



**AUDIT REPORT  
ON  
THE ACCOUNTS OF  
REVENUE RECEIPTS,  
GOVERNMENT OF THE PUNJAB  
AUDIT YEAR 2022-23**

**AUDITOR GENERAL OF PAKISTAN**



## **TABLE OF CONTENTS**

<b>Abbreviations &amp; Acronyms</b>	<b>i</b>
<b>Preface</b>	<b>v</b>
<b>Executive Summary</b>	<b>vii</b>
<b>Sectoral Analysis</b>	<b>xv</b>
<b>Chapter No.    Name of Department</b>	<b>Page</b>
1.            Board of Revenue	<b>1</b>
2.            Excise, Taxation & Narcotics Control Department	<b>29</b>
3.            Punjab Revenue Authority	<b>71</b>
4.            Transport Department	<b>89</b>
5.            Thematic Audit: Illegal Occupation of State Land	<b>99</b>
<b>MFDAC (Annexure-1)</b>	<b>153</b>
<b>Annexures No. (2 to 19)</b>	<b>167</b>



## **ABBREVIATIONS & ACRONYMS**

AIR	Audit Inspection Report
AGP	Auditor General of Pakistan
ARC	Arazi Record Centre
ATL	Active Taxpayer List
BOR	Board of Revenue
BoS	Bureau of Statistics
BPR	Business Process Reengineering
CSR	Crop Service Reporting
CSC	Chief Settlement Commissioner
CLRMIS	Computerized Land Record Management Information System
CVT	Capital Value Tax
DAC	Departmental Accounts Committee
DC	District Collector
DRTA	District Regional Transport Authority
DPAC	District Price Assessment Committee
ETPB	Evacuee Trust Property Board
FBR	Federal Board of Revenue
FIR	First Information Report
FIA	Federal Investigation Agency

GARV	Gross Annual Rental Value
GOR	Government Officers Residences
IS Audit	Information System Audit
ISSAIs	International Standards of Supreme Audit Institutions
KPIs	Key Performance Indicators
LDA	Lahore Development Authority
LTC	Lahore Transport Company
MFDAC	Memorandum for Departmental Accounts Committee
MoD	Ministry of Defense
MRA	Motor Registration Authority
MTMIS	Motor Transport Management Information System
MVT	Motor Vehicle Tax
NHA	National Highway Authority
NBP	National Bank of Pakistan
PAC	Public Accounts Committee
PAO	Principal Accounting Officer
PEEDA Act	Punjab Employees, Efficiency, Discipline and Accountability Act
PLGA	Punjab Land Government Act
PLRA	Punjab Land Record Authority
PPAC	Provincial Price Assessment Committee
PRA	Punjab Revenue Authority
PST	Punjab Sales Tax

PT-8	Property Tax Form-8
SCI	Service Centre Incharge
SDG	Sustainable Development Goals
SLMIS	State Land Management Information System
VICS	Vehicle Inspection & Certification System





## **PREFACE**

Articles 169 and 170 of the Constitution of the Islamic Republic of Pakistan, 1973 read with Section 12 of the Auditor General (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 empower the Auditor General of Pakistan to conduct audit of revenue receipts of the provinces.

This report is based on audit of revenue receipts of Government of the Punjab for the Financial Year 2021-22 including revenue receipts of some formations pertaining to the previous years as well. The office of the Director General Audit, Punjab conducted audit during 2022-23 on test check basis, with a view to report significant findings to the relevant stakeholders.

The Audit Report includes systemic issues and findings. The issues relatively less significant in nature are listed in Annexure-1 of the Audit Report as MFDAC which shall be pursued with the Principal Accounting Officers at the DAC level and where the PAO does not take appropriate action, the audit observations shall be brought to the notice of the Public Accounts Committee through the next year's Audit Report. One thematic audit was conducted and findings are incorporated in Chapter 5 of the report. Most of the audit observations included in this report have been finalized in the light of decisions of the DAC meetings.

Audit findings indicate the need for adherence to the regularity framework in addition to instituting and strengthening of internal controls to minimize the risk of recurrence of similar violations and irregularities.

The Audit Report is submitted to the Governor of the Punjab in pursuance of the Article 171 of the Constitution of Islamic Republic of Pakistan, 1973 for causing it to be laid before the Provincial Assembly.

**Dated: 20<sup>th</sup> February, 2023**  
**Islamabad**

**(Muhammad Ajmal Gondal)**  
**Auditor General of Pakistan**



## EXECUTIVE SUMMARY

The office of the Director General Audit, Punjab carries out audit of tax revenue receipts of Government of the Punjab, collected by the Board of Revenue, Excise, Taxation & Narcotics Control, Punjab Revenue Authority and Transport Departments in accordance with International Standards of Supreme Audit Institutions (ISSAIs).

This report contains five (05) chapters incorporating results of audit of receipts of above-mentioned departments of Government of the Punjab mainly carried out in the Financial Year 2021-22 and receipts of some formations from the previous years. It is pertinent to highlight that the results of Thematic Audit in one selected area have been included as chapter 05 of the report.

The report calls for attention to a set of issues, including a consistent disregard towards prescribed framework for recovery of taxes, poor record management, lack of transparency in tax collecting mechanism and mismanagement of receipts. It emphasizes upon the need for strengthening internal controls and initiating effective accountability of the officials responsible for less recovery and short assessment of taxes.

### **a. Scope of Audit**

This office has the mandate to conduct revenue receipts audit of 1006 formations under six PAOs. Total receipts of these formations were Rs. 282.6 billion<sup>1</sup> for the Financial Year 2021-22.

Audit coverage relating to receipts for the current Audit Year comprises 40 formations of four PAOs having total receipt of Rs. 152 billion

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<sup>1</sup> Financial Statement 2021-22 Government of the Punjab

up to the Financial Year 2021-22. In terms of percentage, the audit coverage for receipts is 54% of auditable taxes.

In addition to Compliance Audit of receipts, this report also includes the paras of thematic audit of “Illegal occupation of State Land”, two IS Audits and one Special Study conducted by the Director General Audit, Punjab.

**b. Recoveries at the instance of audit**

As a result of audit, a recovery of Rs. 42,688.73 million has been pointed out in this report. Furthermore, “Thematic Audit” also pointed out the irregularities related to state land. Recovery made by the departments from January 2022 to January 2023 remained Rs. 107.771 million<sup>2</sup> which has been verified by Audit.

**c. Audit Methodology**

This office conducted the detailed audit exercise, combining an elaborate planning process with a set of robust execution techniques. Salient features of audit methodology are outlined below:

Firstly, the planning files were prepared covering all areas of activities of the auditee formations besides details of their budget, organizational and legal framework. Then a risk assessment exercise was carried out to identify main risk areas. This was followed by issuance of work programs in line with risk analysis.

In order to conduct audit and to collect evidence, audit teams performed inspection of auditee formations. On conclusion of field audit, formal exit meetings were held with responsible officials of the auditee formations which led to issuance of a formal audit & inspection report. Another opportunity was provided to the management to offer their

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<sup>2</sup> Recovery statement of P&M section

annotated responses to the audit observations by requesting the PAO to hold meetings of the DAC. Then, an internal quality review was performed to evaluate the adequacy of audit findings in terms of auditing standards. Towards the end, an external quality review was carried out to shape up the final contours of the Report in order to make it presentable for the intended stakeholders.

**d. Audit impact**

As a result of subject compliance audit review involving both macro level and in-depth analysis of working of provincial tax departments/entities, management was facilitated by suggesting corrective measures and operational improvements in assessment mechanism and collection of taxes. Accordingly, the Administrative Departments have admitted audit observations relating to recovery of:

- i. Short assessment of stamp duty of Rs. 241.645 million,
- ii. Unrealized mutation fee of Rs. 12.721 million,
- iii. Short assessment of property tax of Rs. 350.304 million due to application of incorrect rates,
- iv. Non-assessment of luxury tax for Rs. 7.368 million,
- v. Correction in the assessment of property tax of five star hotels for Rs. 93.089 million
- vi. Withholding of income taxes on sale of immovable property for Rs. 113.803 million

As regards enforcement issues relatable to amended legal provisions for improvised revenue collection interventions, Board of Revenue introduced a penalty in the Stamp Amendment Act 2021 at the rate of two percent for value of immovable property for non-submission of approved building plan. The matter was scrutinized in depth by audit and non-imposition of penalty of Rs. 54.017 million in 745 cases was highlighted

wherein 8 registering authorities did not adhere to the amendment. The detection of audit has also been adopted by the management to raise demand for defaulted amount and to gear up enforcement with regard to collection for future transactions of similar nature.

The audit also highlighted the weaknesses of the Motor Transport Management Information System (MTMIS) indicating weak user controls allowing registration of smuggled/stolen vehicles and short recovery of taxes of Rs. 16.834 million. MTMIS also failed to intercept the wrong application of commercial rates for vehicles (Revo/Vego/Hilux) resulting in loss of Rs. 25.617 million. The system had no automated mechanism to block the vehicles being defaulter of taxes for Rs. 1,852.671 million.

In compliance of audit observations, the departments also issued direction for imposition of *tawan* on encroached land besides its retrieval. Further, the management was specifically guided to take action against instances of breach of statement of conditions, governing leasing/allotting of land. Instances of breach of statement of condition entail resumption of custody of the land in question in favour of state. The audit findings also urged improvement of internal controls doing away with cases of missing mutations.

**e. Comments on Internal Controls.**

Internal controls in government departments comprise systems, processes, environment and activities that taken together support management in achieving the government's policy objectives.

This report identifies certain weaknesses in the internal control systems which resulted in short assessment of property tax, stamp duty and mutation fee. Audit also noticed non-imposition of *tawan*, non-recovery & short assessment of motor vehicle taxes and Punjab sales tax on services which could be corrected through presence of effective internal controls.

