434	03/05/2014	73,650
150	32071695344	JK Traders,kochi	SSMJGSMILotusLilylite Margarine	4346	26/2/14	95,265
151	32071695344	JK Traders,kochi	SSMJGSMILotusLilylite Margarine	4501	03/10/2014	67,160
152	32071695344	JK Traders,kochi	SSMJGSMILotusLilylite Margarine	4728	28/3/14	81,820
153	32071695344	JK Traders,kochi	SSMJGSMILotusLilylite Margarine	4640	21/3/14	1,19,820
			Total Purchase Turnover			1,47,10,301
			Add: GP @ 2.97 %			4,36,896
			Sales Turnover			1,51,47,197
			Tax due @ 14.5%			21,96,344
			Tax paid @ 1%			1,51,472
			Balance Tax Due			20,44,872
			Interest			3,06,731
			Tax plus interest due			23,51,603

Appendix IX
(Reference: Paragraph 3.4.2.1)
Non-renewal of permits

(Amount in ₹)

Sl. No.	Name of Office	Number of vehicles registered from 1-1-2007 and issued with permit	Number of vehicles without permit from 1-1-2007	Number of vehicles without permit from 1-4-2014	Comp. fees collectable from vehicles without permit from 1-4-2014	Offence detected by MVD and check report prepared	Number of vehicles in respect which tax paid beyond 1-4-2014	Number of goods carriages	Compounding fees collectable i.r.o goods carriages	Number of autoriks haws	Compounding fees collectable in respect autorikshaws	Number of contract carriages	Compounding fees collectable i.r.o contract carriages	Number of stage carriages	Compounding fees collectable i.r.o stage carriages	Number of other carriages	Compounding fees collectable i.r.o other carriages
1	RTO, Alappuzha	8,238	527	434	9,78,000	0	81	13	48,000	354	7,08,000	51	1,53,000	16	69,000	0	0
2	RTO, Ernakulam	19,185	930	695	17,52,000	3	101	81	2,94,000	455	9,10,000	116	3,48,000	37	1,82,000	6	18,000
3	RTO, Idukki	4,991	477	379	9,48,000	3	44	18	67,000	294	5,88,000	21	63,000	46	2,30,000	0	0
4	RTO, Kannur	12,712	598	496	12,02,000	0	84	62	2,21,000	364	7,28,000	47	1,42,000	21	1,05,000	2	6,000
5	RTO, Malappuram	20,235	844	729	18,64,000	5	153	128	4,61,000	504	10,08,000	33	99,000	63	2,91,000	1	5,000
6	RTO, Palakkad	12,409	1,002	859	20,38,000	3	141	65	2,42,000	699	13,98,000	37	1,23,000	57	2,72,000	1	3,000
7	RTO, Pathanamthitta	6,839	564	474	10,94,000	0	64	29	1,09,000	392	7,84,000	30	90,000	22	1,08,000	1	3,000
8	RTO, Thiruvananthapuram	25,814	2,708	1,999	45,25,000	1	281	132	5,37,000	1684	33,68,000	159	5,00,000	24	1,20,000	0	0
9	RTO, Thrissur	19,317	714	598	15,44,000	2	91	54	2,13,000	416	8,32,000	66	1,98,000	61	2,98,000	1	3,000
10	RTO, Vadakara	11,072	729	592	13,91,000	3	98	57	1,94,000	464	9,28,000	42	1,26,000	29	1,43,000	0	0
11	RTO, Wayanad	5,525	247	217	5,09,000	0	55	20	73,000	172	3,44,000	16	48,000	9	44,000	0	0
12	SRTO, Adoor	5,324	485	401	8,81,000	0	53	25	96,000	345	6,90,000	29	87,000	1	5,000	1	3,000
13	SRTO, Alathur	5,873	309	277	6,21,000	0	40	37	124,000	226	4,52,000	13	40,000	1	5,000	0	0
14	SRTO, Aluva	7,367	300	231	5,82,000	0	52	26	99,000	137	2,74,000	66	201,000	1	5,000	1	3,000
15	SRTO, Cherthala	8,626	468	387	9,38,000	1	70	41	1,51,000	253	5,06,000	91	273,000	1	5,000	1	3,000
16	SRTO, Kayamkulam	5,053	290	253	5,89,000	0	36	24	99,000	200	4,00,000	27	83,000	1	4,000	1	3,000
17	SRTO, Mananthavady	3,658	215	181	4,20,000	1	58	21	79,000	145	2,90,000	12	36,000	3	15,000	0	0
18	SRTO, Mavelikkara	4,188	273	232	5,68,000	0	46	36	1,43,000	165	3,30,000	29	87,000	1	5,000	1	3,000

Appendix IX - Concl'd.
(Reference: Paragraph 3.4.2.1)
Non-renewal of permits

(Amount in ₹)

Sl. No.	Name of Office	Number of vehicles registered from 1-1-2007 and issued with permit	Number of vehicles without permit from 1-1-2007	Number of vehicles without permit from 1-4-2014	Comp. fees collectable from vehicles without permit from 1-4-2014	Offence detected by MVD and check report prepared	Number of vehicles in respect which tax paid beyond 1-4-2014	Number of goods carriages	Compounding fees collectable i.r.o goods carriages	Number of autoriks haws	Compounding fees collectable in respect autorikshaws	Number of contract carriages	Compounding fees collectable i.r.o contract carriages	Number of stage carriages	Compounding fees collectable i.r.o stage carriages	Number of other carriages	Compounding fees collectable i.r.o other carriages
19	SRTO, Neyyattinkara	6,234	557	477	11,36,000	1	54	69	2,66,000	363	7,26,000	43	136,000	1	5,000	1	3,000
20	SRTO, North Parur	7,342	370	281	6,63,000	0	53	24	82,000	200	4,00,000	52	156,000	5	25,000	0	0
21	SRTO, Ottappalam	7,509	508	427	9,65,000	0	83	43	1,66,000	353	7,06,000	30	90,000	0	0	1	3,000
22	SRTO, Parassala	4,407	375	337	7,68,000	0	43	38	1,42,000	273	5,46,000	26	80,000	0	0	0	0
23	SRTO, Sulthan Bathery	4,210	189	166	4,22,000	0	44	24	94,000	110	2,20,000	23	69,000	9	39,000	0	0
24	SRTO, Thalassery	21,660	1,425	1,215	27,24,000	0	145	130	4,67,000	1,019	20,38,000	54	1,62,000	11	54,000	1	3,000
25	SRTO, Thaliparamba	14,897	801	643	15,05,000	1	146	103	3,72,000	492	9,84,000	46	1,39,000	2	10,000	0	0
26	SRTO, Thiruvalla	4,027	175	151	3,70,000	0	36	23	90,000	105	2,10,000	22	67,000	0	0	1	3,000
27	SRTO, Thodupuzha	5,885	361	257	5,81,000	0	26	21	84,000	215	4,30,000	21	67,000	0	0	0	0
28	SRTO, Tripunithura	7,947	368	286	6,81,000	2	57	21	87,000	205	4,10,000	58	1,76,000	1	5,000	1	3,000
29	SRTO, Vandiperiyar	4,996	456	453	9,66,000	0	40	20	73,000	410	8,20,000	21	63,000	2	10,000	0	0
Total		2,75,540	17,265	14,127	3,32,25,000	26	2,275	1,385	51,73,000	11,014	2,20,28,000	1,281	39,02,000	425	20,54,000	22	68,000

Appendix X

(Reference: Paragraph 3.4.3.1)

Incorrect fixation of seating capacity

Sl. No.	Name of Office	No. of cases	Short levy (₹)
1	RTO, Ernakulam	26	13,80,960
2	RTO, Kannur	11	12,38,184
3	RTO, Malappuram	16	8,96,040
4	RTO, Palakkad	4	2,13,480
5	RTO, Thrissur	9	5,32,440
6	RTO, Vatakara	7	5,58,720
Total		73	48,19,824

Appendix XI

(Reference: Paragraph 3.4.3.2)

Non-collection of onetime tax for 15 years from motor cabs and tourist motor cabs

Sl. No.	Name of Office	Number of cases	Short collection (₹)
1	RTO, Alappuzha	513	1,19,61,014
2	RTO, Ernakulam	2,195	6,81,93,478
3	RTO, Idukki	100	28,66,866
4	RTO, Kannur	555	1,17,88,166
5	RTO, Kasargod	229	37,06,304
6	RTO, Kollam	166	51,59,450
7	RTO, Kottayam	211	85,63,393
8	RTO, Malappuram	207	42,81,019
9	RTO, Palakkad	316	75,46,101
10	RTO, Pathanamthitta	348	94,32,196
11	RTO, Thrissur	866	2,14,32,629
12	RTO, Trivandrum	921	3,30,36,941
13	RTO, Vatakara	508	98,76,356
14	RTO, Wayanad	138	31,99,266
15	SRTO, Adoor	293	87,87,287
16	SRTO, Alathur	357	67,19,059
17	SRTO, Aluva	803	2,15,39,760
18	SRTO, Chalakkudy	163	40,83,696
19	SRTO, Changanassery	102	28,17,006
20	SRTO, Cherthala	1,293	2,61,14,243
21	SRTO, Guruvayoor	279	58,45,630
22	SRTO, Irinjalakkuda	207	51,55,351
23	SRTO, Kanjirappally	62	17,67,343
24	SRTO, Karunagappally	103	28,25,761
25	SRTO, Kayamkulam	519	1,12,60,842
26	SRTO, Kodungallur	179	46,68,818
27	SRTO, Kothamangalam	61	23,31,664
28	SRTO, Kottarakkara	126	26,48,662
29	SRTO, Kunnathur	44	11,22,106
30	SRTO, Mallappally	35	15,79,044
31	SRTO, Mananthavady	221	37,37,726
32	SRTO, Mavelikkara	289	75,66,106
33	SRTO, Muvattupuzha	134	49,27,480
34	SRTO, Neyyattinkara	329	86,43,215
35	SRTO, Nilambur	48	14,09,275
36	SRTO, North Parur	827	2,02,97,892
37	SRTO, Ottappalam	418	74,01,479

Appendix XI - Concl.d.

(Reference: Paragraph 3.4.3.2)

Non-collection of onetime tax for 15 years from motor cabs and tourist motor cabs

Sl. No.	Name of Office	Number of cases	Short collection (₹)
38	SRTO, Pala	53	19,51,755
39	SRTO, Parassala	181	41,67,645
40	SRTO, Perinthalmanna	81	14,84,986
41	SRTO, Perumbavoor	145	51,17,453
42	SRTO, Punalur	125	26,55,810
43	SRTO, Ranni	61	20,26,576
44	SRTO, Sulthan Bathery	186	32,37,388
45	SRTO, Thalassery	1,160	1,91,21,571
46	SRTO, Thaliparamba	794	1,30,13,663
47	SRTO, Thiruvalla	306	93,94,506
48	SRTO, Thodupuzha	156	42,80,022
49	SRTO, Tripunithura	934	2,85,47,207
50	SRTO, Vaikom	156	47,54,054
51	SRTO, Vandiperiyar	142	37,85,874
52	SRTO, Wadakkancherry	158	36,90,499
Total		18,803	47,15,21,633

Appendix XII

(Reference: Paragraph 3.4.3.3)

Non-collection of differential amount of tax for other State contract carriages

Sl. No.	Name of Office	Check post	Number of instance of taxation	Short collection (₹)
1	RTO, Idukki	Kumali	9,332	4,81,47,330
2	RTO, Kannur	Iritty	5,349	12,68,75,920
3	RTO, Kasargod	Neeleswaram, Manjeswaram	15,267	9,38,23,315
4	RTO, Palakkad	Gopalapuram	1,591	1,37,62,455
5	RTO, Palakkad	Govindapuram	889	93,50,890
6	RTO, Palakkad	Meenakshipuram	134	19,79,670
7	RTO, Palakkad	Nadupunni	10	3,19,760
8	RTO, Palakkad	Velanthavalam	223	30,36,890
9	RTO, Palakkad	Walayar	12,647	21,83,22,300
10	RTO, Palakkad	Walayar out	9	52,340
11	RTO, Thiruvananthapuram	Amaravila	1,624	3,73,09,310
12	RTO, Wayanad	Kartikulam	4,209	5,11,83,658
13	RTO, Wayanad	Muthanga	34,796	20,66,65,950
Total			86,080	81,08,29,788

Appendix XIII

(Reference: Paragraph 3.4.3.4 – bullet 1)

Balance tax due for the period from 18 July 2016 onwards in respect of goods carriages above 3,000 kg gross vehicle weight

Sl. No.	Name of Office	Number of cases	Balance tax collectable (₹)
1	RTO, Alappuzha	403	2,07,741
2	RTO, Ernakulam	616	5,68,023
3	RTO, Idukki	58	31,138
4	RTO, Kannur	253	1,40,748
5	RTO, Malappuram	766	4,11,516
6	RTO, Palakkad	775	3,65,933
7	RTO, Pathanamthitta	126	66,387
8	RTO, Thiruvananthapuram	438	3,18,884
9	RTO, Thrissur	758	3,61,254
10	RTO, Vadakara	128	53,993
11	RTO, Wayanad	182	60,130
12	SRTO, Adoor	108	80,052
13	SRTO, Alathur	301	1,38,944
14	SRTO, Aluva	468	2,69,319
15	SRTO, Cherthala	334	1,62,992
16	SRTO, Kayamkulam	200	1,77,641
17	SRTO, Mananthavady	89	28,688
18	SRTO, Mavelikkara	105	63,579
19	SRTO, Neyyattinkara	236	1,17,562
20	SRTO, North Parur	218	1,42,536
21	SRTO, Ottappalam	179	78,521
22	SRTO, Parassala	225	1,27,714
23	SRTO, Sulthan Bathery	145	76,673
24	SRTO, Thalassery	455	2,99,063
25	SRTO, Thaliparamba	357	2,42,779
26	SRTO, Thiruvalla	131	98,555
27	SRTO, Thodupuzha	194	1,07,574
28	SRTO, Tripunithura	271	1,95,612
29	SRTO, Vandiperiyar	77	48,533
Total		8,596	50,42,084

