# OVERVIEW

This Report contains 18 paragraphs relating to State Excise, Taxes on Sales, Trade, etc., Taxes on Vehicles, Goods & Passengers and Mining Receipts. The total financial implication of the Audit findings is ₹ 502.08 crore, of which the Commercial Tax Department accepted audit observations amounting to ₹ 19.01 crore and recovered ₹ 47.79 lakh. Replies of other Departments have not been received. Some of the major findings are mentioned below:

## Chapter-I: General

Total receipts of the Government of Uttar Pradesh for the year 2019-20 were ₹ 3,66,393.18 crore, of which, ₹ 2,04,530.91 crore (55.82 *per cent*) constituted the State's own receipts. Government of India contributed ₹ 1,61,862.27 crore (44.18 *per cent*), comprising State's share of divisible Union taxes of ₹ 1,17,818.30 crore (32.16 *per cent* of total receipts) and grants-in-aid of ₹ 44,043.97 crore (12.02 *per cent* of total receipts). The State's own tax revenues increased by 51.44 *per cent* from 2015-16 to 2019-20.

Wide variations between the budget estimates approved by the Finance Department and actual revenues during the year 2019-20 under the different heads of revenue (refer Table 1.2 and 1.3) indicated that the budget was not prepared on a realistic basis.

**(Paragraph 1.2)**

## Chapter-II: State Excise

The Department failed to act on the recommendation made by the Public Accounts Committee for timely deposit of basic license fee and license fee on settlement of shops. It did not initiate any action for cancellation of settlement and forfeiture of renewal fee/earnest money (₹ 6.75 crore), license fee/basic license fee (₹ 63.83 crore) and security deposit (₹ 32.26 crore) totalling to ₹ 102.84 crore, in contravention to the rules.

**Audit recommends that the Department needs to ensure adherence to the provisions of the Act/Rules and the recommendation made by the Public Accounts Committee, to safeguard the financial interest of the State.**

**(Paragraph 2.3)**

There was loss of additional consideration fee of ₹ 4.30 crore on 6.20 crore small bottles of Indian Made Foreign Liquor due to anomaly in the Excise Policy 2018-19.

**(Paragraph 2.4)**

## Chapter-III: Taxes on Sales, Trade, etc.

The Assessing Authorities accepted the tax rates on sale of goods worth ₹ 355.54 crore as mentioned in the tax returns without verification. Thus, tax amounting to ₹ 26.44 crore was short/not levied.

**(Paragraphs 3.3)**

The Assessing Authorities failed to detect the concealed turnover of ₹ 1,571.43 crore and consequently tax of ₹ 155.77 crore was not levied.

**(Paragraphs 3.4)**

The dealer had deposited the tax deducted at source of ₹ 5.26 crore with delay, on which interest of ₹ 1.18 crore was chargeable, but was not charged at the time of assessment.

**(Paragraphs 3.5)**

The dealers wrongly claimed Input Tax Credit amount of ₹ 99.46 lakh which was irregularly allowed by the Assessing Authorities. This resulted in non-reversal of Input Tax Credit along with interest totalling ₹ 1.60 crore.

**(Paragraphs 3.6)**

Assessing Authority, while finalising the assessments could not detect short deduction of tax deducted at source amounting to ₹ 10.64 crore by a dealer.

**(Paragraphs 3.7)**

## Chapter-IV: Taxes on Vehicles, Goods and Passengers

Total 13,284 transport vehicles and 6,045 private vehicles plied without valid fitness certificates and were liable for levy of fitness fee of ₹ 2.03 crore and imposition of penalty of ₹ 9.66 crore. The concerned RTOs/ARTOs did not initiate any action to issue notices to these vehicle owners and cancel the permits in case of transport vehicles.

**(Paragraph 4.3)**

Penalty of ₹ 5.65 crore was not imposed on 4,467 Uttar Pradesh State Road Transport Corporation buses for delay in payment of additional tax.

**(Paragraph 4.4)**

Composite and authorisation fees amounting to ₹ 3.28 crore was not realised from 1,875 goods vehicles plying on roads without renewal of authorisation of national permit.

**(Paragraph 4.5)**

Permit fee, application fees and penalty amounting to ₹ 1.82 crore was not realised from 1,960 vehicles plying on roads without renewal of permit.

**(Paragraph 4.6)**

Additional tax of ₹ 2.30 crore was not levied on 312 Jawaharlal Nehru National Urban Renewal Mission buses plying outside the designated municipal areas.

**(Paragraph 4.7)**

The taxation officers failed to realise the tax/additional tax amounting to ₹ 1.44 crore from 440 vehicles which were surrendered for a period beyond three calendar months.

**(Paragraph 4.8)**

## Chapter-V: Mining Receipts

Under existing regulatory framework, the leaseholder pays lower penalty for illegal extraction as against the amount payable for legal extraction, thus encouraging illegal mining.

**Audit recommends that the Government needs to clearly define/redefine what constitutes 'price of mineral' and 'royalty' in terms of Section 21(5) of the MMDR Act in areas leased out through auction.**

**Audit also recommends that the Government may review rates of royalty which will be applicable in cases of illegal mining in neighbourhood of areas leased through auction where price discovery of the mineral has already occurred.**

**(Paragraph 5.3)**

Contribution payable to the District Mineral Foundation Trust was not included in the consideration of 12 mining lease deeds which resulted in short levy of stamp duty of ₹ 1.32 crore.

**(Paragraph 5.4)**

Royalty of ₹ 47.20 crore and contribution to the District Mineral Foundation Trust of ₹ 8.22 crore was not deposited by 59 lease holders which resulted in non-realisation of revenue to the Government.

**(Paragraph 5.5)**

Inadequate co-ordination between Mining Department and executing agencies of other Departments led to non-recovery of royalty amounting to ₹ 3.97 crore, 'price of minerals' amounting to ₹ 90.41 crore and due penalty amounting to ₹ 3.97 crore in 1,588 cases from the contractors undertaking civil works, for raising mineral without lawful authority.

**Audit recommends that the Department may strengthen co-ordination with the Government executing agencies undertaking civil works to ascertain that the contractors have sourced minerals from legitimate licensees and carry valid transit passes.**

**(Paragraph 5.6.1)**

The Department failed to point out the fraudulent activities involved in submission of MM-11 forms as proof of royalty paid and did not recover royalty, 'price of minerals' and penalty amounting to ₹ 4.87 crore from the contractors.

**Audit recommends that the Department may examine these cases in detail and if a serious lapse is found may fix responsibility and take appropriate action.**

**Audit also recommends that the Government may put in place an effective mechanism to ensure transportation of minerals under valid transit passes to prevent widespread misuse of MM-11 forms.**

**(Paragraph 5.6.2)**

Royalty of ₹ 7.37 crore, regulating fees of ₹ 4.89 crore, permit application fees of ₹ 21.34 lakh and District Mineral Foundation Trust contribution of ₹ 70.73 lakh was not realised in 981 cases from the brick kiln owners, though the same was specified in the One Time Settlement Scheme.

**(Paragraph 5.7)**