**f. The key audit findings of the report are enumerated as follows:**

- Non-realization of penalty on purchase of property through non-banking channel in 18 cases - Rs. 1,567.566 million <sup>1</sup>
- Less-realization of stamp duty in 26 cases- Rs. 179.843 million<sup>2</sup>
- Non-realization of withholding tax from buyer on purchase of immovable property in 33 cases - Rs. 146.841 million<sup>3</sup>
- Non-realization of stamp duty due to unapproved building plan of properties in 8 cases -Rs. 54.018 million<sup>4</sup>
- Loss due to inaction for sale of plots without depositing the taxes in 298 housing societies having area measuring 54,855 acres<sup>5</sup>
- Less-realization of property tax due to wrong assessment of hotels in 3 cases -Rs. 98.174 million<sup>6</sup>
- Less-realization of property tax due to change in valuation category in 4 cases - Rs. 50.947 million<sup>7</sup>
- Less realization of property tax due to change in status of customized educational institutions in 6 cases - Rs. 45.975 million <sup>8</sup>
- Short-assessment of property tax due to incorrect application of rates by treating godowns as tin shed in 3 cases-Rs. 42.243 million<sup>9</sup>

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1. Para 1.4.1  
2. Para 1.4.2  
3. Para 1.4.3  
4. Para 1.4.5  
5. Para 1.4.11  
6. Para 2.4.5  
7. Para 2.4.9  
8. Para 2.4.10  
9. Para 2.4.12

- Loss to government exchequer due to unauthorized feeding of non custom/stolen vehicles Rs.16.835 million<sup>10</sup>
- Non-recovery of Punjab sales tax assessed against the defaulters of tax in one case - Rs. 14,302.293 million<sup>11</sup>
- No mechanism for monitoring of Punjab sales tax on taxable activities of non-indigenous origin.<sup>12</sup>
- Loss of Rs. 359.517 million due to non-creation of demand and non-recovery of Punjab sales tax<sup>13</sup>
- Loss to government due to encroachment of state lands 19,474.07 acres valuing Rs. 152,913.559 million<sup>14</sup>
- Loss due to non-auction of state properties valuing Rs. 64,720 million and non-recovery of sales proceed of land Rs. 831.062 million<sup>15</sup>
- Ineffective enforcement due to non-vacation of agriculture and residential land of Auqaf department from illegal occupants Rs. 5,247.132 million<sup>16</sup>

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10. Para 2.4.16

11. Para 3.5.1

12. Para 3.5.2

13. Para 3.5.4

14. Para 5.7.4.1 (a)

15. Para 5.7.4.1 (b)

16. Para 5.7.4.3 (a)



**g. Recommendations**

The management of tax collecting agencies is required to:

- Strictly ensure documentation of economy by promoting the use of banking channels for payment of consideration of immovable property.
- Ensure that automated system for application of correct valuation of land as per District Collector rates be devised for computation of stamp duty and mutation fee.
- Ensure strict compliance for withholding of advance income taxes at the time of registration/attestation of immovable properties.
- Gear up enforcement with regard to collection of penalty due to non-submission of approved building plans at the time of registration.
- Take action against housing societies selling files without payment of taxes.
- Update the computerized system for collection of property tax to ensure system based generation of tax demand under correct valuation categories.
- Ensure data input controls for error free punching of particulars of registered vehicles and revalidation of token tax status, involving alteration in respective data fields in MTMIS.
- Renew fitness certificates of vehicles on regular basis besides depositing amount of tax in consolidated fund.

- Identify unregistered services providers to take steps to broaden tax net for increase in tax base.
- Evolve a streamlined tax enforcement mechanism for imposition of Punjab sales tax on services for taxable activities of non-indigenous origin.
- Improvise a meaningful strategic and operational plan to cope with encroachment of public property
- Devise proper procedure for auction of state land besides recovery of government dues in time.

## SECTORAL ANALYSIS

The Government of Punjab collects its revenue primarily through the Department of Punjab Revenue Authority, Board of Revenue, Excise, Taxation & Narcotics Control Department and Transport Department. The revenue targets of each department are set to fetch maximum revenue potential through involvement of human and information technology resources.

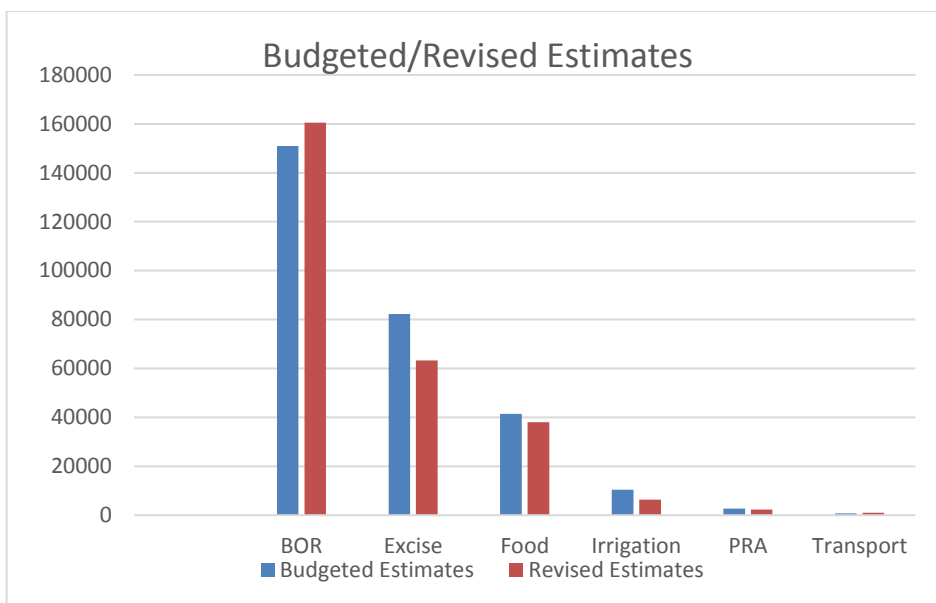
A brief overview of the tax receipts collected by the departments during the Financial Year 2021-22 along with identification of some internal control weaknesses is illustrated below:

### 1. Budgeted Estimates

As per Financial Statement 2021-22, budgeted estimates between original and revised targets for the Financial Year 2021-22 is shown in the table below:

*(Rs. in million)*

Department	Year	Budgeted Estimates	Revised Estimates	Percentage %
PRA	2021-22	150,900	160,500	6.36
BOR	2021-22	82,279.29	63,313.83	-23.05
Excise	2021-22	42,409.75	39,107.35	-7.79
Irrigation	2021-22	10,467.80	6,338.50	-39.45
Food (Sugar Cane Development Ccs)	2021-22	2,762.315	2,372	-14.13
Transport	2021-22	700.25	991	41.52



**Data Source: (Annual Budget Statement 2022-23 & Civil Accounts 2021-22 Govt. of Punjab)**

A glance at the budgeted estimates reveals that the Board of Revenue, Excise, Taxation & Narcotics Control Department, Food and Irrigation Department revised their budget estimates downward by 23%, 8%, 14% and 39%, respectively. However, Transport department and PRA have jacked up their budget estimates by 42% and 6% respectively

The receipt targets of these departments were reduced during the financial year which displays limitations and capacity issues in resource and revenue planning. Irrational estimation of original targets shown in Budget Book need to be revisited by the provincial tax/receipts collecting agencies and Finance department to improve allocation and mobilization of resources for welfare of masses.

## 2. Performance of Tax Collecting Agencies

As per financial statements, total receipt collection was Rs. 280 billion in year 2021-22 as against Rs. 224 billion in the previous year. Hence, tax collection during the Financial Year 2021-22 increased by Rs. 56 billion.

(Rs. in million)

Department	Actual Receipts 2020-21	Actual Receipts 2021-22	Increase of Receipt in 2021-22
PRA	138,408	165,462	27,054
BOR	52,892	69,202	16,310
Excise	29,924	39,992	10,068
Irrigation	534	3,622	3,088
Transport	682	1,059	377
Food (Sugar Cane Development Cess)	2,013	3,322	1,309
<b>Total</b>	<b>224,453</b>	<b>282,659</b>	<b>58,206</b>

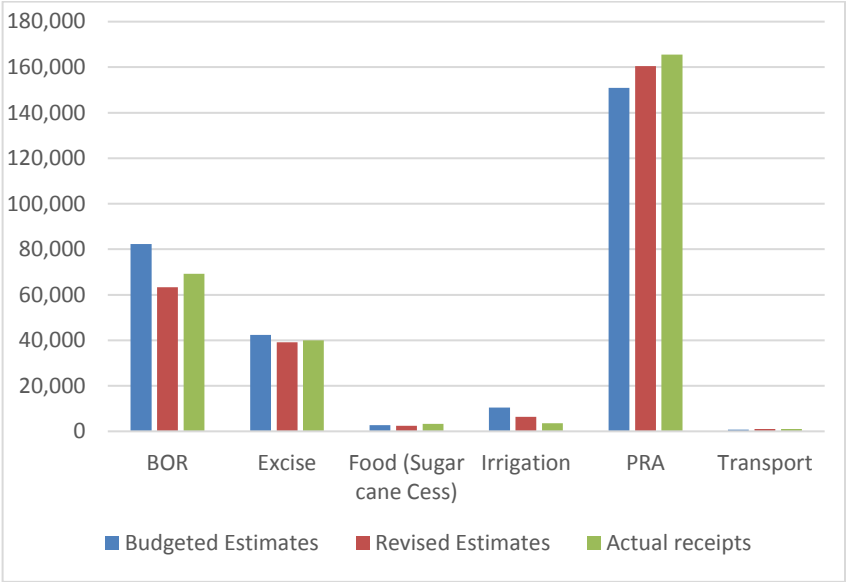
The above table illustrates that for actual collection, departments posted incremental growth in comparison of previous year.

(Rs. in million)

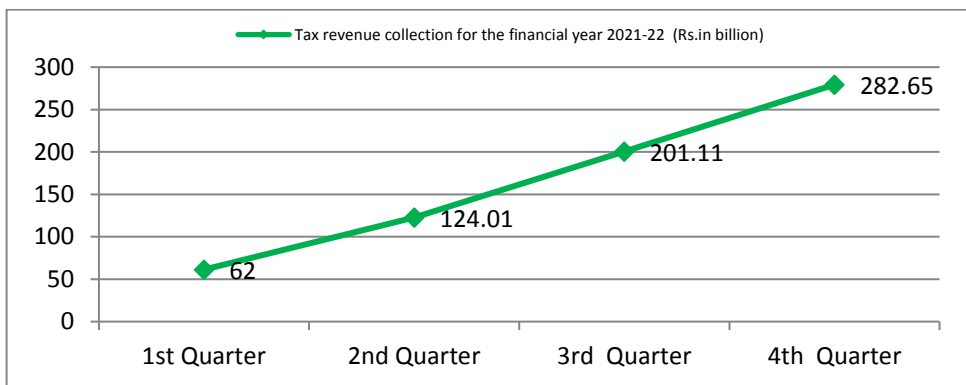
Comparison of Actual Receipt with Budgeted Estimates					
Department	1	2	3	Variation Col. 2 & Col. 3 (%)	Variation Col. 1 & Col. 3 (%)
	Budgeted Estimates	Revised Estimates	Actual receipts		
BOR	82,279	63,314	69,202	9%	-19%
Excise	42,409	39,107	39,992	2%	-6%
Food (Sugar Cane Cess)	2,762	2,372	3,322	40%	17%
Irrigation	10,468	6338.5	3,622	-42%	-189%
PRA	150,900	160,500	165,462	3%	9%
Transport	700	991	1,059	7%	34%

The above table illustrates that Irrigation Department was unable to achieve even its revised tax revenue targets. The shortfall of Irrigation department was 42 % while, BOR, Excise & Taxation, PRA, Food and Transport department surpassed their revised target by 9%, 2%, 3%, 40% and 7% respectively.