Appendix XIV

(Reference: Paragraph 3.4.3.4 – bullet 2)

Tax arrears in respect of transport vehicles for the period 2014-17

Sl. No.	Name of Office	No of vehicles	No of autorikshas	Tax due on autorikshaws (₹)	Number of stage carriages	Tax due on state carriages (₹)	Number of goods carriages	Tax due on goods carriages (₹)	Number of other carriages	Tax due on other carriages (₹)	Number of contract carriages other than three wheelers	Tax due on contract carriages (₹)	Total (₹)
1	RTO, Alappuzha	1,081	491	3,45,500	3	1,54,848	428	19,04,510	7	6,600	152	9,28,440	33,39,898
2	RTO, Ernakulam	2,271	968	6,68,500	7	3,10,470	958	60,48,110	48	1,90,885	290	30,28,487	102,46,452
3	RTO, Idukki	628	437	3,04,500	0		133	6,49,130	11	31,900	47	1,22,750	11,08,280
4	RTO, Kannur	1,574	607	4,27,500	30	15,84,751	780	32,77,405	20	38,695	137	15,18,470	68,46,821
5	RTO, Malappuram	3,020	1,282	9,60,000	34	13,55,684	1,563	67,27,665	9	29,345	132	9,44,100	100,16,794
6	RTO, Palakkad	1,893	1,047	6,97,875	17	5,51,670	664	74,77,515	21	2,48,775	144	9,72,600	99,48,435
7	RTO, Pathanamthitta	908	450	3,33,000	1	29,910	348	15,16,155	10	31,500	99	3,82,580	22,93,145
8	RTO, Thiruvananthapuram	3,165	1,912	14,65,000	2	4,30,800	906	55,68,445	62	2,63,050	283	16,37,355	93,64,650
9	RTO, Thrissur	2,433	1,193	8,68,000	42	36,77,927	958	45,67,335	29	1,17,880	211	14,81,190	107,12,332
10	RTO, Vadakara	1,453	656	4,81,000	14	6,94,560	635	25,11,670	12	26,095	136	5,12,890	42,26,215
11	RTO, Wayanad	543	257	1,62,500	2	70,470	228	8,44,475	5	5,500	51	4,47,700	15,30,645
12	SRTO, Adoor	755	420	3,32,500	0		270	13,11,750	7	39,755	58	2,19,200	19,03,205
13	SRTO, Alathur	889	380	2,74,000	0		424	17,66,880	5	11,000	80	2,34,430	22,86,310
14	SRTO, Aluva	749	247	1,74,500	0		370	22,08,210	7	7,585	125	9,59,550	33,49,845
15	SRTO, Cherthala	1,023	367	2,67,000	0		440	23,36,305	9	25,620	207	11,92,020	38,20,945
16	SRTO, Kayamkulam	1,029	291	2,09,500	0		578	24,48,330	10	47,515	150	5,89,240	32,94,585
17	SRTO, Mananthavady	478	219	1,60,000	0		212	8,15,755	11	24,200	36	1,89,740	11,89,695
18	SRTO, Mavelikkara	703	215	1,49,000	0		383	19,37,730	7	16,225	98	9,40,200	30,43,155
19	SRTO, Neyyattinkara	1,153	564	4,11,000	0		495	27,60,740	18	60,950	76	3,22,440	35,55,130
20	SRTO, North Parur	946	339	2,45,500	0		441	16,21,640	6	15,905	160	9,36,040	28,19,085
21	SRTO, Ottappalam	1,120	585	4,12,500	0		434	18,12,195	8	10,335	93	10,90,790	33,25,820
22	SRTO, Parassala	803	373	2,57,000	0		357	23,18,485	7	8,800	66	9,28,730	35,13,015
23	SRTO, Sulthan Bathery	497	172	1,22,000	3	1,50,030	275	12,87,545	2	1,650	45	9,02,140	24,63,365
24	SRTO, Thalassery	3,074	1,518	11,11,000	8	5,19,810	1,264	65,36,755	23	41,560	261	11,53,190	93,62,315
25	SRTO, Thaliparamba	1,980	816	5,79,000	6	5,82,780	968	47,64,730	8	13,185	182	9,59,100	68,98,795
26	SRTO, Thiruvalla	486	129	90,000	0		292	12,79,925	2	3,300	63	2,04,430	15,77,655
27	SRTO, Thodupuzha	693	393	2,91,500	0		222	9,70,170	7	22,935	71	6,61,750	19,46,355
28	SRTO, Tripunithura	1,130	407	2,85,000	0		515	31,22,529	21	1,28,415	187	10,09,020	45,44,964
29	SRTO, Vandiperiyar	831	564	4,15,500	2	2,44,290	170	10,02,875	1	550	94	2,23,160	18,86,375
	Total	37,308	17,299	1,24,99,875	171	1,03,58,000	15,711	8,13,94,964	393	14,69,710	3,734	2,46,91,732	13,04,14,280

Appendix XV

(Reference: Paragraph 3.4.4.1)

Irregular grant of driving school license

Sl. No.	Name of Office	Number of driving schools	Number of RC expired driving school vehicles	Number of RC expired vehicles at the time of renewal of driving school license	Number of driving School vehicles in respect of RC does not exist
1	RTO, Alappuzha	152	646	204	4
2	RTO, Ernakulam	271	1198	396	32
3	RTO, Idukki	50	244	50	2
4	RTO, Kannur	115	456	116	6
5	RTO, Malappuram	133	606	140	4
6	RTO, Palakkad	80	472	174	6
7	RTO, Pathanamthitta	95	330	96	16
8	RTO, Thiruvananthapuram	157	810	352	2
9	RTO, Thrissur	118	500	78	10
10	RTO, Vada kara	34	110	30	0
11	RTO, Wayanad	22	100	34	0
Total		1,227	5,472	1,670	82

Appendix XVI

(Reference: Paragraph 3.4.4.2 – bullet 1)

Check report in respect of overload cases

Sl. No.	Name of Office	No. of cases	Compounding fee (₹)
1.	RTO, Attingal	12	1,34,000
2.	RTO, Idukki	6	37,000
3.	RTO, Kannur	8	22,000
4.	RTO, Kasargod	4	23,000
5.	RTO, Kollam	14	1,53,000
6.	RTO, Kottayam	22	2,44,000
7.	RTO, Kozikkode	12	60,000
8.	RTO, Malappuram	75	4,60,000
9.	RTO, Pathanamthitta	9	55,800
10.	RTO, Thiruvananthapuram	18	1,53,000
11.	RTO, Thrissur	176	18,01,000
12.	RTO, Vadakara	10	76,000
13.	RTO, Wayanad	9	49,000
14.	SRTO, Adoor	7	51,000
15.	SRTO, Alathur	9	72,000
16.	SRTO, Aluva	75	7,06,100
17.	SRTO, Angamali	14	1,55,000
18.	SRTO, Chalakkudy	10	95,000
19.	SRTO, Changanassery	16	1,65,000
20.	SRTO, Cherthala	19	1,67,000
21.	SRTO, Chittur	18	2,21,000
22.	SRTO, Devikulam (14-15)	5	64,000
23.	SRTO, Guruvayoor	15	1,52,000
24.	SRTO, Irinjalakkuda	32	2,98,000
25.	SRTO, Kanjirappally	9	95,000
26.	SRTO, Karunagappally	9	73,000
27.	SRTO, Kayamkulam	15	1,19,000
28.	SRTO, Kodungallur	17	2,04,000
29.	SRTO, Koduvally	8	48,000
30.	SRTO, Kothamangalam	11	1,19,000
31.	SRTO, Kottarakkara	2	8,000
32.	SRTO, Koyilandy	3	18,000
33.	SRTO, Kunnathur	1	25,000
34.	SRTO, Mallappally	5	43,000
35.	SRTO, Mananthavady	1	3,000
36.	SRTO, Mannarkkad	2	7,000
37.	SRTO, Mattancherry	12	1,61,000
38.	SRTO, Mavelikkara	16	1,41,000

Appendix XVI - Concl'd.

(Reference: Paragraph 3.4.4.2 – bullet 1)

Check report in respect of overload cases

Sl. No.	Name of Office	No. of cases	Compounding fee (₹)
39.	SRTO, Muvattupuzha	83	9,12,000
40.	SRTO, Nedumangad	4	19,000
41.	SRTO, Neyyattinkara	6	29,000
42.	SRTO, Nilambur	4	38,000
43.	SRTO, North Parur	28	3,38,000
44.	SRTO, Ottappalam	8	70,000
45.	SRTO, Pala	5	47,000
46.	SRTO, Parassala	17	1,59,000
47.	SRTO, Pattambi	29	3,41,100
48.	SRTO, Perinthalmanna	5	44,000
49.	SRTO, Perumbavoor	204	23,70,000
50.	SRTO, Punalur	2	14,000
51.	SRTO, Ranni	6	53,000
52.	SRTO, Sulthan Bathery	7	49,000
53.	SRTO, Thalassery	32	1,91,000
54.	SRTO, Thaliparamba	5	20,000
55.	SRTO, Thiruvalla	12	93,000
56.	SRTO, Thodupuzha	25	2,73,000
57.	SRTO, Tirur	12	1,50,000
58.	SRTO, Tirurangadi	6	31,000
59.	SRTO, Tripunithura	17	1,74,000
60.	SRTO, Uzhavoor	7	92,000
61.	SRTO, Vaikom	3	35,000
62.	SRTO, Vandiperiyar	26	36,000
63.	SRTO, Wadakkancherry	11	1,15,000
Total		1,270	1,21,71,000

Appendix XVII

(Reference: Paragraph 3.4.4.2 – bullet 2)

List of goods vehicles passed through check posts in Palakkad district 10 times or more

Sl. No.	Registration No. of vehicles	No. of occasions	Amount collected (₹)
1	KL-43-C-8272	85	6,73,000
2	KL-43-B-6222	80	5,79,000
3	KL-43-D-9156	78	5,85,000
4	KL-43-C-5465	74	5,05,000
5	KL-07-AK-2303	71	4,99,000
6	KL-43-D-5141	66	4,86,000
7	KL-43-C-8040	66	4,68,000
8	KL-07-BV-3155	55	4,40,000
9	TN-38-BT-9761	52	2,72,000
10	TN-28-AF-8385	43	3,53,000
11	TN-69-M-9976	42	3,37,000
12	TN-04-AA-2128	42	3,13,000
13	KL-07-BG-6900	42	2,67,000
14	TN-69-F-2466	41	3,37,200
15	TN-20-AP-487	39	3,01,000
16	KL-43-A-2556	37	3,15,000
17	TN-04-AA-1942	35	2,70,000
18	KL-43-A-2736	34	2,87,000
19	KL-48-D-3940	34	1,90,000
20	KL-43-6770	33	2,75,000
21	KL-07-BV-9793	32	2,18,000
22	AP-27-W-2255	31	3,83,000
23	AP-27-TX-4635	31	2,42,000
24	TN-28-AF-1550	31	1,85,000
25	KL-43-F-4410	31	1,48,000
26	TN-28-AR-1827	31	1,00,000
27	KL-09-AG-2267	28	93,000
28	KL-07-AT-7806	26	2,01,000
29	AP-27-Y-1701	25	1,69,000
30	KL-43-C-511	25	1,15,000
31	KA-01-AD-7567	24	1,05,000
32	KL-07-AZ-3136	23	1,68,000
33	TN-02-AT-9699	23	1,56,000
34	TN-28-AK-9670	22	1,75,000
35	TN-69-L-1233	21	1,11,000
36	KA-01-AA-7219	21	96,000
37	AP-07-TU-7666	19	2,18,000
38	TN-20-AP-1518	19	1,44,000

Appendix XVII - Contd.

(Reference: Paragraph 3.4.4.2 – bullet 2)

List of goods vehicles passed through check posts in Palakkad district 10 times or more

Sl. No.	Registration No. of vehicles	No. of occasions	Amount collected (₹)
39	TN-23-AL-9324	19	69,200
40	KL-43-B-117	18	1,33,000
41	KL-43-C-250	17	1,48,000
42	TN-28-AM-5263	17	1,22,000
43	TN-04-AF-390	17	1,09,000
44	TN-70-F-6033	17	84,000
45	KL-43-F-2485	17	77,000
46	KA-01-AA-7794	17	70,000
47	AP-27-TY-1345	16	1,25,000
48	TN-02-AV-5599	16	1,04,000
49	TN-28-AD-2277	16	85,000
50	KL-43-D-2421	16	84,000
51	TN-70-F-6044	16	75,000
52	KA-01-AA-6142	16	70,000
53	TN-04-AJ-1654	16	58,000
54	KL-43-F-9303	16	58,000
55	TN-04-AK-3400	16	57,100
56	KL-39-E-4038	15	1,36,000
57	AP-27-TY-1143	15	1,17,000
58	TN-70-F-9388	15	72,000
59	TN-70-F-6012	15	71,000
60	KA-01-AA-7220	15	70,000
61	TN-70-F-6039	15	69,000
62	KA-01-AB-505	15	48,000
63	KL-43-C-7119	14	81,000
64	KL-43-3009	14	64,000
65	TN-04-AK-3376	14	50,000
66	TN-47-AA-2935	14	47,000
67	TN-20-BR-525	13	95,000
68	KL-43-C-1314	13	75,000
69	KL-01-AS-695	13	69,000
70	TN-70-F-6035	13	68,000
71	KL-43-C-9063	13	65,000
72	KA-01-AA-6136	13	63,000
73	TN-70-F-6045	13	58,000
74	KA-01-AA-6140	13	51,000
75	TN-23-BA-1186	13	49,000
76	TN-32-AW-2424	12	1,03,000

Appendix XVII - Concl'd.