Poor planning of budgetary targets of taxes at the start of financial year and down ward revision of targets in mid of year provided an undue advantage to the department to portray a story of success. The same is depicted in the Bar Chart below:



Moreover, the quarterly trend of recovery during the Financial Year 2021-22 was as under:



### 3. Significant financial and administrative weaknesses

The audit has highlighted certain procedural, systemic, governance and regularity weaknesses within the tax collecting bodies which are:

- Non-transparent practices of various formations of Board of Revenue were resulting in the illegal occupation of state land and breach of statement of conditions, violated by the allottees/lessees as well as encroachers of state land.
- The formations of Board of Revenue did not impose *tawan* on retrieval of state land having been occupied and encroached upon in violation of policy.
- Weak internal controls for application of District collector rates of immovable property were continuously resulting in short realization of mutation fee and stamp duty.
- Short assessment of property tax by Excise Department due to application of lower categories of rates to localities, wrong assessment of five star hotels, incorrect applications of rates to

customized schools & godowns and established commercial market & clusters erroneously having been assessed as off-road instead of on-road.

- Motor vehicles taxes were not assessed by Excise Department as per the category of vehicles as Double Cabin Vehicles (Revo/Vego/Hilux of Toyota) were wrongly declared as commercial to reduce the tax liability.
- There was no automated mechanism in Excise Department for recovery of token taxes as huge numbers of vehicle remained defaulter.
- Weak IT policy of Excise Department resulted in hacking of data of user names used for registration of smuggled imported vehicles.
- There existed no internal controls in Excise Department for realization of withholding tax from purchaser & sellers of immovable properties.
- Lahore Transport Company was not depositing the charged tax into consolidated fund and internal controls of the transport department failed to point out the same.

#### **4. Recommendations**

The tax machinery of the province needs to revisit the process of tax assessment, collection and administration through an IT based system duly integrated with source data. For this purpose, the following corrective measures may be considered:

- New internal controls are required to be placed for correct assessment of taxes related to mutation fee and stamp duty.



- Data pertaining to various taxation agencies may be integrated on key common attributes for maximum recovery of withholding Income tax.
- Internal controls over allotment of state land and breach of statement of condition are required to be strengthened. Penal action needs to be taken against the person violating the policy in this respect.
- Information security of MTMIS needs to be upgraded to stop unauthorized use of system and input controls are to be strengthened for application of correct entry of vehicle type.
- The computerized system for collection of property tax be reviewed for application of correct valuation categories. Correction of attributes for special properties i.e. customized schools & hotel be made as per actual on ground survey and realistic estimations.
- Exhaustive survey and fair implementation of legal provisions compatible with automated mechanism is required for broadening of tax base for sales tax on services

The Finance Department and management of tax collecting agencies need to set its revenue targets after detailed analysis, keeping in view of capacity and potential of department responsible for tax collection.



## **CHAPTER 1**

### **BOARD OF REVENUE**

#### ***1.1 Introduction***

(A) The Board is a controlling authority in all matters connected with the administration of land, collection of government dues and other related matters. The Senior Member Board of Revenue is in-charge of the Board.

The Board is the custodian of the rights of the land holders and is the highest revenue court in the province with Appellate/Provisional jurisdiction against orders of subordinate Revenue Officers/Courts including Commissioners and Collectors.

It consists of the following departments/functional units:

**a) *Revenue Department***

Main functions of the Revenue department include survey of land preparation and maintenance of land records and act as a court of appeal in revenue cases and recovery of government revenue.

**b) *Colonies Department***

Main functions of Colony Department are administration, management, transfer and disposal of state land. Colonies Department is also responsible for retrieval of state land from encroachers

**c) *Consolidation Department***

The main function of the Consolidation department is to consolidate scattered holdings of landowners in compact blocks to make land-use more productive and meaningful.

**d) Settlement & Rehabilitation Wing**

The main Function of the settlement & Rehabilitation Wing is disposal of settlement cases by the court of chief settlement commissioner and available evacuee properties (urban and rural)

**e) Punjab Land Record Authority**

Function of the Punjab Land Record Authority (PLRA) is to supervise revenue work in the province at Computerized *Arazi* Record Centers in all Tehsils of the province.

**Other functional units are: -**

- Administration Wing.
- Directorate of Land Records.
- Punjab Land Commission

***Audit profile of Board of Revenue, Punjab***

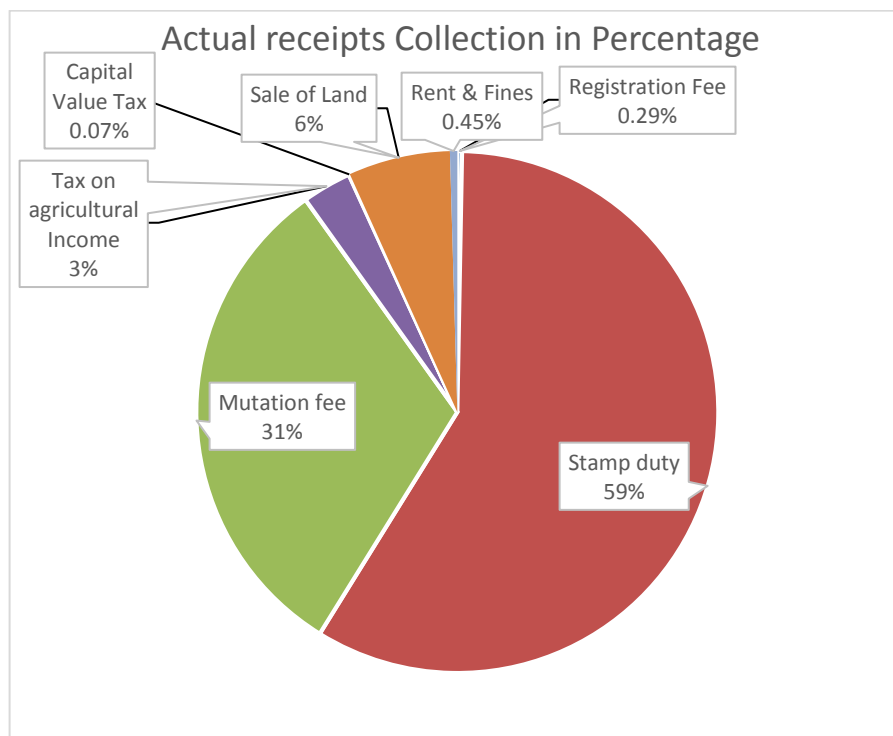
*(Rs. in million)*

Sr. No	Description	Total No	Audited	Revenue/Receipts Financial Year 2021-22
1	Formations	784	25	12,252.57
2	Assignment Accounts SDAs	-	-	-
3	Authorities/Autonomous Bodies etc.	1	1	-

**B) Comments on Budgeted Receipts (Variance Analysis)**

During the Financial Year 2021-22, the Board of Revenue, collected an amount of Rs.69.20 billion against the revised estimates of Rs.63.31

billion. The distribution of receipts collected by the by functional units of Board of Revenue under different heads are shown blow:



From the chart above, it is clear that in Financial Year 2021-22, the major portion of Rs.62.16 billion (90%) of receipts collected by the Board of Revenue came from two heads i.e., Stamp duty and Mutation fee.

A comparison of budget estimates, revised estimates and actual receipts for the Year 2021-22 is tabulated below. The variation between the revised estimates and actual receipts are illustrated both in absolute and percentage terms:

(Rs. in million)

Variance Analysis for Board of Revenue 2021-22							
S #	Category	Head of Account	Budgeted Estimates	Revised Estimates	Actual receipts as per Financial Statement	Variation (+)excess/ (-) less Col.-6-5	Percentage of Variation
1	2	3	4	5	6	7	8
1	Registration Fee	B01311	696.05	231.75	200.555	-31.20	-13.46%
2	Stamp duty	B02701	30,024.12	38,700.00	40,517.825	1817.83	4.70%
3	Mutation fee	B01417 & B01418	18,933.11	19,514.49	21,644.630	2130.14	10.92%
4	Tax on agricultural income	B01173	5,250.00	2,500.00	2,113.265	-386.74	-15.47%
5	Capital Value Tax	B01701 To 1709 & 1770	-	76.50	49.661	-26.84	-35.08%
6	Sale of Land	C3701 to C3705	26,360.11	1,708.82	4,362.170	2653.35	155.3%
7	Rent & Fines	B1406 to B1409	1,015.90	582.27	314.192	-268.08	-46.04%
Total			82,279.29	63,313.83	69,202.29	5888.47	9.30%

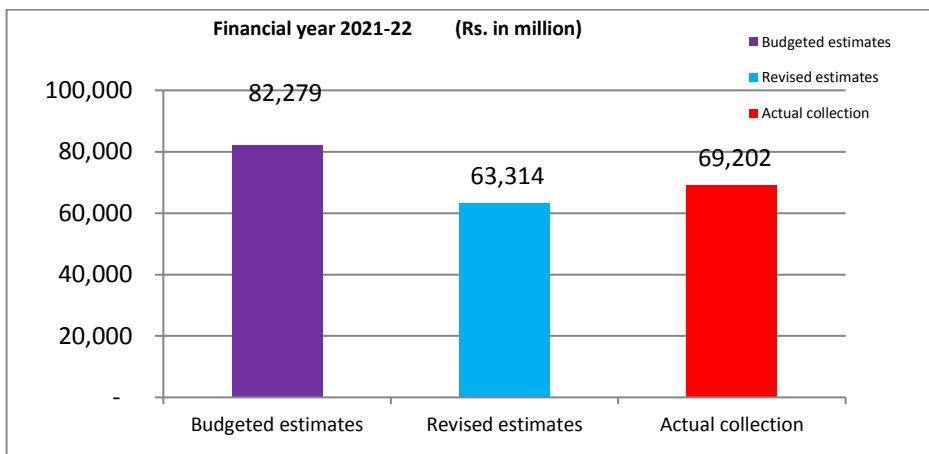
(Data Source: Annual Budget Statement 2022-23 & Civil Accounts 2021-22)

The above figures highlight that the overall actual receipts of Board of Revenue were 9.3 percent greater than the revised estimates of the receipts.

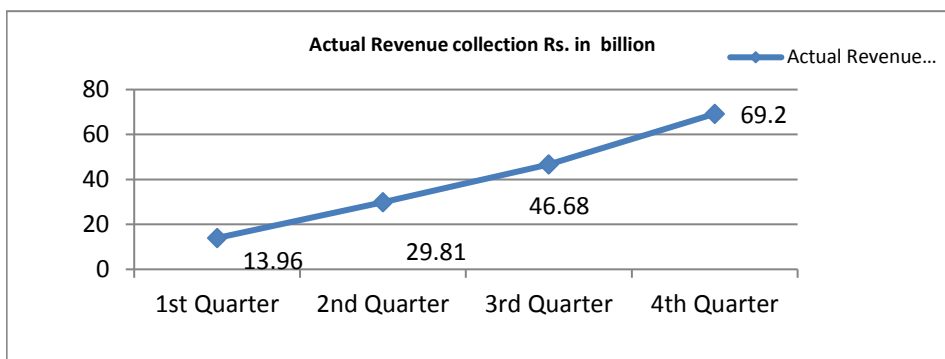
The receipt targets during the year were reduced from Rs. 82.28 billion to Rs. 63.31 billion, showing a decrease of 23.05 percent of original budget estimate. This shows limitations and capacity issues in overall tax revenue planning. Comparison of receipts targets and actual receipts against previous year is as under:

*(Rs. in million)*

Year	Budgeted Estimates	Revised Estimates	Actual receipts as per Financial Statement
2020-21	64,382	57,526	52,892
2021-22	82,279	63,314	69,202



The quarterly tax revenue collection during the Financial Year 2021-22 was as under:



## 1.2 *Classified Summary of Audit Observations*

Audit observations amounting to Rs. 7,749.77 million pertaining to Provincial Receipts were raised in this report during the current audit of Board of Revenue Department. Summary of the audit observations classified by nature is as under:

### *Overview of Audit observations*

(Rs. in million)		
Sr. No	Classification	Amount
1	Non production of record	0
2	Irregularities (Non/less realization of Govt. revenue)	7,749.77

## 1.3 *Brief Comments on the Status of Compliance with PAC Directives*

The status of compliance with PAC Directives, for reports discussed so far, is given below:



<b>Sr. No</b>	<b>Audit Report Year</b>	<b>Total Paras</b>	<b>Compliance received</b>	<b>Compliance not received</b>	<b>Percentage of compliance</b>
1	1992-1993	20	6	14	30
2	1994-1995	20	10	10	50
3	1996-1997	28	5	23	18
4	1997-1998	8	0	8	0
5	1998-1999	14	0	14	0
6	1999-2000	12	0	12	0
7	2000-2001	12	2	10	17
8	2001-2002	15	0	15	0
9	2003-2004	17	0	17	0
10	2006-2007	17	2	15	12
11	2009-2010	18	7	11	39
12	2010-2011	13	9	4	69
13	2012-2013	22	3	19	14
14	2015-2016	18	0	18	0
<b>Total</b>		<b>234</b>	<b>44</b>	<b>190</b>	<b>19</b>

The compliance with the PAC directives in respect of the Board of Revenue for the years 1994-95 & 2010-11 is satisfactory with aggregate 60%. However, compliance for the years 1997-98, 1998-99, 1999-00, 2001-02 & 2015-16 is Nil. No PAC meeting was held regarding Audit Reports 2016-17 to 2021-22.

## **1.4 AUDIT PARAS**

### ***Irregularities***

#### ***1.4.1 Non-realization of penalty on purchase of property through non-banking channel - Rs. 1,567.566 million***

The Finance Act, 2019 amending section 75 of the Income Tax Ordinance 2001 with insertion of sub-section “A” states that “any person who purchases immovable property having fair market value greater than rupees five million through cash or bearer cheque shall pay a penalty of five percent of the value of property determined by the Federal Board of Revenue under sub-section (4) of section 68 of Income Tax Ordinance 2001 or by the provincial authority for the purposes of stamp duty, whichever is higher”.

During examination of the record of the Revenue Department, it was noticed that 19 attesting and registering authorities did not charge penalty of Rs. 1,577,690,521 (Annex-2) in 2,362 cases for making payment through non-banking channels for the properties involving value more than five million.

The negligence and violation of above rule resulted into non-realization of penalty.

The matter was reported to the respective formations as well as to the Principal Accounting Officer from March to November 2022, but no reply was offered.

DAC in its meetings held in December 2022 and January 2023, reduced the para to Rs. 1,567,566,271 after verification of Rs. 10,124,250 and directed the department to recover the balance amount at the earliest.

Audit recommends to recover the remaining government dues at the earliest besides strengthening weak internal controls.

***1.4.2 Less realization of stamp duty on urban land - Rs. 179.843 million***

According to Section 27-A of the Stamp Act, 1899 and Section 78 of The Registration Act, 1908, stamp duty, leviable on conveyance, exchange and gift deeds in an area are required to be calculated according to the Valuation Table notified by the District Collector concerned at the rate of one percent as prescribed in Punjab Finance Act, 2020.

During examination of the record of the 25 registering authorities, it was observed that stamp duty in 1,615 cases was less realized for Rs. 188,847,831 (Annex-3).

Lack of internal controls and negligence on the part of management resulted in less realization of stamp duty.

The matter was reported to the respective formations as well as to the Principal Accounting Officer from March to November 2022, but no reply was offered.

DAC in its meetings held in December 2022, reduced the para to Rs. 179,842,657 after verification of Rs. 9,682,380 and directed the department to recover the balance amount at the earliest.

Audit recommends that the matter be pursued and recovery of remaining government dues be effected besides fixing responsibility on officials at fault.

#### ***1.4.3 Less realization of withholding tax from buyer on purchase of immovable property - Rs. 146.841 million***

According to section 236-K of the Income Tax Ordinance 2001, as amended through Finance Act, 2019, withholding tax is chargeable @ 1% from filer and 2% from non-filer in the case of the purchaser of the property at the time of registering or attesting transfer of immovable property.

During examination of the record of the revenue offices, it was noticed that 33 Revenue Offices had charged/ levied less withholding tax for Rs. 186,205,047 involving misapplication of prescribed rates relating to purchasers in 1,716 cases of purchases/transfer of property up to Financial Year 2021-22.

Negligence on the part of management and lack of internal controls resulted in non/less assessment and realization of government revenue amounting to Rs. 186,205,047. (Annex-4)

The matter was reported to the respective formations as well as to the Principal Accounting Officer from March to November 2022, but no reply was offered.

DAC in its meetings held in December 2022 and January 2023, reduced the para to Rs. 146,841,356 after verification of Rs. 39,363,691 and directed the department to recover the balance amount at the earliest.

Audit recommends that matter be pursued vigorously and recovery of remaining government dues be affected without further delay.

#### ***1.4.4 Loss due to non/less recovery of withholding tax from seller on sale of immovable properties - Rs. 82.234 million***

According to section 236-C of the Income Tax Ordinance, 2001, “every person responsible for registering or attesting transfer of any

immovable property shall at the time of registering or attesting the transfer shall collect from the seller advance tax at the rate of 1% from filer and 2% from non-filer on the sale of immovable property purchased during previous four years”

During examination of the record of the Revenue Offices, it was noticed that 23 Revenue Offices, did not charge withholding tax amounting Rs. 85,388,241 in 966 cases from the sellers of immovable properties for the period up to 2021-22.

Audit is of the view that weak supervisory and management controls resulted in short realization of government revenue amounting to Rs. 85,388,241. (Annex-5)

The matter was reported to the respective formations as well as to the Principal Accounting Officer from March to November 2022, but no reply was offered.

DAC in its meetings held in December 2022, reduced the para to Rs. 82,233,703 after verification of Rs. 3,154,538 and directed the department to recover the balance amount at the earliest.

Audit recommends that matter be pursued vigorously and recovery of remaining government dues be affected without further delay.

#### ***1.4.5 Short-realization of stamp duty due to unapproved building plan of structured properties - Rs. 54.018 million***

Sub-section (2) of Section 27-A of the Stamp Act 1899 states that “where an instrument mentioned in sub-section (1) relates to an immovable property consisting of land and structure including a multi-story building, such instrument shall state the value of the land and structure separately, and stamp duty on the structure shall be calculated as per the covered area or the area of the structure mentioned in the instrument whichever is higher,

and in case there is no approved building plan, two percent duty of the value of land in addition to payable duty shall be charged.”

Contrary to above, during examination of the record of the 8 revenue offices, it was observed that the additional 2% stamp duty amounting Rs. 54,017,943 in 745 cases were not charged on structured properties registered without approved building plan.

The negligence and ignorance of law resulted into loss of government revenue for Rs. 54,017,943. (Annex-6)

The matter was reported to the respective formations as well as to the Principal Accounting Officer in November, 2022, but no reply was offered.

DAC meeting was convened in December 2022 and department was directed to recover the balance amount within 30 days.

Audit recommends to take effective steps to recover the amount pointed out by audit at the earliest.

***1.4.6 Non assessment of withholding tax on registration of immovable property by splitting the property into two or more deeds - Rs. 16.079 million***

According to section 236-K of the Income Tax Ordinance 2001, read with Federal Finance Act, 2016, every person responsible for registering or attesting transfer of immovable property valuing more than Rs. 4 million, shall at the time of registering or attesting the transfer collect from the purchaser withholding tax at the rate of 2% from filer and 4% from non-filer of the gross value of immovable property.

Contrary to above during audit of Revenue Department, it was noticed that three Registering Authorities in 99 deeds of urban land failed

to charge withholding tax amounting Rs. 23,546,940 at all, opting for unduly splitting the property into more than one deed just to avoid the leviabale amount of tax for the period up to 2021-22.

Audit is of the view that laxity on the part of management resulted in loss of government revenue.