(Reference: Paragraph 3.4.4.2 – bullet 2)

List of goods vehicles passed through check posts in Palakkad district 10 times or more

Sl. No.	Registration No. of vehicles	No. of occasions	Amount collected (₹)
77	KL-07-BE-1766	12	98,100
78	TN-28-AM-3459	12	95,000
79	KL-43-B-3397	12	64,000
80	TN-70-F-9363	12	60,000
81	KA-01-AA-6135	12	58,000
82	TN-70-F-9385	12	56,000
83	AP-27-TX-4466	12	48,000
84	KL-43-F-7360	12	45,000
85	TN-23-BB-9546	12	43,000
86	AP-13-X-9145	12	41,000
87	KL-43-A-9151	12	38,000
88	KA-01-AB-7538	12	37,000
89	KL-07-BL-6406	11	90,000
90	TN-28-AL-4109	11	70,000
91	KL-36-B-3020	11	66,000
92	KL-43-C-3366	11	61,000
93	KA-01-AA-1647	11	57,000
94	KA-01-AA-495	11	55,000
95	KL-43-2530	11	53,000
96	KL-43-C-9006	11	51,000
97	KA-01-AA-6133	11	46,000
98	TN-23-BA-3017	11	43,000
99	TN-29-AU-6671	11	43,000
100	TN-21-AK-6787	11	43,000
101	AP-29-TA-8750	11	35,000
102	AP-29-TA-8743	11	34,000
103	AP-29-TA-8604	11	33,100

Appendix XVIII

(Reference: Paragraph 3.4.4.2 – bullet 3)

Vehicles without speed governor

Sl. No.	Name of Office	Number of vehicles
1	RTO, Alappuzha	478
2	RTO, Ernakulam	1,583
3	RTO, Idukki	251
4	RTO, Kannur	1,019
5	RTO, Malappuram	1,338
6	RTO, Palakkad	1,007
7	RTO, Pathanamthitta	392
8	RTO, Thiruvananthapuram	1,495
9	RTO, Thrissur	1,460
10	RTO, Vadakara	630
11	RTO, Wayanad	173
12	SRTO, Adoor	277
13	SRTO, Alathur	443
14	SRTO, Aluva	726
15	SRTO, Cherthala	675
16	SRTO, Kayamkulam	286
17	SRTO, Mananthavady	127
18	SRTO, Mavelikkara	343
19	SRTO, Neyyattinkara	534
20	SRTO, North Parur	452
21	SRTO, Ottappalam	492
22	SRTO, Parassala	403
23	SRTO, Sulthan Bathery	197
24	SRTO, Thalassery	2,300
25	SRTO, Thaliparamba	1,884
26	SRTO, Thiruvalla	253
27	SRTO, Thodupuzha	353
28	SRTO, Tripunithura	600
29	SRTO, Vandiperiyar	206
Total		20,377

Appendix XIX

(Reference: Paragraph 3.4.4.2 – bullet 3)

Check report in respect of vehicles plying without speed governors

Sl. No.	Name of Office	No. of cases	Compounding fee (₹)
1	RTO, Alappuzha	17	1,700
2	RTO, Ernakulam	66	6,600
3	RTO, Idukki	21	2,100
4	RTO, Kannur	76	7,600
5	RTO, Malappuram	141	14,100
6	RTO, Palakkad	88	8,800
7	RTO, Pathanamthitta	7	700
8	RTO, Thiruvananthapuram	3	300
9	RTO, Thrissur	73	7,300
10	RTO, Vadakara	52	5,200
11	RTO, Wayanad	23	2,300
12	SRTO, Adoor	6	600
13	SRTO, Cherthala	10	1,000
14	SRTO, Kayamkulam	6	600
15	SRTO, Mavelikkara	9	900
16	SRTO, Ottappalam	10	1,000
17	SRTO, Sulthan Bathery	10	1,000
18	SRTO, Thalassery	13	1,300
19	SRTO, Thiruvalla	5	500
20	SRTO, Vandiperiyar	5	500
Grand Total		641	64,100

Appendix XX

(Reference: Paragraph 3.4.4.3)

Vehicles without valid certificate of fitness

(Amount in ₹)

Sl. No.	Name of Office	Number for vehicles registered from 1-1-2007	Number of vehicles CF expired from 1-1-2007	Number of vehicles CF expired from 1-4-14 to 31-03-17	Compounding fees	Fine for delay	Fees for test and grant	Total	% of vehicle CF less from 1-4-2014	% of vehicles CF less from 1-1-2007
1	RTO, Alappuzha	13,694	1,063	383	11,04,000	25,95,400	2,38,800	39,38,200	2.8	7.76
2	RTO, Ernakulam	32,235	2,574	839	25,40,000	53,26,150	5,33,200	83,99,350	2.6	7.99
3	RTO, Idukki	7,024	369	107	3,14,000	6,54,100	68,000	10,36,100	1.52	5.25
4	RTO, Kannur	21,060	1,746	571	16,57,000	36,77,600	3,58,600	56,93,200	2.71	8.29
5	RTO, Malappuram	33,691	2,716	1,138	34,05,000	77,97,000	7,22,400	1,19,24,400	3.38	8.06
6	RTO, Palakkad	21,522	2,267	742	22,47,000	47,71,150	4,69,600	74,87,750	3.45	10.53
7	RTO, Pathanamthitta	11,008	871	232	6,74,000	14,03,800	1,47,800	22,25,600	2.11	7.91
8	RTO, Thiruvananthapuram	38,522	3,515	908	23,71,000	57,05,400	5,58,200	86,34,600	2.36	9.12
9	RTO, Thrissur	33,738	3,491	1,255	36,64,000	80,79,300	7,92,200	1,25,35,500	3.72	10.35
10	RTO, Vadakara	17,816	1,801	503	14,17,000	32,87,900	3,08,000	50,12,900	2.82	10.11
11	RTO, Wayanad	8,567	671	205	5,35,000	13,39,150	1,26,400	20,00,550	2.39	7.83
12	SRTO, Adoor	8,546	634	159	4,36,000	10,11,750	97,600	15,45,350	1.86	7.42
13	SRTO, Alathur	10,073	846	289	8,33,000	17,73,100	1,75,600	27,81,700	2.87	8.4
14	SRTO, Aluva	13,363	1,272	346	10,15,000	23,07,000	2,15,400	35,37,400	2.59	9.52
15	SRTO, Cherthala	14,342	882	331	9,86,000	22,14,450	2,07,800	34,08,250	2.31	6.15
16	SRTO, Kayamkulam	10,347	818	311	8,79,000	20,67,600	1,92,600	31,39,200	3.01	7.91
17	SRTO, Mananthavady	6,143	462	153	4,16,000	10,49,700	96,000	15,61,700	2.49	7.52
18	SRTO, Mavelikkara	7,574	485	177	4,85,000	11,68,300	1,09,400	17,62,700	2.34	6.4
19	SRTO, Neyyattinkara	11,378	1,436	469	12,11,000	30,64,100	2,86,400	45,61,500	4.12	12.62
20	SRTO, North Parur	12,673	1,009	327	9,37,000	22,03,100	2,00,400	33,40,500	2.58	7.96
21	SRTO, Ottappalam	12,204	1,030	313	9,34,000	20,53,600	1,96,600	31,84,200	2.56	8.44
22	SRTO, Parassala	7,646	802	300	8,57,000	19,10,100	1,89,800	29,56,900	3.92	10.49
23	SRTO, Sulthan Bathery	7,172	661	208	5,41,000	13,68,550	1,27,800	20,37,350	2.9	9.22
24	SRTO, Thalassery	32,431	2,956	805	22,16,000	51,63,600	4,95,800	78,75,400	2.48	9.11
25	SRTO, Thaliparamba	22,571	1,712	480	13,92,000	31,87,750	2,99,400	48,79,150	2.13	7.58
26	SRTO, Thiruvalla	7,082	418	177	4,81,000	10,59,200	1,09,200	16,49,400	2.5	5.9
27	SRTO, Thodupuzha	9,458	692	217	6,06,000	14,60,800	1,35,200	22,02,000	2.29	7.32
28	SRTO, Tripunithura	12,582	753	290	8,45,000	18,31,850	1,82,400	28,59,250	2.3	5.98
29	SRTO, Vandiperiyar	7,636	395	109	3,13,000	6,40,400	68,000	10,21,400	1.43	5.17
	Total	4,52,098	38,347	12,344	3,53,11,000	8,01,71,900	77,08,600	12,31,91,500	76.54	236.31

Appendix XXI

(Reference: Paragraph 3.4.4.3)

Check report in respect of vehicles plying without certificate of fitness

Sl. No.	Name of Office	No. of cases	Compounding fee (₹)
1	RTO, Alappuzha	39	1,21,000
2	RTO, Ernakulam	64	1,98,000
3	RTO, Idukki	93	2,40,000
4	RTO, Kannur	37	1,02,000
5	RTO, Malappuram	82	2,82,000
6	RTO, Palakkad	91	2,66,000
7	RTO, Pathanamthitta	71	1,82,000
8	RTO, Thiruvananthapuram	240	5,74,000
9	RTO, Vadakara	24	1,29,000
10	RTO, Wayanad	12	41,000
11	SRTO, Adoor	45	1,06,000
12	SRTO, Alathur	24	68,000
13	SRTO, Aluva	39	1,14,000
14	SRTO, Cherthala	30	85,000
15	SRTO, Kayamkulam	64	1,98,000
16	SRTO, Mananthavady	12	35,000
17	SRTO, Mavelikkara	33	86,000
18	SRTO, Neyyattinkara	115	3,17,000
19	SRTO, North Parur	41	1,14,000
20	SRTO, Ottappalam	42	1,02,000
21	SRTO, Parassala	35	84,000
22	SRTO, Sulthan Bathery	24	25,000
23	SRTO, Thalassery	27	73,000
24	SRTO, Thaliparamba	9	25,000
25	SRTO, Thiruvalla	19	44,000
26	SRTO, Thodupuzha	54	1,32,000
27	SRTO, Tripunithura	12	30,000
28	SRTO, Vandiperiyar	86	2,07,000
Total		1,464	39,80,000

Appendix XXII

(Reference: Paragraph 3.4.4.4)

Registration expired motor cycles and other non-transport vehicles

Sl. No.	Name of Office	Number of cases	Registration fees (₹)	Fine for delay (₹)	Compounding fees (₹)	Total (₹)
1	RTO, Alappuzha	411	1,53,000	5,83,600	8,22,000	15,58,600
2	RTO, Ernakulam	1,082	4,10,700	15,26,200	21,64,000	41,00,900
3	RTO, Idukki	119	59,700	1,91,400	2,38,000	4,89,100
4	RTO, Kannur	682	2,75,400	10,52,300	13,64,000	26,91,700
5	RTO, Malappuram	729	3,56,400	12,50,800	14,58,000	30,65,200
6	RTO, Palakkad	843	3,21,600	12,36,900	16,86,000	32,44,500
7	RTO, Pathanamthitta	433	1,81,500	6,86,200	8,66,000	17,33,700
8	RTO, Thiruvananthapuram	1,550	6,20,100	23,25,100	31,00,000	60,45,200
9	RTO, Thrissur	2,051	8,15,100	30,53,400	41,02,000	79,70,500
10	RTO, Vadakara	380	1,58,400	5,73,700	7,60,000	14,92,100
11	RTO, Wayanad	254	1,17,000	4,29,800	5,08,000	10,54,800
12	SRTO, Adoor	259	1,03,200	4,00,400	5,18,000	10,21,600
13	SRTO, Alathur	359	1,41,600	5,31,800	7,18,000	13,91,400
14	SRTO, Aluva	455	1,80,900	6,66,800	9,10,000	17,57,700
15	SRTO, Cherthala	378	1,41,300	5,28,800	7,56,000	14,26,100
16	SRTO, Kayamkulam	402	1,46,700	5,68,800	8,04,000	15,19,500
17	SRTO, Mananthavady	92	45,600	1,64,400	1,84,000	3,94,000
18	SRTO, Mavelikkara	339	1,27,500	4,79,200	6,78,000	12,84,700
19	SRTO, Neyyattinkara	512	2,11,800	7,66,000	10,24,000	20,01,800
20	SRTO, North Parur	572	2,13,600	8,08,800	11,44,000	21,66,400
21	SRTO, Ottappalam	334	1,42,800	5,19,000	6,68,000	13,29,800
22	SRTO, Parassala	353	1,68,600	5,89,500	7,06,000	14,64,100
23	SRTO, Sulthan Bathery	116	53,400	1,90,000	2,32,000	4,75,400
24	SRTO, Thalassery	670	2,91,000	10,54,500	13,40,000	26,85,500
25	SRTO, Thaliparamba	420	1,91,100	6,61,200	8,40,000	16,92,300
26	SRTO, Thiruvalla	200	83,700	2,93,300	4,00,000	7,77,000
27	SRTO, Thodupuzha	389	1,59,300	5,66,200	7,78,000	15,03,500
28	SRTO, Tripunithura	473	1,89,300	7,05,600	9,46,000	18,40,900
29	SRTO, Vandiperiyar	161	85,200	2,85,300	3,22,000	6,92,500
Total		15,018	61,45,500	2,26,89,000	3,00,36,000	5,88,70,500