(Amount in Rupees)

Sr .	Name of Formation	PDP	No of Case s	Amount Pointed Out	Amount Verified	Balance
1	Sub Registrar Attock	2022-0000000877_F00003	52	13,482,510	6,652,516	6,829,994
2	Sub Registrar Taxila	2022-0000000893_F00008	24	3,057,631	815,000	2,242,631
3	Sub Registrar Gujar Khan	2022-0000004953_F00004	23	7,006,799	-	7,006,799
<b>Total</b>			<b>99</b>	<b>23,546,940</b>	<b>7,467,516</b>	<b>16,079,424</b>

The matter was reported to the respective formations as well as to the Principal Accounting Officer from February to November 2022, but no reply was offered.

DAC in its meetings held in December 2022, reduced the para to Rs. 16,079,424 after verification of Rs. 7,467,516 and directed the department to recover the balance amount at the earliest.

Audit recommends that matter be pursued for recovery of government dues and responsibility for undue splitting of property be fixed.

#### ***1.4.7 Less-realization of mutation fee due to under valuation of rural land - Rs. 6.613 million***

The Board of Revenue, Notification No. 1587-2010/1597-LR-I, dated 30.6.2010, prescribes 3% mutation fee chargeable at the rates notified by District Collector on transfer of immovable property through oral mutation.

During examination of the record of the Revenue Department, it was noticed that 5 Revenue Officers while attesting oral transfer of immovable property charged the mutation fee lesser than due amount in 593 cases amounting to Rs. 9,946,150 by assessing the value of land lower than the DC rate notified.

Audit is of the view that lack of internal controls and oversight of DC rates on the part of management resulted in less-realization of mutation fee.

*(Amount in Rupees)*

Sr. #	Name of Formation	PDP #	No of Cases	Amount Pointed Out	Amount Verified	Balance
1	Burewala	2022-0000000824_F00004	1	150,000	-	150,000
2	Chunian, Kasur	2022-0000000540_F00002	311	2,204,986	-	2,204,986
3	Depalpur Okara	2022-0000000809_F00002	200	3,014,153	1,179,447	1,834,706
4	ARC Chichawatni	2022-0000005876_F00001	79	4,382,357	2,141,408	2,240,949
5	ARC Chichawatni	2022-0000005876_F00007	2	194,654	12,794	181,860
<b>Total</b>			<b>593</b>	<b>9,946,150</b>	<b>3,333,649</b>	<b>6,612,501</b>

The matter was reported to the respective formations as well as to the Principal Accounting Officer from March to November 2022, but no reply was offered.

DAC in its meetings held in December 2022 and January 2023, reduced the para to Rs. 6,612,501 after verification of Rs. 3,333,649 and directed the department to recover the balance amount at the earliest.

Audit recommends that matter be pursued vigorously and recovery of remaining government dues be effected without further delay.



**1.4.8 Less realization of stamp duty on gift deed of urban land -  
Rs. 7.107 million**

According to Section 27-A of the Stamp Act, 1899 and Section 78 of the Registration Act, 1908, stamp duty is leviable on conveyance deed, exchange deed and gift deed in an area are required to be calculated according to the Valuation Table notified by the District Collector concerned. Further, the item No 33 of Schedule I of the Stamp Act ibid prescribes that one percent stamp duty shall be charged in urban area, if the gift is executed between father mother, son, daughter grandparents and wife and husband and three percent in other cases.

During examination of the record of the Sub Registrar Multan (City) for year 2021-22, it was observed that stamp duty in 33 case of gift of urban properties amounting to Rs. 7,749,725 was less realized.

Audit is of the view that ignorance of law and negligence on the part of management resulted in less realization of stamp duty.

*(Amount in Rupees)*

Sr .	Name of Formation	PDP	No of Cases	Amount Pointed Out	Amount Verified	Balance
1	Sub Registrar Multan (City)	2022-0000000498_F00003	28	3,639,099	642,317	2,996,782
2	Sub Registrar Multan (City)	2022-0000000498_F00004	5	4,110,626	-	4,110,626
<b>Total</b>			<b>33</b>	<b>7,749,725</b>	<b>642,317</b>	<b>7,107,408</b>

The matter was reported to the respective formations as well as to the Principal Accounting Officer from March to May 2022, but no reply was offered.

DAC in its meetings held in December 2022, reduced the para to Rs. 7,107,408 after verification of Rs. 642,317 and directed the department to recover the balance amount at the earliest

Audit recommends that the matter be pursued and recovery of remaining government dues effected besides fixing responsibility on officials at fault.

#### ***1.4.9 Non-realization of Ahlay Commission fee- Rs. 6.394 million***

As per Board of Revenue, Punjab (Stamp Wing)'s Notification dated 24-12-2019 No.3457-2019/2018-ST(I), an amendment in Article V of table of registration fees of Registration Act,1908 was given effect, imposing a fee Rs. 5,000 for issuance of commission and for attending at private residence on whose behalf the journey is performed, in addition to the already prescribed fees for registration.

During audit of Revenue Department, it was noticed that, 4 Registering Authorities did not collect due fee of Rs. 6,459,000 in 1,262 cases on appointment of *Ahlay* Commission upto financial year 2021-22.

Audit is of the view that negligence on the part of management resulted in non- realization of *Ahlay* commission fee.

(Amount in Rupees)

Sr.	Name of Formation	PDP No.	No of Cases	Amount Pointed Out	Amount Verified	Balance
1	Multan (City)	2022-0000000498_F00010	1107	5,535,000	-	5,535,000
2	Cantt Rawalpindi	2022-0000000876_F00007	58	435,000	65,000	370,000
3	Samanabad Town, Lahore	2022-0000000492_F00003	10	54,000	-	54,000
4	Urban-II(cantt) Rawalpindi	2022-0000004951_F00007	87	435,000	-	435,000
<b>Total</b>			<b>1262</b>	<b>6,459,000</b>	<b>65,000</b>	<b>6,394,000</b>

The matter was reported to the respective formations as well as to the Principal Accounting Officer from February to November 2022, but no reply was offered.

DAC in its meetings held in December 2022, reduced the para to Rs. 6,394,000 after verification of Rs. 65,000 and directed the department to recover the balance amount at the earliest

Audit recommends to fix the responsibility for negligence and recover the remaining government dues at the earliest.

#### ***1.4.10 Non deposit of mutation fee - Rs. 6.108 million***

In terms of Chapter XI of the Punjab Land Revenue Act, 1967, the Board of Revenue, Punjab, Lahore, vide Notification No.44-2010/20-LR (1) Dated 7<sup>th</sup> January 2010, revised the rates of certain entries of Mutation Fee on attestation of entries of mutation on registered deed of devolution by inheritance or will or mortgage in favor of banking companies or order of Revenue Officer making or affirming partition.

During audit of Arazi Record Centers, it was noticed that, two Revenue Offices attested 51 deeds of immovable property but the mutation fee amounting to Rs. 6,135,060 was not deposited into government treasury.

*(Amount in Rupees)*

Sr.	Name of Formation	PDP #	No of Cases	Amount Pointed Out	Verified	Balance
1	Toba Tak Singh	2022-0000000545_F00005	34	747,273	27,146	720,127
2	Burewala	2022-0000000824_F00006	5	2,908,900	-	2,908,900
3	Burewala	2022-0000000824_F00007	12	2,478,887	-	2,478,887
<b>Total</b>			<b>51</b>	<b>6,135,060</b>	<b>27,146</b>	<b>6,107,914</b>

Audit is of the view that lack of internal control and negligence on the part of management resulted in non-realization of mutation fee.

The matter was reported to the respective formations as well as to the Principal Accounting Officer from February to March 2022, but no reply was offered.

DAC in its meetings held in December 2022, reduced the para to Rs. 6,107,914 after verification of Rs. 27,146 and directed the department to recover the balance amount at the earliest.

Audit recommends to deposit the government dues at the earliest besides strengthening weak internal checks.

***1.4.11 Loss of revenue due to inaction for sale of plots without depositing the taxes in 298 housing societies, having area measuring 54,855 acres.***

Section 17 of the Registration Act, 1908 states that the following documents shall be registered:

- (a) instruments of gift of immovable property;
- (b) other non-testamentary instruments which purport or operate to create, declare, assign, limit or extinguish, whether in present or in future, any right, title or interest, whether vested or contingent, of the value of one hundred rupees and upwards, to or in immovable property.
- (c) an instrument which grants power to an attorney or which constitutes an agreement to create, declare, assign, limit or extinguish, by way of sale, any right, title or interest of the value of one hundred rupees and upwards, to or in immovable property.

Further, section 73 of the Stamp Act-1899 states that “Every public officer shall, whenever his business involves an instrument chargeable with duty under this Act, keep and maintain such registers, books, records, papers, documents or proceedings relating to payment of that duty in such

form as prescribed by the Board of Revenue and furnish a monthly statement of payment to the Collector.

During examination of record of the Senior Member, Board of Revenue, it was revealed that the housing societies were transferring the ownership of property without depositing the taxes and duties since long. The data available at e-Khidmat portal maintained by Government of the Punjab contains the data of 298 housing societies having land area 428,844 kanals (54,855.5 acres) while the Board of Revenue did not take the any cognizance of unlawful sales of plots nor conducted any inspections of such societies. This also endangered the rights of buyers of properties and promotes fraudulent activities in the field of housing sector.

This resulted into loss of government revenue in billions due to inaction of Board of Revenue over sale of plots without depositing the stamp duty, Registration fee and other taxes due to non-implementation of law.

The matter was reported to the Board of Revenue as well as to the Principal Accounting Officer from February to March 2022, but no reply was offered.

In DAC meeting held in December 2022, the department stated that the recovery of Rs. 1,369.802 million had been pointed out by audit wing of BOR during partial audit of societies and efforts were being made for audit of remaining societies.

Audit recommends that the complete audit of non-complying housing societies for remission of the taxes be conducted on priority basis,

besides ensuring recovery of taxes and curbing delay in completion of audit of 100 % housing societies/schemes.

[Para ID 2022-0000000503\_F00009]

### ***Non-Production of Record***

#### ***1.4.12 Non-production of auditable record***

Section 14(2 & 3) of the Auditor General, (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001, states that the Auditor General shall audit all receipts which are payable into the Consolidated Fund or Public Account of the Federal government and of each Province and of the accounts of each District. Accordingly, the officer in-charge of any office or department are duty bound to provide record for audit inspection and comply with requests for information in as complete a form as possible and with all reasonable expedition. In case of creating hindrance in the auditorial functions of the Auditor General, disciplinary action shall be initiated.

During the audit of the Senior Member Board of Revenue, it was observed that the authority did not provide the record as per repeated written as well as verbal requests for provision of record.

Audit is of the view that non-production of record by the aforementioned office created hindrance in audit functions and did not allow audit to perform its statutory duty.

The matter was reported to the respective formation as well as to the Principal Accounting Officer in March 2022, but no reply was offered.

DAC meeting was convened in December 2022. The department neither produced the record nor provided any explanation in working

paper submitted for DAC meeting. DAC directed the department to take action as per recommendation of audit in para.

Audit recommends that the record be provided for scrutiny besides the management needs to proceed against those held responsible under Punjab Employees Efficiency, Discipline and Accountability Act 2006 for non-production of record.

*[Para ID 2022-0000000503\_F00001]*

## **1.5 Paras of Information System Audit Report on Land Record Management Information System (LRMIS) Punjab Land Record Authority**

### ***1.5.1 Less realization of Govt. taxes/ fee due to under valuation on oral mutations of land sold in area less than one kanal-Rs. 5,515.196 million***

According to Board of Revenue Punjab's Notification No.1587-2010/1597-LR (1) dated 30-06-10, oral mutation fee in favour of other than legal heirs shall be payable @ 3 percent of the recorded value of property/land as per rates notified by the District Collector.

During IS Audit of Land Record Management Information System (LRMIS) of Punjab Land Record Authority, Lahore, it was observed that D.C rates of residential land were not applied while transferring land of area less than one kanal which resulted in loss to the government receipts amounting Rs. 5,515,196,274 as summarized hereunder:

<b>Description</b>	<b>Undervaluation from Minimum Residential Rate</b>	<b>Tax/Fee payable (Rs.)</b>	<b>Undervaluation from Avg. Residential Rate</b>	<b>Tax/Fee payable (Rs.)</b>
Mutation Fee	968,089,596	29,042,688	2,703,527,585	81,105,828
Advance Tax (236-K)	968,089,596	1,936,179,192	2,703,527,585	5,407,055,170
District Council Fee	968,089,596	9,680,896	2,703,527,585	27,035,276
<b>Total</b>	<b>968,089,596</b>	<b>1,974,902,776</b>	<b>2,703,527,585</b>	<b>5,515,196,274</b>

Audit is of the view that loss of revenue occurred due to wrong application of rates i.e. agricultural rates instead of residential rates. The value of such loss amounting to Rs. 5,515,196,274.



The matter was reported to the entity in July 2021. The management did not offer any reply.

DAC meeting held in January 2023, the department was directed to initiate recovery proceeding for the amount pointed out by audit besides system be strengthened for automated recovery of taxes.

9Audit recommends that appropriate rates as per rules must be applied to avoid such lapses besides initials steps to recover the already lapsed receipts.

*[Para No. 4.2.8 of IS Audit Report on LRMIS ]*

### ***1.5.2 Non realization of government receipt due to non-application of DC valuation table rates -Rs. 103.86 million***

According to Board of Revenue Punjab's Notification No.1587-2010/1597-LR (1) dated 30-06-10, oral mutation fee in favour of other than legal heirs shall be payable @ 3 percent of the recorded value of property/land as per rates notified by the District Collector.

During IS Audit of Land Record Management Information System (LRMIS) of Punjab Land Record Authority, data analysis of mutation record revealed existence of numerous fields where land value was not calculated as per DC valuation table rates. Due to this lapse, certain government receipts of Rs. 103,860,908 could not be evaluated, deducted and deposited in treasury resulting into loss to the government as detailed below:

Description of taxes	DC value of land due (Rs.)	Tax/Fee payable (Rs.)
Mutation Fee (3%)	1,731,015,133	51,930,454
Advance Tax (236-K) (2%)	1,731,015,133	34,620,303

District Council Fee (1%)	1,731,015,133	17,310,151
<b>Total</b>		<b>103,860,908</b>

Weak system inputs resulted into zero DC value against land causing loss of revenue as highlighted above.

The matter was reported to the entity in July 2021. The management did not offer any reply.

DAC meeting held in January 2023, the department was directed to initiate recovery proceeding for the amount pointed out by audit besides system be strengthened for automated recovery of taxes.

Audit recommends strengthening of input controls of the system besides ensuring that the revenue is fully realized and deposited into treasury.

*[Para No. 4.2.2 of IS Audit Report on LRMIS]*

### ***1.5.3 Short realization of government receipts due to application of tax rates of filers instead of non-filers -Rs. 53.151 million***

According to section 236-K of the Income Tax Ordinance 2001, as amended through Finance Act, 2019, Withholding Tax is chargeable @ 1% from Active Tax Payer and 2% from non- Active Tax Payer, on the gross amount of the property calculated as per FBR rates, at the time of registering or attesting transfer of immovable property.

According to section 236-C of The Income Tax Ordinance, 2001 as amended through Finance Act 2019, any person responsible for registering or attesting transfer of any immovable property shall, at the time of registering or attesting the transfer, collect from the seller or transferor, advance tax @ 1% from the filer and 2% from non-filer of the gross amount

of the consideration received, if the property is sale within 5 years of its purchase.

During IS Audit of Land Record Management Information System (LRMIS) of Punjab Land Record Authority, Lahore, it was observed the data obtained from PLRA management was not concatenated with the data of Active Tax Payers list of FBR. From data comparison of Active Tax Payer List maintained by FBR with the data of oral mutations, it was observed that rates of filers were applied to individuals who were not listed in FBR's Tax Payer List. This resulted into less realization of government revenue amounting to Rs. 53,151,309 due to incorrect application of tax rates on both buyers and sellers in violation of the above mentioned rules. The results are as under:

Type of tax	cases	Tax due	Paid	Amount
Advance tax from Buyers (236-K) (2%)	1113	52,694,514	26,347,257	26,347,257
Advance tax from Sellers (236-C) (2%)	1040	45,730,096	18,926,044	26,804,052
<b>Total</b>		<b>98,424,610</b>	<b>45,273,301</b>	<b>53,151,309</b>

The matter was reported to the entity in July 2021. The management did not offer any reply.

DAC meeting held in January 2023, the department was directed to initiate recovery proceeding for the amount pointed out by audit besides system be strengthened for automated recovery of taxes.

Audit recommends that system of LRMIS must be integrated with the FBR's data or at least details of ATL list must be integrated and updated in the data base of the LRMIS to ensure correct realization of government receipts. Moreover, loss of revenue already sustained needs to be recovered.

*[Para No. 4.2.10 of IS Audit Report on LRMIS ]*

***1.5.4 Non-realization of advance tax from seller on sale & transfer of immoveable property due to system deficiency- Rs. 4.765 million***

According to section 236C of The Income Tax Ordinance, 2001 as amended through Finance Act 2019, any person responsible for registering or attesting transfer of any immoveable property shall, at the time of registering or attesting the transfer, collect from the seller or transferor, advance tax @ 1% from the filer and 2% from non-filer of the gross amount of the consideration received, if the property is sale within 5 years of its purchase.

During IS Audit of Land Record Management Information System (LRMIS) of Punjab Land Record Authority, Lahore, it was observed that system cannot inform the land currently mutated was sold within 5 years of its purchase or not to calculate the applicability of advance Tax. Data of 9 sample Tehsils was obtained and analysed with the data of previous 5 years where the same land was sold/purchased without application of advance tax valuing Rs. 4,764,760.

The extent of loss due to above mentioned deficiency can be to the extent of Rs. 73,519,036 if the data of 9 tehsils is extrapolated to whole province as detailed under:

Description	Total Land Value (2019-20) (Rs.)	Total Land Value (Rs.) (Where 236c applicable) (2019-20) which is resold within last 5 years	Gain Tax 236-c payable (Rs.) (2019-20)
Total land value of 9 Tehsils	8,770,057,085	238,238,000	4,764,760
Total Land value of Punjab where gain tax is Null	135,319,752,802	3,675,951,816 (extrapolated)	73,519,036 (extrapolated)

Audit holds that database of the system was not dynamic enough to automatically evaluate, if the land to be transferred is sold/purchased in the last 5 years.

The matter was reported to the entity in July 2021. The management did not offer any reply.

DAC meeting held in January 2023, the department was directed to initiate recovery proceeding for the amount pointed out by audit besides system be strengthened for automated recovery of taxes.

Audit recommends that application of the system needs to be updated in order to ensure that latest government rules are complied with and tax due is realized.

*[Para No. 4.2.11 of IS Audit Report on LRMIS]*



## CHAPTER 2

### EXCISE, TAXATION & NARCOTICS CONTROL DEPARTMENT

#### 2.1 *Introduction*

(A) This Department provides services for collection of various taxes and duties and suggests ways and means for additional resource mobilization in the province. Building up of taxpayer's confidence, creation of taxpaying culture and providing facilities to the general public in payment of taxes are the top most priorities. The Excise, Taxation & Narcotics Control Department consists of 87 formations and is primarily responsible for the collection of Property Tax, Motor Vehicles Tax, Professional Tax, Luxury House Tax, Entertainment Duty, Cotton Fee and Excise Duty in the Province of Punjab. The Department is also responsible for the collection of some Federal levies/taxes i.e. Income Tax (at the time of collecting motor vehicle tax) and Capital Value Tax (at the time of registration of imported motor vehicles if not paid at the time of import).

#### *Audit profile of Excise, Taxation & Narcotics Control Department*

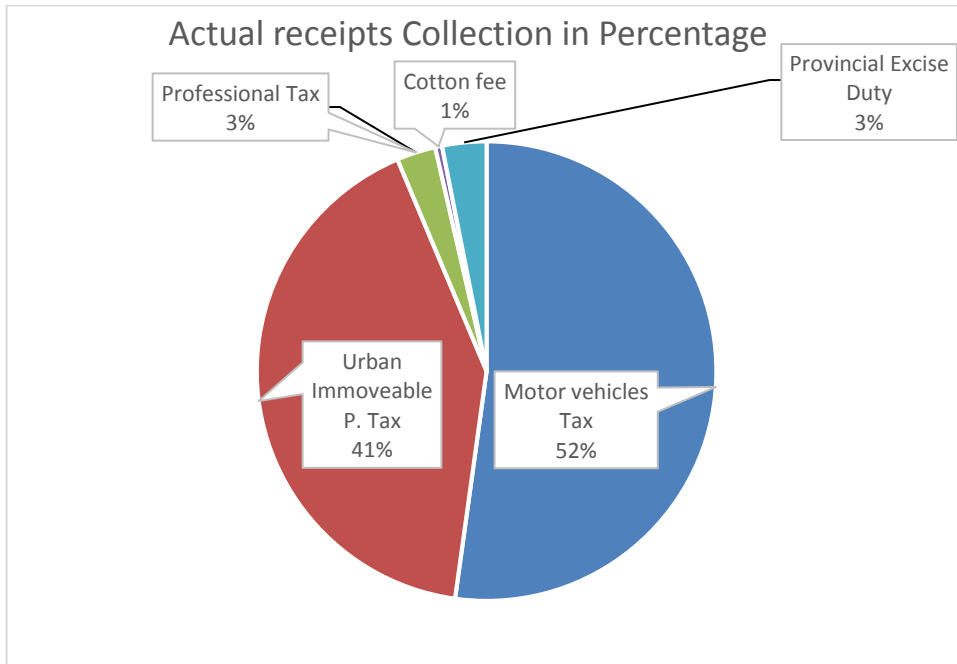
*(Rs. in million)*

Sr. No	Description	Total No	Audited	Revenue/Receipt audited FY 2021-22
1	Formations	87	11	15,719
2	<ul style="list-style-type: none"> <li>• Assignment Accounts</li> <li>• SDAs</li> </ul>	-	-	-
3	Authorities /Autonomous Bodies etc. under the PAO	-	-	-

## B) Comments on Budgeted Receipts (Variance Analysis):

During the Financial Year 2021-22, the Excise, Taxation & Narcotics Control Department collected an amount of Rs. 38.865 billion (in major heads) against the revised estimates of Rs. 38.052 billion.