Appendix XXIII

(Reference: Paragraph 3.4.4.5)

Vehicle Check Reports pending disposal

Sl. No.	Name of Office	No. of cases
1	RTO, Alappuzha	915
2	RTO, Idukki	1,774
3	RTO, Kannur	2,482
4	RTO, Malappuram	4,860
5	RTO, Palakkad	2,698
6	RTO, Pathanamthitta	927
7	RTO, Thiruvananthapuram	8,184
8	RTO, Thrissur	3,332
9	RTO, Vadakara	3,294
10	RTO, Wayanad	586
11	SRTO, Adoor	530
12	SRTO, Alathur	190
13	SRTO, Aluva	659
14	SRTO, Cherthala	582
15	SRTO, Kayamkulam	648
16	SRTO, Mananthavady	243
17	SRTO, Mavelikkara	668
18	SRTO, Neyyattinkara	2,219
19	SRTO, North Parur	487
20	SRTO, Ottappalam	523
21	SRTO, Parassala	1,517
22	SRTO, Sulthan Bathery	234
23	SRTO, Thalassery	1,194
24	SRTO, Thaliparamba	1,005
25	SRTO, Thiruvalla	482
26	SRTO, Tripunithura	478
27	SRTO, Vandiperiyar	1120
Total		41,831

Appendix XXIV
(Reference: Paragraph 3.5)
Short levy of one time tax

Sl. No.	Name of office	No. of cases	Amount (₹)
1	RTO Idukki	31	3,99,094
2	SRTO Devikulam	18	1,88,405
3	SRTO Nedumangad	1	20,288
4	SRTO Thodupuzha	97	9,89,227
5	SRTO Udumbanchola	56	4,41,514
6	SRTO Vandiperiyar	21	1,66,651
Total		224	22,05,179

Appendix XXV

(Reference: Paragraph 3.6)

Non remittance of tax during the operated period

Sl. No.	Name of Office	Reg. No. of vehicles	Class code	Seat in all	Tax rate (₹)	Tax paid to date	Valid to date	No. of Qtr	Tax due (₹)	G form
1.	RTO, Kasargod	KL-14-E-405	20	33	20070	31/03/2015	12/02/2019	2.66	53,386	1/12/2015 to 31/12/2015 and 1/1/2016 to 31/3/2016
2.	RTO, Kasargod	KL-11-P-5598	21	48	29910	30/09/2015	08/01/2020	2	59,820	Not filed
3.	RTO, Kasargod	KL-13-J-1337	21	48	29910	30/09/2015	08/12/2021	1	29,910	1/1/2016 to 31/3/2016
4.	RTO, Kollam	KL-02-V-8447	20	29	17460	31/03/2015	21/02/2017	4	69,840	Not filed
5.	RTO, Kollam	KL-26-9079	20	33	22080	31/03/2015	08/07/2019	4	88,320	Not filed
6.	RTO, Kollam	KL-04-R-9557	20	33	20070	30/06/2015	04/08/2020	3	60,210	Not filed
7.	RTO, Kollam	KL-02-S-1465	21	36	24288	30/06/2015	25/12/2019	3	72,864	Not filed
8.	RTO, Kollam	KL-25-1996	21	38	23490	30/09/2015	28/11/2020	2	46,980	Not filed
9.	RTO, Kollam	KL-02-T-799	21	38	23490	30/09/2015	16/09/2019	2	46,980	Not filed
10.	RTO, Kollam	KL-05-U-69	21	39	24090	30/09/2015	25/09/2018	2	48,180	Not filed
11.	RTO, Kollam	KL-07-AH-1054	21	48	29910	30/09/2015	23/08/2020	2	59,820	Not filed
12.	RTO, Kollam	KL-05-L-6584	19	28	18546	31/12/2015	01/03/2020	1	18,546	Not filed
13.	RTO, Kollam	KL-23-B-414	21	38	23490	31/12/2015	14/02/2021	1	23,490	Not filed
14.	RTO, Kollam	KL-16-C-3220	21	38	23490	31/12/2015	24/10/2017	1	23,490	Not filed
15.	RTO, Muvattupuzha	KL-41-C-36	21	48	29910	30/06/2015	30/03/2017	3	89,730	Not filed
16.	RTO, Muvattupuzha	KL-17-2158	21	36	22080	31/12/2015	29/03/2020	0.33	7,360	1/02/2016 to 31/03/2016
17.	RTO, Muvattupuzha	KL-17-D-4054	21	48	29910	31/12/2015	11/08/2019	0.33	9,970	1/02/2016 to 31/03/2016
18.	RTO, Pathanamthitta	KL-02-L-6098	21	48	29910	30/06/2015	26/03/2020	0.33	9,970	1/07/2015 to 31/12/2015, 1/02/2016 to 31/03/2016
19.	RTO, Pathanamthitta	KI-17-4387	21	48	29910	30/06/2015	02/05/2019	1	29,910	1/09/2015 to 30/09/2015, 1/11/2015 to 31/03/2016
20.	RTO, Pathanamthitta	KL-05-P-1109	21	48	29910	30/09/2015	15/03/2020	0.66	19,940	1/10/2015 to 31/01/2016
21.	RTO, Pathanamthitta	KL-05-P-3577	21	48	29910	30/09/2015	22/12/2016	1.33	39,880	1/02/2016 to 31/03/2016
22.	RTO, Pathanamthitta	KL-03-J-4581	21	38	23490	30/09/2015	19/11/2016	1	23,490	1/01/2016 to 31/03/2016
23.	RTO, Pathanamthitta	KL-06-C-2702	21	38	23490	30/09/2015	01/07/2018	2	46,980	Not filed
24.	RTO, Pathanamthitta	KL-11-X-6597	20	36	22080	30/09/2015	11/09/2017	2	44,160	Not filed
25.	RTO, Pathanamthitta	KL-10-R-950	21	38	23490	31/12/2015	10/04/2015	1	23,490	Not filed
Total									10,46,716	

Appendix XXVI
(Reference: Paragraph 3.7)
Short levy of one time tax

Sl. No.	Name of Office	No. of cases	Amount (₹)
1	RTO Ernakulam	13	51,980
2	RTO Kasargod	3	4,84,745
3	RTO Kottayam	1	78,583
4	RTO Pathanamthitta	3	29,126
5	RTO Thiruvananthapuram	4	2,02,000
6	SRTO Guruvayoor	1	13,296
7	SRTO Mallappally	1	22,526
8	SRTO North Paravoor	5	61,040
9	SRTO Sulthan Bathery	9	10,564
10	SRTO Tirurangadi	48	91,124
11	SRTO Wadakkancherry	2	14,796
Total		90	10,59,780

Appendix XXVII

(Reference: Paragraph 3.8)

Short collection of advertisement fee

Sl. No.	Name of Office	No. of cases	Amount (₹)
1	RTO Attingal	3	23,805
2	RTO Ernakulam	21	1,12,540
3	RTO Kasargod	1	13,630
4	RTO Kollam	11	1,00,103
5	RTO Kottayam	5	19,720
6	RTO Kozikode	4	25,388
7	RTO Malappuram	14	81,049
8	RTO Palakkad	2	21,600
9	RTO Thrissur	22	1,66,471
10	SRTO Angamali	5	27,430
11	SRTO Aluva	2	14,000
12	SRTO Chalakkudy	3	11,420
13	SRTO Karunagappally	2	16,921
14	SRTO Kodungallur	2	13,160
15	SRTO Koduvally	3	20,263
16	SRTO Kottarakkara	10	60,646
17	SRTO Koyilandy	2	10,580
18	SRTO Punalur	3	19,008
19	SRTO Tirur	3	18,374
20	SRTO Tirurangadi	2	11,145
Total		120	7,87,253

Appendix XXVIII

(Reference: Paragraph 3.9)

Application of incorrect rate of tax for goods carriages

Sl. No.	Name of Office	No. of cases	Amount (₹)
1	RTO Attingal	3	24,380
2	RTO Kannur	7	13,673
3	RTO Kasargod	7	22,261
4	RTO Kollam	21	41,133
5	RTO Pathanamthitta	6	21,029
6	RTO Thiruvananthapuram	6	66,920
7	RTO Thrissur	16	24,104
8	RTO Vatakara	21	12,030
9	SRTO Changanassery	7	19,275
10	SRTO Kazhakuttom	2	14,028
11	SRTO Kodungallur	4	10,960
12	SRTO Koyilandy	4	9,360
13	SRTO Neyyattinkara	2	32,940
14	SRTO Pala	8	21,280
15	SRTO Taliparamba	19	30,715
16	SRTO Thalassery	10	14,840
17	SRTO Udumbanchola	6	90,720
18	SRTO Vandiperiar	12	46,462
Total		161	5,16,110

Appendix XXIX

(Reference: Paragraph 3.10)

Short levy of one time tax on percentage basis on reclassified vehicles

Sl. No.	Name of office	No. of cases	Amount (₹)
1	RTO Alappuzha	33	1,64,477
2	RTO Attingal	23	2,75,778
3	RTO Ernakulam	32	5,71,288
4	RTO Idukki	7	34,052
5	RTO Kasargod	24	4,53,906
6	RTO Kollam	44	5,69,624
7	RTO Kottayam	61	9,79,736
8	RTO Kozikode	32	4,06,558
9	RTO Malappuram	41	5,94,965
10	RTO Palakkad	17	1,80,663
11	RTO Pathanamthitta	20	2,01,815
12	RTO Thiruvananthapuram	52	7,98,258
13	RTO Thrissur	109	24,06,049
14	RTO Vatakara	3	1,11,762
15	RTO Wayanad	20	1,41,711
16	SRTO Adoor	23	1,47,114
17	SRTO Alathur	9	1,71,147
18	SRTO Aluva	10	52,538
19	SRTO Angamali	7	63,666
20	SRTO Chalakkudy	18	3,11,689
21	SRTO Changanassery	13	82,254
22	SRTO Chengannur	16	1,09,073
23	SRTO Chittur	2	12,073
24	SRTO Devikulam	11	1,50,794
25	SRTO Guruvayoor	82	15,24,508
26	SRTO Irinjalakkuda	27	2,51,828
27	SRTO Kanjirappally	7	1,20,964
28	SRTO Karunagappally	14	95,575
29	SRTO Kayamkulam	28	1,81,567
30	SRTO Kazhakkuttom	8	1,01,616
31	SRTO Kodungallur	18	2,52,604
32	SRTO Koduvally	57	4,25,293
33	SRTO Kothamangalam	18	97,561
34	SRTO Kottarakkara	29	3,14,102
35	SRTO Koyilandy	18	2,48,056
36	SRTO Kunnathur	10	72,802

Appendix XXIX - Concl'd.

(Reference: Paragraph 3.10)

Short levy of one time tax on percentage basis on reclassified vehicles

Sl. No.	Name of office	No. of cases	Amount (₹)
37	SRTO Kuttanad	13	64,735
38	SRTO Mallappally	17	1,50,960
39	SRTO Mananthavady	8	64,656
40	SRTO Mannarkkad	27	2,53,966
41	SRTO Mavelikkara	26	2,60,386
42	SRTO Muvattupuzha	34	2,03,923
43	SRTO Nedumangad	36	3,16,891
44	SRTO Neyyattinkara	23	3,32,263
45	SRTO Nilambur	7	33,437
46	SRTO North Paravoor	9	78,230
47	SRTO Ottapalam	23	1,79,787
48	SRTO Pala	15	1,29,423
49	SRTO Parassala	9	61,330
50	SRTO Pattambi	14	1,24,647
51	SRTO Perinthalmanna	14	1,16,657
52	SRTO Perumbavoor	45	3,78,857
53	SRTO Punalur	27	2,30,636
54	SRTO Ranni	20	1,71,325
55	SRTO Sulthan Bathery	12	87,339
56	SRTO Thalassery	13	1,41,453
57	SRTO Thiruvalla	9	85,087
58	SRTO Thodupuzha	7	32,533
59	SRTO Thrissur	11	73,727
60	SRTO Tirur	91	6,67,994
61	SRTO Tirurangadi	15	76,759
62	SRTO Udumbanchola	13	75,138
63	SRTO Uzhavoor	3	60,403
64	SRTO Vaikom	11	1,34,295
65	SRTO Vandiperiyar	11	1,09,093
66	SRTO Wadakkancherry	53	8,49,309
Total		1,559	1,82,22,675

Appendix XXX

(Reference: Paragraph 4.4.2.1)

Buildings escaped assessment

Sl. No.	Taluk Office	No. of cases	Total amount due (₹)
1	Aluva	16	23,56,500
2	Ambalapuzha	43	58,22,700
3	Chalakkudy	46	20,62,500
4	Chavakkad	58	19,84,800
5	Kanayannur	26	38,43,000
6	Kannur	8	84,300
7	Kottayam	14	11,85,000
8	Kozhikode	22	2,23,88,400
9	Kunnathunadu	31	42,28,800
10	Mallappally	47	2,70,300
11	Neyyattinkara	19	7,28,550
12	Thiruvananthapuram	30	1,49,35,350
13	Thrissur	7	23,74,200
Total		367	6,22,64,400

Appendix XXXI
(Reference: Paragraph 4.4.2.2)

Buildings escaped assessment detected during joint physical inspection

Sl. No.	Taluk Office	No. of cases	BT leviable (₹)
1	Aluva	5	15,67,800
2	Chalakkudy	2	46,200
3	Chavakkad	3	10,08,000
4	Chirayinkeezhu	2	1,69,800
5	Kanayannur	3	68,57,550
6	Kannur	7	17,47,800
7	Kunnathunadu	5	59,84,700
8	Mananthavady	8	10,73,600
9	Neyyattinkara	17	13,37,700
10	Sulthan Bathery	10	22,18,950
11	Thalassery	1	1,33,200
12	Thaliparamba	4	86,400
13	Thiruvananthapuram	7	68,98,500
14	Thrissur	7	32,74,200
15	Vythiri	2	25,800
Total		83	3,24,30,200

Appendix XXXII

(Reference: Paragraph 4.4.2.3)

Non assessment of additional construction of existing buildings

Sl No	Taluk Office	Village	C/M/SGP/P ¹	Name and address of the owner of the building	OB/RB ²	Plinth area assessed before JPI ³ (M ²)	Plinth area assessed during JPI (M ²)	Date of completion of additional construction	Total building tax assessable (₹)	Building tax already paid (₹)	Balance amount leviable (₹)
1	Chalakkudy	Potta	M	Our own Marbles	OB	987	1,360.8	05/2016	4,35,600	2,98,800	1,36,800
2	Chavakkad	Punnayurkkulam	SGP	Dr. Rajesh Krishnan, Santhi Nursing Home	OB	551.84	5,171.66	2014-15	18,07,200	29,550	17,77,650
3	Chirayinkeezhu	Attingal	M	Alsafa Tower	OB	2,196.47	2,613.22	2015	8,85,600	3,67,200	5,18,400
4	Chirayinkeezhu	Attingal	M	Smt Saraswathy	OB	362.62	784.22	2010	1,13,400	37,800	75,600
5	Chirayinkeezhu	Avanacherry	M	Dr.P Radhakrishnan Nair, Amar Hospital	OB	1,213.33	2,677.06	2015	9,07,200	1,90,800	7,16,400
6	Thaliparambu	Payyannur	M	Smt Mariyambee	RB	682.17	736.46	2015	1,26,000	1,14,000	12,000
7	Thaliparambu	Thaliparambu	M	The Branch Manager, LIC of India	OB	790.12	981.51	03/1999	1,49,400	1,15,200	34,200
8	Thiruvananthapuram	Pattom	C	Cosmopolitan Hospital, Murinjapalam-	OB	9,212.35	15,319.41	2012	34,15,500	13,63,500	20,52,000
9	Thiruvananthapuram	Ulloor	C	Aqua Rocks Hotel, Mannanthala	OB	1,572.00	1,950.24	2009	4,09,500	3,24,000	85,500
10	Thrissur	Oorakam	SGP	Shri. Nalanan	RB	294.67	345.36	04/2016	32,400	20,400	12,000
11	Thrissur	Vallachira	SGP	Smt Latha Vasudevan, Akkarakkattil House	RB	205.86	261.84	2015	13,200	10,800	2,400
12	Thrissur	Chembukavu	C	Shri. E.V Paul, Erinjery House	OB	4,542.89	8,895.76	07/2014	39,42,000	9,92,250	29,49,750
13	Vythiri	Kalpetta	M	Smt Raihanarth, Kuruthordarth	RB	273.9	324.1	11/2013	13,800	7,800	6,000
Total											83,78,700

¹ C-Corporation/M-Municipality/SGP-Special Grade Panchayat/P-Panchayat.

² OB-Other Building/RB-Residential Building.

³ JPI-Joint Physical Inspection.

Appendix XXXIII

(Reference: Paragraph 4.4.2.4)

Short levy of building tax due to application of incorrect rate/incorrect computation of building tax

(Amount in ₹)

Sl. No	Taluk Office	Name of the assessee	Village	Panchayat/Spl Grd Panachayat/Corporation	Type of building (*)	Actual plinth area of building in M ² (#)	Total building tax leviable	Total building tax levied	Short levy of building tax
1	Kozhikode	B. Ravindran Pillai	Kasaba	Corporation	OB	12,607.39	56,11,500	30,53,250	25,58,250
2	Kozhikode	Nithyanand Kammath & others	Kacheri	Corporation	OB	1,655.57	6,84,000	3,96,000	2,88,000
3	Kozhikode	Ashraf	Kottuly	Corporation	OB	1,515.86	6,21,000	3,87,000	2,34,000
4	Kozhikode	N.M Mujeeb Rahman & N.M Nissar Muhammed	Nagaram	Corporation	OB	1,247.07	4,99,500	2,67,750	2,31,750
5	Kozhikode	Jamal Muhammed	Nagaram	Corporation	OB	1,103.33	4,36,500	2,65,000	1,71,500
6	Kottayam	Sindhu A K	Muttampalam	Municipality	OB	984.73	2,98,800	1,49,400	1,49,400
7	Peermade	Biju Paul	Kumily	Spl Grade Panchayath	OB	(@)1,016.34	1,54,800	75,600	79,200
								Total	37,12,100

(*) The Buildings are classified into Residential Buildings and Other Buildings for the purpose of calculating building tax.

(#) For Other Buildings, ₹ 18,000 plus ₹ 1,800 for every additional 10 square metres in case of Grama Panchayats, ₹ 36,000 plus ₹ 3,600 for every additional 10 square metres in case of Spl Grade Grama Panchayat/Town Panchayat/Municipal Council and ₹ 54,000 plus ₹ 4,500 for every additional 10 square metres in case of Municipal Corporation from 1 April 2014.

For Other Buildings, ₹ 9,000 plus ₹ 900 for every additional 10 square metres in case of Grama Panchayats, ₹ 18,000 plus ₹ 1,800 for every additional 10 square metres in case of Spl Grade Grama Panchayat/Town Panchayat/Municipal Council and ₹ 27,000 plus ₹ 2,250.

For every additional 10 square metres in case of Municipal Corporation before 1 April 2014.

(@) Pre-revised rate of building tax is applicable.

Appendix XXXIV

(Reference: Paragraph 4.4.2.5)

Non-assessment of building tax in respect of buildings reported by Village Officers

Sl. No.	Taluk Office	No. of cases not assessed	Amount involved (₹)
1	Aluva	83	66,66,450
2	Ambalapuzha	155	25,72,500
3	Chalakydy	23	2,41,650
4	Chavakkad	102	37,25,700
5	Chirayinkeezhu	10	2,11,200
6	Ernad	105	23,64,900
7	Idukky	82	23,30,400
8	Kanayannur	109	51,10,500
9	Kannur	12	1,86,300
10	Kodungallur	26	2,28,000
11	Kondotty	49	15,07,500
12	Kottarakkara	153	10,57,200
13	Kottayam	575	1,81,46,925
14	Kozhencherry	86	6,43,950
15	Kozhikode	190	3,17,06,700
16	Kunnathunadu	66	28,11,000
17	Kuttanad	36	79,800
18	Mallappally	135	13,80,900
19	Mananthavady	31	6,37,200
20	Mannarkad	108	13,39,650
21	Pattambi	60	2,45,100
22	Peermade	15	4,45,800
23	Thalassery	21	2,19,150
24	Thaliparamba	2	38,100
25	Thiruvananthapuram	145	1,00,70,475
26	Thrissur	130	45,60,750
27	Tirur	132	17,19,600
28	Tirurangadi	23	5,35,875
29	Udumbanchola	29	2,76,825
30	Varkala	49	11,89,950
Total		2,742	10,22,50,050

Appendix XXXV

(Reference: Paragraph 4.4.2.6)

Non-assessment of flats/apartments to building tax

Sl. No.	Name of flat /apartment	Taluk Office	Village	C/M/SGP /P ⁴	Date of reporting	Date of completion	Plinth area (in Sq.m)
1	Felix Simon, Noah's Apartments	Aluva	Nedumbassery	SGP	Not reported	07-08-2015	8,053.19
2	K.P Jose, My Home Villas & Apartments	Aluva	Chengamanad	P	Not reported	28-11-2012	2,693.00
3	Joseph Lukose, Primrose Apartments	Aluva	Chengamanad	P	Not reported	18-10-2013	9,058.92
4	Madhav Niketan Apartments	Chavakkad	Thycaud	M	Not reported	24-07-2009	7,120.05
5	Soorya Madhavam Apartments	Chavakkad	Guruvayoor	M	Not reported	17-04-2015	11,610.44
6	M/s DLF Southern Towns Pvt Ltd	Kanayannur	Kakkanad	C	Not reported	17-03-2015	1,37,222.70
7	SB Developers	Kannur	Chirakkal	SPG	22-07-2015	10-06-2015	7,854.00
8	West Bay Apartments	Kannur	Puzhathi	SPG	01-02-2016	17-02-2016	7,420.10
9	SI Property ,Endura, Cheruvakkal	Thiruvanthapuram	Cheruvakkal	C	15-09-2014	29-08-2013	9,860.00
10	Skyline Plaza, Kazhakkuttom	Thiruvanthapuram	Kazhakkuttom	C	19-01-2017	05-10-2016	12,280.42
11	Intimate Homes Pvt Ltd, Kazhakkuttom	Thiruvanthapuram	Kazhakkuttom	C	30-01-2017	18-08-2016	6,841.68
12	Heera Grace, Kowdiar	Thiruvanthapuram	Kowdiar	C	21-08-2016	23-10-2009	9,230.00
13	Heera Crescent, Kowdiar	Thiruvanthapuram	Kowdiar	C	21-12-2012	16-11-2010	13,403.20
14	Heera Golden Hill, Kowdiar	Thiruvanthapuram	Kowdiar	C	20-12-2016	04-07-2013	9,236.86
15	Souparnika City Crown, Thycaud	Thiruvanthapuram	Thycaud	C	30-11-2016	06-07-2015	17,481.87
16	Marutham Apts., Vattiyoorkavu	Thiruvanthapuram	Vattiyoorkavu	C	22-10-2016	05-08-2016	7,784.70
17	Skyline, Vattiyoorkavu	Thiruvanthapuram	Vattiyoorkavu	C	30-11-2016	30-01-2016	10,203.08
18	Souparnika, Vattiyoorkavu	Thiruvanthapuram	Vattiyoorkavu	C	02-12-2016	10-04-2012	7,732.64
19	Marutham Apts, Pettah	Thiruvanthapuram	Pettah	C	30-11-2016	23-05-2016	6,721.88
20	K.S. Hareendra nath, Cheruvakkal	Thiruvanthapuram	Cheruvakkal	C	31-12-2013	15-01-2013	692.00
21	Swan Hill Luxury Apt, Pangappara	Thiruvanthapuram	Pangappara	C	21-12-2016	29-04-2013	4,230.00
22	Silver Castle Homes, Vattiyoorkavu	Thiruvanthapuram	Vattiyoorkavu	C	23-03-2017	19-04-2016	3,812.86
23	B Canti River Park Apts, Sasthamangalam	Thiruvanthapuram	Sasthamangalam	C	22-01-2017	21-06-2010	5,635.00
24	Artech, Sasthamangalam	Thiruvanthapuram	Sasthamangalam	C	02-01-2017	12-06-2013	5,610.50
25	Cristal Group ONYX.C, Attipra	Thiruvanthapuram	Attipra	C	04-10-2016	05-12-2015	21,082.00

⁴ C-Corporation/M-Municipality/SGP-Special Grade Panchayat/P-Panchayat.

Appendix XXXV - Concl'd.

(Reference: Paragraph 4.4.2.6)

Non-assessment of flats/apartments to building tax

Sl. No.	Name of flat /apartment	Taluk Office	Village	C/M/SGP/P ⁵	Date of reporting	Date of completion	Plinth area (in Sq.m)
26	Cristal Group ONYX.I, Attipra	Thiruvanthapuram	Attipra	C	04-10-2016	18-11-2014	1,480.00
27	Cristal Group ONYX.G, Attipra	Thiruvanthapuram	Attipra	C	04-10-2016	15-12-2014	1,480.00
28	Cristal Group ONYX.F, Attipra	Thiruvanthapuram	Attipra	C	04-10-2016	19-12-2015	1,480
29	Cristal Group ONYX.E, Attipra	Thiruvanthapuram	Attipra	C	04-10-2016	19-12-2015	14,167.98
30	Cristal Group ONYX.H, Attipra	Thiruvanthapuram	Attipra	C	04-10-2016	19-12-2015	1,480.00
31	Cristal Group ONYX.D, Attipra	Thiruvanthapuram	Attipra	C	04-10-2016	23-12-2014	14,167.00
32	Souparnika Apts, Kadakampally	Thiruvanthapuram	Kadakampally	C	30-05-2016	16-11-2014	10,968.00
33	SI Property, Sasthamangalam	Thiruvanthapuram	Sasthamangalam	C	20-08-2016	05-09-2013	2,025.00
34	Asset Homes, Sasthamangalam	Thiruvanthapuram	Sasthamangalam	C	27-05-2016	24-02-2016	9,256.8
35	Heera Construction	Thiruvanthapuram	Kowdiar	C	19-10-2016	15-05-2014	10,252.43 (RB) & 6,071.55 (OB)

⁵ C-Corporation/M-Municipality/SGP-Special Grade Panchayat/P-Panchayat.