The distribution of receipts collected by the Department under different heads is shown in percentage in the following chart:



From the above chart, it is clear that in Financial Year 2021-22, the major portion of 52.19% (Rs. 20.285 billion) and 41.46% (Rs.16.114 billion) of receipts collected by Excise, Taxation & Narcotics Control Department came from two sources viz. Motor Vehicles Tax & Urban Immoveable Property Tax respectively.



A comparison of budget estimates, revised estimates and actual receipts for the Year 2021-22 for major segments of receipts of Excise, Taxation & Narcotics Control Department is tabulated below. The variation between the revised estimates and actual receipts is depicted both in absolute and percentage terms:

(Rs. in million)

Variance Analysis for Excise, Taxation & Narcotics Control Department 2021-22							
S #	Category	Head of Account	Budgeted Estimates	Revised Estimates	Actual receipts as per Financial Statement	Variation excess/ (less) Col.6-5	Percentage of Variation
1	2	3	4	5	6	7	8
1	Motor vehicles Tax	B02801 to B02803 & B02805	15,560.00	19,120.35	20,285.22	1,165	6.09
2	Urban immovable P. Tax	B01301 B01303 B01304	22,289.50	16,577.52	16,114.13	-463	-2.80
3	Professional Tax	B01601 B01603	1,365.70	1,040.50	1,067.85	27	2.63
4	Cotton fee	B03055	-	190.23	188.15	-2	-1.09
5	Provincial Excise Duty	B02601, B02602 B02603, B02604 B02611, B02612 B02613, B02621, B02622, B02623	3,194.551	2,178.750	2,337.477	86	7.64
<b>Total</b>			<b>42,409.75</b>	<b>39,107.35</b>	<b>39,992.83</b>	<b>812.60</b>	<b>2.14</b>

(Data Source: Annual Budget Statement 2022-23 Govt. of Punjab & Civil Accounts 2021-22)

The above figures highlight that the actual receipts were 2.14 percent greater than the total revised estimates. The variation between the

originally budgeted receipts (Rs. 42.410 billion) and actual receipts collected (Rs. 39.993 billion) was of Rs. 2.42 billion which was 5.70 percent of original budget estimates. The receipt targets during the year were reduced from Rs. 42.410 billion to Rs. 39.107 billion, showing a decrease of 7.79 percent of original budget estimate. Thus, the receipt targets of the department were reduced during the financial year which shows deficiency in fiscal planning. This issue needs to be looked into by the provincial tax/duties collecting agencies.

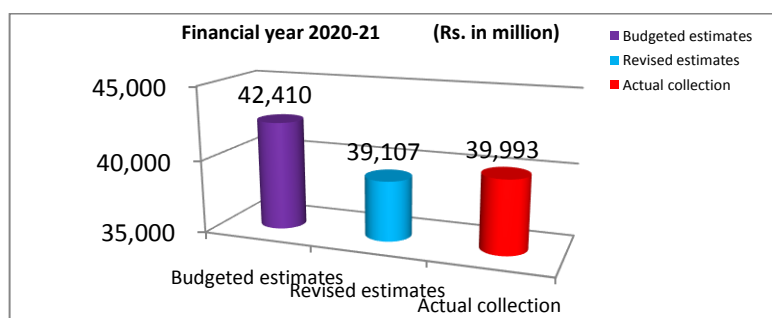
Comparison of receipts targets and actual receipts for the financial year 2019-20 and 2021-22 is given below in the table:

*(Rs. in million)*

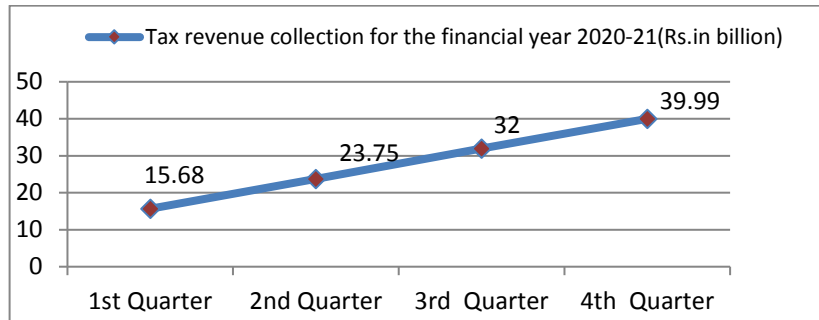
Year	Budgeted Estimates	Revised Estimates	Actual receipts as per Financial Statement
2020-21	32,293	30,100	29,924
2021-22	42,410	39,107	39,993

The above figures show that actual receipts in 2021-22 were more than the previous year i.e. 2020-21.

The comparison of budgeted revenue estimates, revised revenue estimates and actual collection of department for the financial year 2021-22 are also given in the following graph:



The quarterly tax revenue collection during the financial year 2021-22 was as under:



The above line chart shows an incremental upward trend of revenue collected by the department in 2nd, 3rd and 4th quarter.

## **2.2      *Classified Summary of Audit Observations***

Audit observations (recoveries) amounting to Rs. 13,873.55 million pertaining to Provincial Receipts were raised in this report during the current audit of Excise, Taxation & Narcotics Control Department.

### ***Overview of Audit observations***

*(Rs. in million)*

<b>Sr. No</b>	<b>Classification</b>	<b>Amount</b>
1	Irregularities (Non/less realization of Govt. revenue)	13,873.55
2	Value for money and service delivery issues	0

## **2.3      *Brief Comments on the Status of Compliance with PAC Directives***

The status of compliance with PAC Directives, for reports discussed so far, is given below:

<b>Sr. No</b>	<b>Audit Report Year</b>	<b>Total Paras</b>	<b>Compliance received</b>	<b>Compliance not received</b>	<b>Percentage of compliance</b>
1	1985-1986	27	11	16	41
2	1986-1987	17	10	7	59
3	1988-1989	12	7	5	58
4	1989-1990	10	6	4	60
5	1990-1991	13	4	9	31
6	1992-1993	13	1	12	8
7	1993-1994	14	3	11	21
8	1994-1995	11	3	8	27
9	1996-1997	20	13	7	65
10	1997-1998	11	0	11	0
11	1998-1999	25	4	21	16

<b>Sr. No</b>	<b>Audit Report Year</b>	<b>Total Paras</b>	<b>Compliance received</b>	<b>Compliance not received</b>	<b>Percentage of compliance</b>
12	1999-2000	20	1	19	5
13	2000-2001	18	0	18	0
14	2001-2002	24	12	12	50
15	2003-2004	15	1	14	7
16	2006-2007	11	8	3	73
17	2009-2010	20	14	6	70
18	2010-2011	18	10	8	56
19	2011-2012	16	12	4	75
20	2012-2013	23	16	7	70
21	2013-2014	16	10	6	62
<b>Total</b>		<b>354</b>	<b>146</b>	<b>208</b>	<b>41</b>

The compliance with the PAC directives in Excise, Taxation & Narcotics Control Department for the years 1986-87, 1988-89, 1989-90, 1996-97, 2006-07, 2011-12, 2012-13 & 2013-14 is satisfactory with aggregate 65%. However, the compliance for the years 1992-93, 1997-98, 2000-01 and 2003-04 is comparatively low with aggregate 3% only. No PAC meeting was held regarding Audit Reports 2014-15 to 2021-22.

## **2.4 AUDIT PARAS**

### ***Irregularities***

#### ***2.4.1 Non-realization of token tax from motor vehicle owners - Rs. 1,359.61 million***

Section 3 of the Motor Vehicles Taxation Act, 1958 states that a tax shall be levied on every commercial motor vehicle at the rate specified in the schedule to this Act. Under Section 34 and 35 of the Motor Vehicle Ordinance, 1965, a registering authority can also suspend/cancel the registration of a defaulting motor vehicle. Further, in case of default, penalty under Section 9 of the Act is also levied. Unpaid amount along with penalty is recoverable as arrears of land revenue under Section 11 of the Act *ibid*.

During examination of the record of the Excise, Taxation & Narcotics Control Department, for the period 2021-22, it was noticed that nine Excise & Taxation Offices did not recover token tax amounting to Rs. 1,361,120,651 (Annex-7) in 118,911 cases.

Audit is of the view that lack of effective enforcement of relative provisions of the Act deprived the public exchequer of motor vehicle tax.

The matter was reported to the respective formations as well as to the Principal Accounting Officer from March to November 2022, but no reply was offered.

DAC in its meetings held in December 2022 and January 2023, reduced the para to Rs. 1,359,613,501 after verification of Rs. 1,507,150 and directed the department to recover the balance amount at the earliest.

Audit recommends that the matter be pursued and recovery of remaining government dues be effected.

### **2.4.2 Non-realization of income tax on vehicles - Rs. 297.185 million**

According to Section 234-1A, 2 & 3 of the Income Tax Ordinance, 2001 and Finance Act, 2008, income tax is levied and collected from the owners of commercial vehicles (having capacity of 800-cc and above) at the rates specified in Division III of the First Schedule.

During examination of the record of the Excise, Taxation & Narcotics Control Department, for the period 2020-21. It was noticed that four Excise & Taxation Offices did not recover income tax amounting to Rs. 298,092,803 from the owners of 26,120 vehicles.