Appendix XXXVI
(Reference: Paragraph 4.4.3)

Non-levy/collection of luxury tax

Sl. No.	Taluk Office	Non levy of luxury tax		Non/ short collection of luxury tax		Total No. of assesseees	Total non/short realisation of luxury tax (₹)
		No. of assesseees	Amount (₹)	No. of assesseees	Amount (₹)		
1	Aluva	0	0	5	56,000	5	56,000
2	Chavakkad	0	0	4	44,000	4	44,000
3	Chengannur	0	0	61	3,54,000	61	3,54,000
4	Chirayankeezhu	0	0	108	9,16,000	108	9,16,000
5	Ernad	0	0	378	7,56,000	378	7,56,000
6	Kanayannur	0	0	360	32,46,000	360	32,46,000
7	Kannur	0	0	913	50,10,000	913	50,10,000
8	Kollam	0	0	124	12,36,000	124	12,36,000
9	Kondotty	0	0	277	5,54,000	277	5,54,000
10	Kottayam	0	0	186	19,80,000	186	19,80,000
11	Kunnathunadu	0	0	7	66,000	7	66,000
12	Mannarkad	0	0	9	66,000	9	66,000
13	Thalassery	0	0	3	24,000	3	24,000
14	Thaliparambu	0	0	10	48,000	10	48,000
15	Thiruvananthapuram	0	0	716	41,40,000	716	41,40,000
16	Tirurangadi	0	0	267	5,34,000	267	5,34,000
17	Udumbanchola	1	12,000	20	1,34,000	21	1,46,000
Total		1	12,000	3,448	1,91,64,000	3,449	1,91,76,000

Appendix XXXVII

(Reference: Paragraph 4.4.4)

Non levy/collection of Housing Project Cess

Sl No.	Taluk Office	Period of audit	No. of cases pointed out	Non-levy/collection of Housing Project Cess (₹)
1	Ambalappuzha	2014-2016	3	5,016
2	Chengannur	2014-2016	17	7,640
3	Chirayinkeezhu	2014-2016	12	10,974
4	Ernad	2014-2016	9	11,604
5	Kollam	2014-2016	70	1,41,568
6	Kondotty	2014-2016	6	1,968
7	Kottayam	2014-2016	41	95,328
8	Mannarkad	2014-2016	12	9,358
9	Thiruvananthapuram	2014-2016	9	11,916
10	Thrissur	2014-2016	5	13,440
Total			184	3,08,812

Appendix XXXVIII

(Reference: Paragraph 6.3.1)

Core functions and responsibilities of organising State, distributors/selling agents and customers in the lottery process and their inter-relationship

Element	Core functions and responsibilities
Director of State Lotteries	Conduct the lottery and sell the tickets either in its own territory or in the territory of any other State(s) or both; shall charge a minimum of ₹ five lakh per draw of bumper draw and ₹ 10,000 for any other draws; publish the results through national newspapers; responsible to ensure that distributors or selling agents act in conformity with the provisions of the Act and Rules; print lottery tickets at a Government Press or any other high security press included in the panel of the RBI or Indian Banks' Association; keep record of tickets printed, sold, that remaining unsold and the prize winning tickets and amount of prizes in respect of each draw; ensure that the sale proceeds received from the distributors/selling agents are deposited into the Public Accounts or the Consolidated Fund of the State; give the prize to winners, following prescribed procedures and ensure deduction of Income Tax, wherever applicable; conduct an annual financial and systems audit of the various lottery schemes organized by it; take suitable steps to effectively supervise the processes and to avoid malpractices; pay to the distributors or selling agents any commission due to them and the prize amounts disbursed by them to the winners, if any.
Distributors/selling agents	Maintain records of the tickets obtained from the DSL, tickets sold and those remaining unsold, details of sub agents appointed, etc.
Customers	Preserve the tickets and in case of winning a prize, produce the same to the distributors/selling agents in case of prize up to ₹ 5,000 and along with required documents to the Department in case of prize above ₹ 5,000 for disbursement of the prize amount.
Karunya Benevolent Fund	The method adopted for transfer of funds from KBF to the treatment in the case of government hospitals was first authorisation letter would be issued to the hospital to which treatment was proposed and after sanction by State Level Committee, a bulk fund proportionate to the amount authorised would be transferred to the designated bank account of the hospitals opened for this purpose. In the case of private accredited hospitals, the pre-agreed amount was reimbursed to them after the completion of the treatment.

Appendix XXXIX

(Reference: Paragraph 6.3.2.1)

Lack of transparency and control in the appointment of selling agents

Sl No.	Number of agents taken registration during the period from 2010-11 to 2016-17									Total number of registered lottery agents in the district as on 31 March 2017
	Name of the DLO	Period								
		2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	Total	
1	Alappuzha	576	294	294	122	233	195	222	1,936	4,913
2	Ernakulam	1,050	349	268	125	275	304	360	2,731	8,564
3	Idukki	298	184	167	73	173	291	130	1,316	4,024
4	Kannur	377	148	174	128	215	226	203	1,471	5,076
5	Kasargod	105	22	53	54	65	87	53	439	1,096
6	Kollam	559	348	652	131	416	478	419	3,003	5,944
7	Kottayam	737	451	417	234	404	405	342	2,990	7,997
8	Kozhikode	458	228	182	90	286	306	240	1,790	5,902
9	Malappuram	339	139	223	70	356	224	165	1,516	3,914
10	Palakkad	604	273	540	195	495	422	229	2,758	5,272
11	Pathanamthitta	264	144	189	98	236	200	145	1,276	2,647
12	Thiruvananthapuram	587	483	679	299	478	436	430	3,392	6,665
13	Thrissur	811	270	358	213	411	489	398	2,950	1,612
14	Wayanadu	254	80	115	53	111	131	144	888	1,453
	Total	7,019	3,413	4,311	1,885	4,154	4,194	3,480	28,456	65,079

Appendix XL

(Reference: Paragraph 6.3.2.4)

Multiple payments of prizes for a single ticket

(Amount in ₹)

Sl. No.	Name of Office	Name of lottery	No. of draws	No. of tickets won the prizes	No. of prizes claimed	Amount won	Amount claimed	Excess claim
1	DLO Ernakulam	Bhagyanidhi	3	4	8	5,600	11,200	5,600
2		Dhanasree	2	2	4	5,100	10,200	5,100
3		Karunya	3	3	6	10,050	20,100	10,050
4		Monsoon Bumper - 2011	1	2	4	200	400	200
5		Pournami	3	4	8	650	1,300	650
6		Pratheeksha	4	7	14	1,600	3,200	1,600
7	DLO Kozhikode	Win-Win	18	30	60	2,230	4,460	2,230
8		Akshaya	3	3	6	600	1,200	600
9		Bhagyanidh	4	4	8	250	500	250
10		Dhanasree	1	1	2	100	200	100
11		Karunya	2	2	4	550	1,100	550
12		Pournami	2	2	6	550	1,200	650
13		Pratheeksha	1	1	2	100	200	100
14		Vishu Bumper-2011	1	2	4	200	400	200
15		Win-Win	23	82	169	27,030	54,240	27,210
16	DLO Palakkad	Akshaya	1	1	2	50	100	50
17		Bhagyanidhi	1	1	2	50	100	50
18		Dhanasree	2	2	4	200	400	200
19		Karunya	4	4	8	1,600	3,200	1,600
20		Pournami	2	2	4	100	200	100
21		Pratheeksha	3	15	30	1,500	3,000	1,500
22	DLO Thiruvananthapuram	Akshaya	2	2	5	600	1,700	1,100
23		Dhanasree	1	1	2	1,000	2,000	1,000
24		Karunya	2	2	4	550	1,100	550
25		Pournami	1	1	3	50	150	100
26		Pratheeksha	2	2	4	1,000	2,000	1,000
27		Win-Win	17	42	84	2,020	4,040	2,020
28	DLO Thrissur	Akshaya	6	61	122	5,250	10,500	5,250
29		Vishu Bumper	2	2	4	200	400	200
30		Win-Win	30	186	374	30,330	60,780	30,450
31		Akshaya	10	38	76	80,350	1,60,700	80,350
32		Karunya	3	3	7	1,050	2,600	1,550
33		Pournami	4	8	16	25,150	50,300	25,150
34	DLO Thrissur	Pratheeksha	3	3	6	700	1,400	700
35		Thiruvonam Bumper - 2012	1	1	2	2,000	4,000	2,000
36		Win-Win	19	42	85	16,980	33,980	17,000
Total			187	568	1,149	2,25,540	4,52,550	2,27,010

Appendix XLI

(Reference: Paragraph 6.3.2.5 – bullet 1)

Illustrative cases of ₹ 10,000 prize tickets collected by agents and prize amount appropriated against the cost of tickets

Sl. No.	Name of Office	Name of lottery	Draw number	Year	Agent code	Name of winner (Shri)	Number of tickets claimed	Amount paid (₹)	Vr. No.	Date
1	DLO Thiruvananthapuram	Pournami	RN58	2012-13	T4232	HM Shafi	2	20,000	10686	30.11.2012
2	DLO Thrissur	Win-Win	W320	2015-16	R4457	SS Manian	3	30,000	5420	13.8.2015
3	DLO Thrissur	Win-Win	W320	2015-16	R4457	SS Manian	3	30,000	6072	17.8.2015
4	DLO Thrissur	Win-Win	W320	2015-16	R4457	SS Manian	3	30,000	6070	17.8.2015
5	DLO Thrissur	Bhaghyanidhi	BN200	2015-16	R4119	K.Arumugham	3	30,000	8542	22.8.2015
6	DLO Thrissur	Bhaghyanidhi	BN200	2015-16	R4119	K.Arumugham	3	30,000	4842	12.8.2015
7	DLO Thrissur	Bhaghyanidhi	BN200	2015-16	R4119	K.Arumugham	3	30,000	6166	17.8.2015
8	DLO Thrissur	Win-Win	W290	2014-15	R5949	TB Dayanandan	7	70,000	3326	8.1.2015
9	DLO Thrissur	Bhaghyanidhi	BN200	2015-16	R4119	K.Arumugham	3	30,000	7683	20.8.2015
10	DLO Thrissur	Karunya	KR203	2015-16	R4119	K.Arumugham	3	30,000	10636	31.8.2015

Appendix - XLII

(Reference: Paragraph 6.3.2.5 – bullet 2)

Disbursement of ₹ one lakh prizes on tickets unauthorisedly collected by agents from the prize winners

(₹ in crore)

Sl. No.	Name of Office	Name of the winner Shri/Smt	Agent code	Number of prizes won	Amount
1	DLO Ernakulam	Rajagopal V	E5390	40	0.40
2	DLO Ernakulam	Rajesh Babu.S.R	E4583	27	0.27
3	DLO Ernakulam	Brushnev T.B	E4612	24	0.24
4	DLO Ernakulam	M.K. Ajith Kumar	E1177	21	0.21
5	DLO Ernakulam	Ajesh Kumar.N	E5529	13	0.13
6	DLO Ernakulam	Krishnakumar.K.	E5779	10	0.10
7	DLO Palakkad	P.A.Rajeshmani	P2844	87	0.87
8	DLO Palakkad	P G Bhakthavalsalan	P2988	65	0.65
9	DLO Palakkad	Vaiyapuri K S	P2870	57	0.57
10	DLO Palakkad	A Kajahussain	P1844	54	0.54
11	DLO Palakkad	Shajahan	P3030	49	0.49
12	DLO Palakkad	P Haridas	P300	36	0.36
13	DLO Palakkad	R. Krishnadas	P1859	27	0.27
14	DLO Palakkad	Jaison P F	P1857	23	0.23
15	DLO Palakkad	M Shanmugasundaram	P2204	22	0.22
16	DLO Palakkad	P.Rakesh	P3614	21	0.21
17	DLO Palakkad	K.Asokan	P3337	18	0.18
18	DLO Palakkad	Saravanan.V	P2880	15	0.15
19	DLO Palakkad	Senthil Kumar.M	P2929	15	0.15
20	DLO Palakkad	R. Kannan	P1938	13	0.13
21	DLO Palakkad	S Babitha	P2180	12	0.12
22	DLO Palakkad	Jameesha.M	P2784	11	0.11
23	DLO Palakkad	P.Mohanan	P321	10	0.10
24	DLO Palakkad	Satheesh.V	P3267	10	0.10
25	DLO Palakkad	P. Haridasan	P2058	10	0.10
26	DLO Thiruvananthapuram	S. Mohamed Yazeen	T2441	155	1.55
27	DLO Thiruvananthapuram	K Narayanan	T3502	29	0.29
28	DLO Thiruvananthapuram	P Thankarajan	T2356	23	0.23
29	DLO Thiruvananthapuram	C N Mithran	T3796	16	0.16
30	DLO Thiruvananthapuram	G Manicka Selvam	T3856	12	0.12
31	DLO Thiruvananthapuram	P.Ummer Khan	T3957	12	0.12
Total				937	9.37

Appendix XLIII

(Reference: Paragraph 6.3.2.6)

Illustrative case of existence of fake tickets

Sl. No.	Name of Office where payment effected	Name of lottery	Lottery series	Ticket series	Ticket digit	Name of the person whose claim admitted Shri/Smt	Prize amount (₹)	Name of the Office where ticket of the same number presented	Name of the person who was denied payment Shri/Smt
1.	DLO Ernakulam	Akshaya	AK213	AU	924176	Jiji Mon.K.T.	1,000	DLO Alappuzha	V.G.Vijayan Nair
2.	DLO Ernakulam	Akshaya	AK51	AM	407676	Kadermytheen	1,00,000	DLO Idukki	T M Kader
3.	DLO Ernakulam	Pratheeksha	PR39	PS	392172	Shaji.P.S	10,000	DLO Kottayam	Shaji P.S
4.	DLO Ernakulam	Karunya	KR46	KL	204526	Brushnev T.B	5,000	DLO Ernakulam	Mukundan.K.
5.	DLO Ernakulam	Pratheeksha	PR100	PW	373127	Sinkaram Lottery	5,000	DLO Ernakulam	Seena Lenin
6.	DLO Ernakulam	Karunya	KR127	KT	190617	Kannan Pillai	5,000	DLO, Ernakulam	Vargheese K.G
7.	DLO Ernakulam	Win-Win	W305	WU	472038	M K Ajithkumar.	5,000	DLO Ernakulam	Cyril Chacko
8.	DLO Idukki	Win-Win	W178	WH	304175	Sumeesh KM	2,000	DLO Idukki	Mathew K.J
9.	DLO Idukki	Bhagyanidhi	BN86	BL	123451	Sunny John	5,000	DLO Idukki	Raveendran M.R
10.	DLO Idukki	Akshaya	AK202	AE	126183	C.K.Divakaran	1,000	DLO Idukki	T.N Kasi
11.	DLO Idukki	Pournami	RN243	RG	363442	M Parvathy Muthu	5,000	DLO Ernakulam	Sinkaram
12.	DLO Kannur	Bhagyanidhi	BN155	BL	321034	P Prakashan	1,000	DLO Kozhikkode	K. Viswanathan
13.	DLO Kasaragod	Akshaya	AK182	AR	625568	Remya.G	5,000	DLO Kasaragod	N T Prakashan
14.	DLO Kasaragod	Vishu Bumper - 2015	BR43	VB	247046	Preetha Jayachandran	10,000	DLO Kasaragod	S. Madhusoodhanan
15.	DLO Kollam	Karunya	KR83	KM	487857	Meenakshy Lotteries	1,000	DLO Palakkad	Syedibrahim
16.	DLO Kollam	Karunya	KR164	KY	388764	Rasheed .J	1,000	DLO Kollam	Lathika.S
17.	DLO Kollam	Win-Win	W282	WB	589640	Shengottaisingam,T	5,000	DLO Kollam	J.K.Enterprises
18.	DLO Kollam	Pournami	RN273	RJ	510373	Remain unsold	2,000	DLO Thiruvananthapuram	Muhammed Yassin
19.	DLO Kollam	WinWin	W395	WZ	652202	Mukesh Thevar	5,000	DLO Ernakulam	Sasi Balan
20.	DLO Kottayam	Dhanasree	DS10	DL	279958	Biji Suresh	10,000	DLO Kottayam	Meenakshy Lotteries
21.	DLO Kottayam	Pournami	RN11	RR	140903	Meenakshy Lotteries	10,000	DLO Kottayam	T.K.Madhu
22.	DLO Kottayam	Pournami	RN209	RU	430942	V.G. Prasannan	5,000	DLO Kottayam	Biji Suresh
23.	DLO Kottayam	Karunya Plus	KN130	PL	624811	Manikandan	1,000	DLO Thrissur	Pradeep
24.	DLO Kozhikkode	Win-Win	W241	WD	913256	K. Viswanathan	2,000	DLO, Kozhikkode	P.Mohanan
25.	DLO Kozhikkode	Pournami	RN241	RK	141212	P.A.Ganesh	5,000	DLO, Kozhikkode	K.V.Rajeesh
26.	DLO Kozhikkode	Vishu Bumper - 2014	BR37	UB	274374	K.V.Rajeesh	5,000	DLO Thrissur	Geever M.J

Appendix XLIII - Concl'd.
(Reference: Paragraph 6.3.2.6)

Illustrative case of existence of fake tickets

Sl. No.	Name of Office where payment effected	Name of lottery	Lottery series	Ticket series	Ticket digit	Name of the person whose claim admitted Shri/Smt	Prize amount (₹)	Name of the Office where ticket of the same number presented	Name of the person who was denied payment Shri/Smt
27.	DLO Malappuram	Bhagyanidhi	BN40	BY	692447	Mahesh	1,000	DLO Malappuram	M.Prabhakaran
28.	DLO Malappuram	Akshaya	AK90	AL	324331	K.Unnikrishnan	5,000	DLO Malappuram	Abdul Khadar
29.	DLO Malappuram	Pratheeksha	PR128	PW	216600	Vipin Chas M.P	5,000	DLO Malappuram	Balan. K
30.	DLO Malappuram	WinWin	W383	WW	453739	K Sajesh	5,000	DLO Malappuram	KP Unnikrishnan
31.	DLO Palakkad	Akshaya	AK145	AB	726670	Abdul Rehim.K.M	5,000	DLO Palakkad	N.Subramanian
32.	DLO Palakkad	Pournami	RN186	RC	677001	K.Vijayakumar	1,00,000	DLO Palakkad	Abdul Rehim.K.M
33.	DLO Thiruvananthapuram	Akshaya	AK240	AT	842114	P.Ummer Khan	5,000	DLO Thrissur	Anoob Kumar
34.	DLO Thiruvananthapuram	Dhanasree	DS35	DR	300139	M.S. Hameed	5,000	DLO Thiruvananthapuram	S. Sivakumar
35.	DLO Thiruvananthapuram	Bhagyanidhi	BN115	BT	744828	Shereef	2,000	DLO Thiruvananthapuram	Prem Nazer. M
36.	DLO Thiruvananthapuram	Akshaya	AK211	AH	102995	S. Suran	5,000	DLO Thiruvananthapuram	Sheeju K
37.	DLO Thrissur	Summer Bumper - 2013	BR30	SB	336222	Vijoy K	10,000	DLO Pathanamthitta	Meenakshy Lotteries
38.	DLO Thrissur	Karunya	KR28	KW	138783	Sivadas.R	500	DLO, Ernakulam	Krishnakumar.K.
39.	DLO Thrissur	Win-Win	W88	WH	481812	S.S.Manian	500	DLO, Kozhikkode	P.A.Ganesh
40.	DLO Thrissur	Karunya	KR29	KB	238478	Sivadas.R	5,000	DLO Thrissur	Rakeshkumar.M
41.	DLO Thrissur	Pournami	RN55	RS	394902	Udayakumar P.K	5,000	DLO Thrissur	Rajan P.K.
42.	DLO Thrissur	Akshaya	AK110	AL	987534	Anirudhan P.P	5,000	DLO Thrissur	P V Bhaskaran
43.	DLO Thrissur	Akshaya	AK278	AY	767607	K Vijoy	5,000	DLO Malappuram	KV Govindan
44.	DLO Thrissur	Pournami	RN249	RH	734537	TP Lohidasan	2,000	DLO Thrissur	SS Maniyan
45.	DLO Thrissur	Pournami	RN274	RY	603991	PV Pradeep	1,000	DLO Ernakulam	Rajesh babu
46.	DLO Thrissur	Karunya	KR229	KA	778381	PT Seythalavi	2,000	DLO Malappuram	KP Somasundaram
47.	DLO Wayanadu	Dhanasree	DS51	DT	287098	P.V.Valsala Kumari	5,000	DLO Wayanadu	Kannan V
48.	DLO Wayanadu	Bhagyanidhi	BN164	BL	307063	Noushad.M.K.	5,000	DLO Wayanadu	Gopi.T.G
49.	Judicial I st Class Magistrate	Karunya	KR 103			Confiscated			
50.	Judicial I st Class Magistrate	Karunya	KR 103			Confiscated			
51.	Judicial I st Class Magistrate	Karunya	KR 103			Confiscated			

Appendix XLIV

(Reference: Paragraph 6.3.2.7)

Illustrative cases of non/short deduction of Income Tax from the agents prize disbursed

(Amount in ₹)

Sl. No.	Name of Office	Year	Name of agent Shri/Smt	Agent code	Total agent prize disbursed	Exemption granted	% of tax to be collected for exempted amount	Agent prize taxable after exemption	Tax for exempted amount	Tax due	Total tax due	Income Tax collected	Short collection
A	B	C	D	E	F	G	H	I	J	K	L	M	N=(L-M)
1	DLO Palakkad	2014-15	P Chidambaran	P439	1,82,655	1,00,000	1	82,655	1000	8,266	9,266	7,172	2,094
2	DLO Palakkad	2015-16	P Chidambaran	P439	1,63,190	1,00,000	0	63,190	0	6,319	6,319	2,860	3,459
3	DLO Palakkad	2014-15	E K Mohammed	P548	18,265	1,00,000	1	0	1000	0	1,000	772	228
4	DLO Palakkad	2014-15	K B Kunjappa	P797	70,040			70,040	0	7,004	7,004	2,877	4,127
5	DLO Palakkad	2011-12	L. Kailasam	P1395	18,150	2,00,000	1	0	2000	0	2,000	599	1,401
6	DLO, Ernakulam	2015-16	B.S Ramachandran	E1389	40,110	33,365	0	6,745	0	675	675	219	456
7	DLO, Ernakulam	2012-13	M V Chakko	E1942	18,905		0	18,905	0	1,891	1,891	0	1,891
8	DLO, Ernakulam	2012-13	T.B Chandran	E2745	17,175			17,175	0	1,718	1,718	666	1,052
9	DLO Thiruvananthapuram	2011-12	A. Shajahan	T530	54,805	50,000	0	4,805	0	481	481	189	292
10	DLO Thiruvananthapuram	2012-13	A. Shajahan	T530	2,57,830	2,00,000	0	57,830	0	5,783	5,783	0	5,783
11	DLO Thiruvananthapuram	2011-12	S. Syed Ibrahim	T807	20,660			20,660	0	2,066	2,066	0	2,066
12	DLO Thiruvananthapuram	2012-13	S. Syed Ibrahim	T807	49,495			49,495	0	4,950	4,950	2	4,948
13	DLO Thiruvananthapuram	2011-12	C.Joseph Fernandez	T945	19,710			19,710	0	1,971	1,971	123	1,848

Appendix XLV

(Reference: Paragraph 6.3.2.8)

Illustrative cases of non-deduction of Income Tax

Sl. No.	Name of Office	Name of lottery	Lottery draw number	Name of winner Shri/Smt	Voucher No./date	Number of tickets claimed	Amount paid (₹)
1	DLO Thiruvananthapuram	Karunya Plus	KN 71	N.Arun, T 3793	10201/31.8.15	4	40,000
2	DLO Thiruvananthapuram	Karunya	KR 202	N.Arun, T 3793	7900/22.8.15	4	40,000
3	DLO Thiruvananthapuram	Karunya Plus	KN 69	S Mohammed Yazeen, T 2441	9117/25.8.15	5	50,000
4	DLO Thiruvananthapuram	Win Win	W 320	HM Rafi, T 2062	4249/12.8.15	7	70,000
5	DLO Thiruvananthapuram	Win Win	W 319	N.Arun, T 3793	1768/05.8.15	7	70,000
6	DLO Thiruvananthapuram	Win Win	W 318	P.Thankarajan, T 2356	418/1.8.15	2	20,000
7	DLO Thiruvananthapuram	Win Win	W 318	P.Thankarajan, T 2356	7626/21.8.15	2	20,000
8	DLO Thiruvananthapuram	Karunya	KR 202	HM Rafi, T 2062	3844/11.8.15	3	30,000
9	DLO Kozhikode	Akshaya	AK 193	Sahadevan PK, D 3967	4869/11.6.2015	5	50,000
10	DLO Kozhikode	Bumper	BR 43	Kunhan.K, D 3612	4490/16.6.2015	5	50,000
11	DLO Kozhikode	Win Win	W 304	MK Babu, D 4962	5079/12.5.2015	4	40,000
12	DLO Kozhikode	Karunya	KR 187	KV Rajeesh, D 4565	1779/4.5.2015	3	30,000
13	DLO Kozhikode	Akshaya	AK 190	Gireesh, D 5363	10199/26.5.2015	7	70,000

Appendix XLVI

(Reference: Paragraph 6.3.2.9)

Details of Service Tax collected and remitted

(Amount in ₹)

Month	Year	Service Tax collected	Service Tax including cess remitted	Balance
November	2015	4,80,85,916	3,42,29,943	1,38,55,973
December	2015	7,55,47,793	7,52,99,840	2,47,953
January	2016	7,95,26,143	8,00,97,645	-5,71,502
February	2016	8,14,75,787	7,16,43,430	98,32,357
March	2016	9,31,38,863	8,67,42,859	63,96,004
April	2016	9,69,10,404	8,72,91,439	96,18,965
May	2016	9,11,61,011	9,87,42,869	-75,81,858
June	2016	8,87,43,831	9,21,49,718	-34,05,887
July	2016	10,31,91,225	9,65,07,425	66,83,800
August	2016	11,76,99,339	9,59,40,573	2,17,58,766
September	2016	11,71,24,119	11,35,91,086	35,33,033
October	2016	11,76,53,081	10,47,48,110	1,29,04,971
November	2016	5,96,32,608	2,91,43,542	3,04,89,066
December	2016	8,34,33,407	0	8,34,33,407
January	2017	9,03,57,963	8,06,00,000	97,57,963
February	2017	9,10,29,779	7,82,26,290	1,28,03,489
March	2017	10,48,55,374	9,35,81,028	1,12,74,346
Total		1,53,95,66,643	1,31,85,35,797	22,10,30,846

Appendix XLVII
(Reference: Paragraph 6.3.3.3)

Non-remittance of interest accrued in the KBF

(Amount in ₹)

Sl. No.	Name of the hospital	Consolidated deposit and interest credited by Banks (₹)										Total interest
		2012-13		2013-14		2014-15		2015-16		2016-17		
		Deposit	Interest	Deposit	Interest	Deposit	Interest	Deposit	Interest	Deposit	Interest	
1	District Hospital, Palakkad	1,20,000	4,677	116,350	15,977	19,65,598	38,147	1,67,49,583	1,17,246	12,41,78,143	5,91,708	7,67,755
2	General Hospital, Ernakulam	1,79,77,166	62,974	3,75,64,975	9,09,430	4,49,95,534	18,81,626	4,25,68,340	28,78,363	13,15,83,130	20,87,947	78,20,340
3	KBF Account, Pattom Office	44,47,37,212	1,35,965	78,43,31,758	24,19,448	10,07,25,223	43,08,858	1,36,24,21,215	58,71,968	6,74,70,018	28,88,725	1,56,24,964
4	Medical College Chest Hospital, Thrissur	84,34,843	52,059	2,56,27,941	4,33,581	9,54,06,000	14,83,110	3,11,02,500	33,71,781	15,59,13,155	14,67,325	68,07,856
5	Medical College Hospital, Thiruvananthapuram	811,41,952	10,00,000	15,80,09,327	24,81,263	22,02,18,889	36,43,921	15,53,81,956	28,46,794	34,79,67,458	3,32,039	1,03,04,017
6	Medical College Hospital, Kozhikode	10,73,37,314	5,18,588	22,91,93,500	48,79,030	33,74,52,590	97,34,894	13,26,08,292	1,22,89,536	41,93,45,986	86,31,199	3,60,53,247
7	Regional Cancer Centre, Thiruvananthapuram	12,36,40,925	72,329	32,12,19,434	47,04,195	53,62,90,044	1,15,32,452	22,03,73,252	1,70,51,813	81,27,21,118	3,27,30,033	6,60,90,822
Total			18,46,592		1,58,42,924		3,26,23,008		4,44,27,501		4,87,28,976	14,34,69,001

Appendix XLVIII
(Reference: Paragraph 6.3.3.4)

Illustrative cases of violation of agreements by accredited hospitals

(Amount in ₹)

Sl. No.	Name of hospital	Name of the patient Shri/Smt	Reference No.	Amount sanctioned	Bill amount	Amount paid by the beneficiaries
1.	Amala Cancer Hospital and Research Centre, Thrissur	Sobhana T.P	135977	75,000	1,27,847	52,847
2.	Amala Cancer Hospital and Research Centre, Thrissur	Bhaskaran M D	110384	65,000	1,17,090	52,090
3.	Amala Cancer Hospital and Research Centre, Thrissur	Rajan VN	131804	88,000	1,71,940	83,940
4.	Baby Memorial Hospital, Kozhikode	Ummerul Farooq	92011	2,00,000	3,15,252	1,15,252
5.	Baby Memorial Hospital, Kozhikode	Kanaran	112355	50,000	2,23,196	1,73,196
6.	Baby Memorial Hospital, Kozhikode	Safeer MP	78882	2,00,000	3,57,228	1,57,228
7.	Baby Memorial Hospital, Kozhikode	Unnikrishnan P	66049	88,000	2,53,420	1,65,420
8.	Baby Memorial Hospital, Kozhikode	Naseera	57466	2,00,000	3,47,709	1,47,709
9.	Baby Memorial Hospital, Kozhikode	Sumesh	98451	2,00,000	3,58,650	1,58,650
10.	Baby Memorial Hospital, Kozhikode	Sreejith	107396	2,00,000	3,40,391	1,40,391
11.	Baby Memorial Hospital, Kozhikode	Raneesh	87363	2,00,000	3,00,000	1,00,000
12.	Baby Memorial Hospital, Kozhikode	Rameez	93742	2,00,000	3,28,482	1,28,482
13.	Baby Memorial Hospital, Kozhikode	Girivasan	93396	2,00,000	3,16,884	1,16,884
14.	Baby Memorial Hospital, Kozhikode	Saranya	90257	2,00,000	3,00,000	1,00,000
15.	Baby Memorial Hospital, Kozhikode	Bijin	65682	2,00,000	3,75,000	1,75,000
16.	Baby Memorial Hospital, Kozhikode	Dheeraj	60015	2,00,000	3,25,000	1,25,000
17.	Caritas Hospital, Kottayam	Varghese T Lawrence		77,000	1,98,230	1,21,230
18.	EMS Co-operative Hospital & Research Centre, Perinthalmanna	Abdul Khader	77533	65,000	1,30,449	65,449
19.	EMS Co-operative Hospital & Research Centre, Perinthalmanna	Hamza	79291	60,000	1,21,529	61,529
20.	EMS Co-operative Hospital & Research Centre, Perinthalmanna	Chandrasekharan	74381	60,000	1,44,769	84,769
21.	EMS Co-operative Hospital & Research Centre, Perinthalmanna	Krishnan	71160	65,000	1,29,429	64,429
22.	EMS Co-operative Hospital & Research Centre, Perinthalmanna	Kandu	77490	65,000	1,34,233	69,233

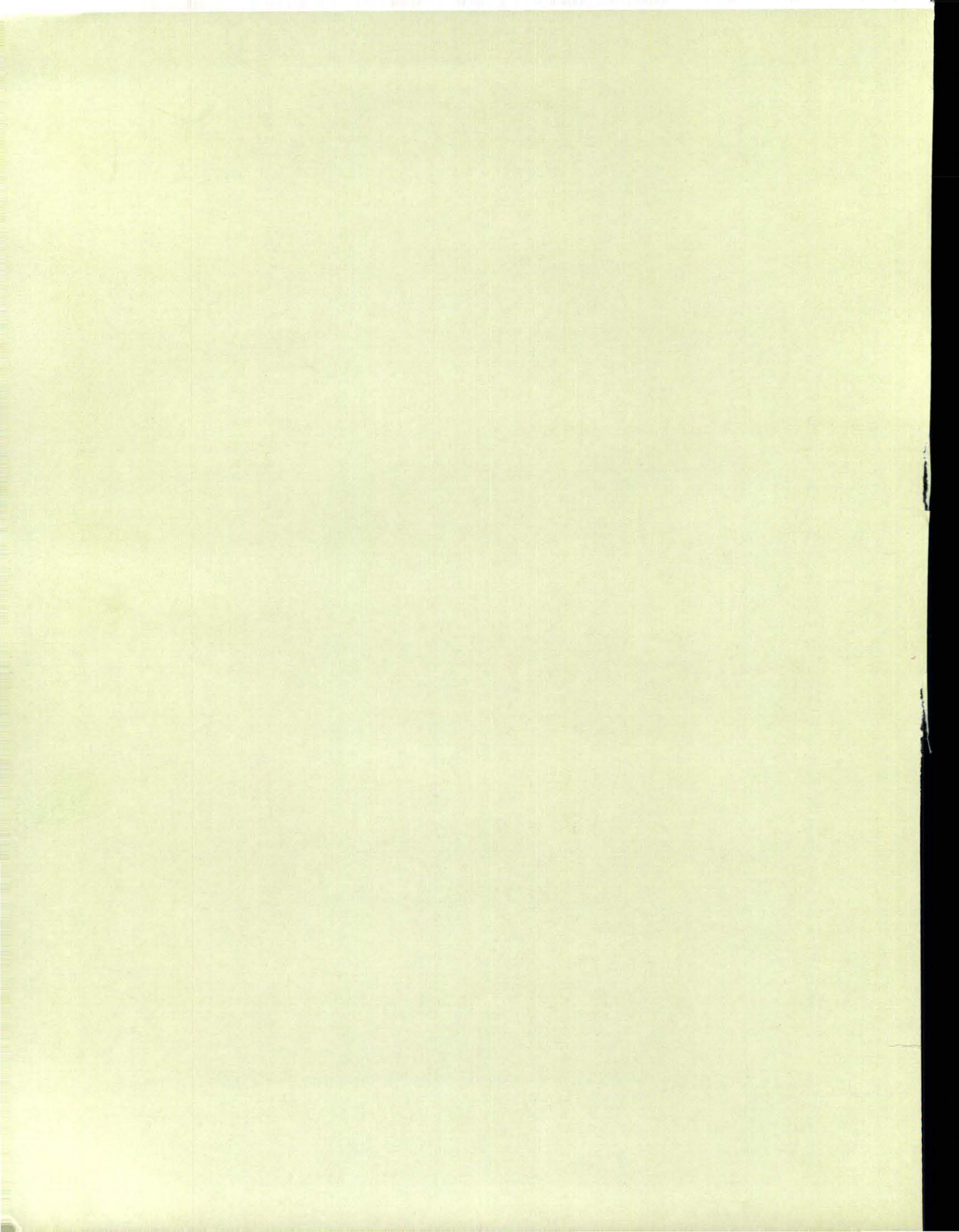
Appendix XLVIII - Concl'd.
(Reference: Paragraph 6.3.3.4)

Illustrative cases of violation of agreements by accredited hospitals

(Amount in ₹)

Sl. No.	Name of hospital	Name of the patient Shri/Smt	Reference No.	Amount sanctioned	Bill amount	Amount paid by the beneficiaries
23.	EMS Co-operative Hospital & Research Centre, Perinthalmanna	Rasiya	79085	90,000	1,52,756	62,756
24.	EMS Co-operative Hospital & Research Centre, Perinthalmanna	Vasanthakumari	178507	65,000	1,45,010	80,010
25.	EMS Co-operative Hospital & Research Centre, Perinthalmanna	Ummer	177728	65,000	1,63,132	98,132
26.	EMS Co-operative Hospital & Research Centre, Perinthalmanna	Ali N P	175689	65,000	1,37,500	72,500
27.	EMS Co-operative Hospital & Research Centre, Perinthalmanna	Ibrahim	181236	60,000	1,43,320	83,320
28.	EMS Co-operative Hospital & Research Centre, Perinthalmanna	Rasheed	180035	60,000	1,26,211	66,211
29.	EMS Co-operative Hospital & Research Centre, Perinthalmanna	Kadeeja	175510	1,90,000	6,07,945	4,17,945
30.	EMS Co-operative Hospital & Research Centre, Perinthalmanna	Mohanam	181288	60,000	1,25,492	65,492
31.	EMS Co-operative Hospital & Research Centre, Perinthalmanna	Latheef	184963	60,000	1,58,091	98,091
32.	EMS Co-operative Hospital & Research Centre, Perinthalmanna	Parikutty	184809	60,000	1,37,870	77,870
33.	EMS Co-operative Hospital & Research Centre, Perinthalmanna	Madhavan	182168	60,000	1,33,882	73,882
34.	EMS Co-operative Hospital & Research Centre, Perinthalmanna	Pareekutty	181325	60,000	1,59,140	99,140
35.	Lisie Hospital, Ernakulam	Rajesh M R	IP 002649	2,00,000	2,28,080	28,080
36.	Lisie Hospital, Ernakulam	Manzoor C P	IP 002545	2,00,000	2,69,990	69,990
37.	Lisie Hospital, Ernakulam	Nishad P H	IP 003019	2,00,000	2,89,920	89,920

Glossary



Glossary of Abbreviations

1	AC	Assistant Commissioner (Commercial Taxes)
2	AMC	Annual Maintenance Contract
3	APL/BPL	Above Poverty Line /Below Poverty Line
4	ATN	Action Taken Notes
5	CCT	Commissioner of Commercial Taxes
6	CIF	Cost Insured Freight
7	CMV Rules	Central Motor Vehicles Rules
8	CST	Central Sales Tax
9	CTCP	Commercial Taxes Check post
10	CTD	Commercial Taxes Department
11	CTO	Commercial Tax Officer
12	DC	Deputy Commissioner (Commercial Taxes)
13	DEC	Deputy Excise Commissioner
14	DEPB	Duty Entitlement Pass Book
15	DLO	District Lottery Office
16	DRC	Disaster Recovery Centre
17	DSL	Director of State Lotteries
18	E & RSA	Economic and Revenue Sector Audit
19	EC	Excise Commissioner
20	GST	Goods and Services Tax
21	GSTN	Goods and Services Tax Network
22	IAW	Internal Audit Wing
23	ICT	Information and Communication Technology
24	IMFL	Indian Made Foreign Liquor
25	IT	Information Technology
26	KBF	Karunya Benevolent Fund
27	KBT Act	Kerala Building Tax Act, 1975
28	KFC	Kerala Financial Code
29	KGST	Kerala General Sales Tax
30	KLR Act	Kerala Land Reforms Act
31	KMVT Act	Kerala Motor Vehicles Taxation Act
32	KMVT Rules	Kerala Motor Vehicles Taxation Rules
33	KSA	Kerala Stamp Act
34	KSLASWFB	Kerala State Lottery Agents and Sellers Welfare Fund Board
35	KST Act	Kerala Surcharge on Taxes Act, 1957
36	KVAT	Kerala Value Added Tax

37	KVATIS	Kerala Value Added Tax Information System
38	LAN	Local Area Network
39	LIMS	Lottery Information Management System
40	MMPCT	Mission Mode Project for Computerisation of Commercial Taxes Administration
41	MV Act	Motor Vehicles Act
42	MVD	Motor Vehicles Department
43	NIC	National Informatics Centre
44	PA	Performance Audit
45	PAC	Public Accounts Committee
46	PWD	Public Works Department
47	R & DM Department	Revenue and Disaster Management Department
48	RDO	Revenue Divisional Officer
49	RTA	Regional Transport Authority
50	RTO	Regional Transport Office
51	SLA	Service Level Agreement
52	SRO	Sub Registry Office
53	SRTO	Sub Regional Transport Office
54	STA	State Transport Authority
55	TDS	Tax Deducted at Source
56	VAT	Value Added Tax
57	VCR	Vehicles Check Report
58	VSI/HSI	Vertical Shaft Impactor /Horizontal Shaft Impactor
59	WAN	Wide Area Network