*(Amount in Rupees)*

Sr.	Name of Formation	Para ID	No of cases	Amount Pointed Out	Amount Verified	Balance Amount
1	ETO Attock	2022-0000000811_F00020	31	750,900	39,000	711,900
2	ETO Hafizabad	2022-0000003882_F00010	12	56,000	-	56,000
3	MRA Faisalabad	2022-0000004516_F00005	1,031	7,882,623	868,412	7,014,211
4	ETO, (Tie-up), Lahore	2022-0000005592_F00002	25,046	289,403,280	-	289,403,280
<b>TOTAL</b>			<b>26,120</b>	<b>298,092,803</b>	<b>907,412</b>	<b>297,185,391</b>

Audit is of the view that lack of internal controls and inaction on part of the department resulted in non-recovery of income tax.

The matter was reported to the respective formations as well as to the Principal Accounting Officer from March to November 2022, but no reply was offered.

DAC in its meetings held in December 2022 and January 2023, reduced the para to Rs. 297,185,391 after verification of Rs. 907,412 and directed the department to recover the balance amount at the earliest.

Audit recommends that the matter be pursued and recovery of remaining government dues be effected.

#### ***2.4.3 Non-realization of arrears of property tax - Rs. 162.763 million***

Section 16 (2) of the Punjab Urban Immovable Property Tax Act, 1958 states that any sum on account of the tax levied or penalty imposed under this Act remaining un-recovered without sufficient cause to the satisfaction of the Collector shall be recoverable as arrears of land revenue. Further, as per Section 12 of the Act *ibid* a late payment surcharge @ 1% of the gross payable tax shall stand imposed on the 1<sup>st</sup> day of every month of delay if the tax payable for any year is not paid by 30<sup>th</sup> September of the said year.

During examination of the record of the Excise, Taxation & Narcotics Control Department, it was noticed that 17 Excise & Taxation Offices did not recover the outstanding government revenue in 1,216 cases causing accumulation of arrears of property tax amounting to Rs. 195,812,768 (Annex-8).

Audit is of the view that ineffective recovery mechanism and weak management controls resulted in non-recovery of arrears of property tax.

The matter was reported to the respective formations as well as to the Principal Accounting Officer from March to November 2022, but no reply was offered.



DAC in its meetings held in December 2022 and January 2023, reduced the para to Rs. 162,763,496 after verification of Rs. 33,049,272 and directed the department to recover the balance amount at the earliest.

Audit recommends to take effective steps to recover remaining government dues of property tax along with imposition of late payment surcharge at the earliest.

#### ***2.4.4 Irregular and unauthentic updating of taxes/data in system causing loss - Rs. 109.123 million***

Sub Rule 3 of Rule 22 (Mode of payment of tax and issue of tax tokens) of the Motor Vehicles Taxation Rules, 1959 states that “in respect of motor vehicle other than a motor vehicle liable to tax, the payment of the tax shall be made in the Post Office at which the motor vehicle is registered for the purpose. Whereas, Notification No. SO(E&M)1-33/2000(P-V) dated 28<sup>th</sup> August 2018 has amended the above mentioned rule as “the payment of tax shall be made in any branch of the state bank of Pakistan or national bank of Pakistan, as may be notified by the government, manually or online.

During Audit of the Motor Registering Authority (Non tie up) Lahore, it was observed that the registering authorities updated the status of tax collected within province and out of province without proof of documentary evidences of payment of taxes at Post Offices which resulted into irregular and unauthentic updating of taxes in a system. It is pertinent to mention here that taxes paid in other provinces also updated without verification and availability of challans amounting to Rs. 102,371,890.

It was further observed that the authority altered the record of vehicles in a system without documentary evidence, reason for alteration, and request for alteration from owner of vehicle, written approval of

alteration and deposit of alteration fee of Rs. 6,751,500 into government treasury during 2019-22.

This has resulted into irregular and unauthentic updating of taxes/data in system causing loss of Rs. 109,123,390 in 5,858 cases which indicates ineffective financial and administrative controls.

The matter was reported to the respective formations as well as to the Principal Accounting Officer in November 2022, but no reply was offered.

DAC meeting was convened in January 2023 and it was replied that vehicles were updated after payment of taxes and verification documents presented by owners of vehicles but no record in this respect was provided to audit. The committee directed the department to provide the necessary documents to audit for verification and kept the para pending.

Audit recommends to probe the matter and fix the responsibility besides strengthening of financial and supervisory internal controls.

[Para ID 2022-0000005591\_F00009]

#### ***2.4.5 Less-realization of property tax due to wrong assessment of hotels - Rs. 98.174 million***

Section 5 of the Punjab Urban Immovable Property Tax Act, 1958 states that “the annual value of any land or building shall be ascertained by estimating the gross annual rent at which such land or building together with its appurtenances and any furniture that may be let for use or enjoyment with such building might reasonably be expected to be let from year to year”. Further, Government of Punjab, Excise & Taxation Department Notification No. SO TAX(E&T) 3-38/2014 dated 20.6.2014, provides the instructions for assessment of hotel.

During examination of the record of the Excise, Taxation & Narcotics Control Department, it was noticed that three Excise & Taxation offices did not correctly assess the property tax amounting to Rs. 98,174,306 relating 38 hotels by short assessing the Gross Annual Rental Value (GARV), relying upon the room rent chargeable in 2014 instead of room rent actually realized from clients for subsequent years.

Audit is of the view that negligence on part of management resulted in short assessment of property tax.

*(Amount in Rupees)*

<b>Sr.</b>	<b>Name of Formation</b>	<b>Para ID</b>	<b>No of cases</b>	<b>Amount Pointed Out</b>
1	ETO Zone IV, Lahore	2021-0000000634_F00001	6	93,088,871
2	ETO Zone X, Lahore	2022-0000000485_F00004	26	3,221,271
3	ETO Zone - XV Lahore	2022-0000003881_F00014	6	1,864,164
<b>TOTAL</b>			<b>38</b>	<b>98,174,306</b>

The matter was reported to the respective formations as well as to the Principal Accounting Officer from March to November 2022, but no reply was offered.

DAC meeting was convened in December 2022 and January 2023 wherein it was directed to reassess the hotels after incorporating the physical aspects and rent of hotels besides ensuring defaulted tax recovery within 30 days.

Audit recommends to take action for recovery of government dues besides fixing the responsibility for wrong assessment.

#### ***2.4.6 Loss to Government revenue due to wrong feeding of data in system of Rs. 84.313 million***

Section 25 (Registration how to be made) of the Provincial Motor Vehicles Ordinance 1965 provides the procedure for registration of vehicle as “an application by or on behalf of the owner of a motor vehicle for registration shall be in Form F as set forth in the First Schedule, shall contain the information required by that Form, and shall be accompanied by the prescribed fee”.

(2) The registering authority shall issue to the owner of a motor vehicle registered by it a certificate of registration in Form G as set forth in the First Schedule on payment of the price notified by the Government] and shall enter in a record to be kept by it particulars of such certificate.

Section 234 of the Income Tax Ordinance, 2001, states that any person collecting motor vehicles tax shall also collect advance tax at the rate specified in Part-IV of the 1st schedule of the said Ordinance

During Audit of the Motor Registering Authority (Non tie up) Lahore, it was observed that the registering authority registered 858 vehicles of maker Toyota Corolla as 1300 cc but the same type of 7137 vehicle of same manufacturer were registered as 1299 cc in system which resulted in to short realization of income tax of Rs. 83,112,500 on annual token tax.

The Motor Registering Authority (Non tie up) Lahore, did not realize advance income tax Rs. 1,200,000 on sale of vehicle before registration of vehicle and deliberately feed vehicles as imported vehicle without any documentary evidence of custom and other duties paid during 2019-22. No scanning files were also attached in MTMIS.

This has resulted into loss to government revenue due to wrong feeding of data in system of Rs. 84,312,500 during the year 2019-22 which indicates ineffective financial and administrative controls.

The matter was reported to the respective formations as well as to the Principal Accounting Officer in November 2022, but no reply was offered.

DAC meeting was held in January 2023 and the department stated that the data was entered in MTMIS as per sales certificates but no record in this was provided to audit. The committee directed the department to compare data entries with sale certificates provided by assemblers of vehicle and provided the same to audit.

Audit recommends to rectify the wrong feeding of data and recover the short-assessed amount from the concerned besides strengthening of financial and supervisory internal controls.

[Para ID 2022-0000005591\_F00007]

#### ***2.4.7 Non-realization of property tax from properties being administered by the autonomous bodies -Rs. 54.383 million***

"According to subsection (e) of section 2 of the Punjab Property Tax Act 1958 "owner" includes a mortgagee with possession, a lessee in perpetuity, a trustee having possession of a trust property and a person to whom an evacuee property has been transferred provisionally or permanently under the Displaced Persons (Rehabilitation and Compensation) Act, 1958 and subsection (b) of section 4 of the Act ibid "Exemptions.— The tax shall not be leviable in respect of the following properties, namely:-

(b) "buildings and lands other than those leased in perpetuity owned and administered by the Government of the Punjab or a local government

as defined in section 2 clause (xvi) of the Punjab Local Government Ordinance, 2002 (XIII of 2001)”

During examination of the record of the Excise, Taxation & Narcotics Control Department, it was noticed that five Excise & Taxation offices had wrongly kept exempted 25 properties having liability of tax amounting Rs. 54,382,908 which were not administered by the government or local government as prescribed above.

Audit is of the view that laxity on the part of management resulted into non-charging of tax from properties being administered by the autonomous bodies.

*(Amount in Rupees)*

Sr. No	Name of Formation	Para	No of Cases	Amount Pointed Out
1	ETO Zone IV, Lahore	2021-0000000634_F00003	7	52,704,274
2	ETO Attock	2022-0000000811_F00017	2	39,681
3	ETO Zone X, Lahore	2022-0000000485_F00010	3	246,945
4	ETO Zone - V Lahore	2022-0000004954_F00012	18	242,848
5	ETO Zone - XV Lahore	2022-0000003881_F00009	1	1,149,160
<b>Total</b>			<b>25</b>	<b>54,382,908</b>

The matter was reported to the respective formations as well as to the Principal Accounting Officer from March to November 2022, but no reply was offered.

DAC meeting was convened in December 2022 and January 2023 wherein it was directed to recover the balance amount within 30 days.

Audit recommends that matter be pursued besides ensuring recovery of outstanding government dues.

#### ***2.4.8 Short-Realization of property tax due to application of wrong location and wrong exemption to commercial property units- Rs. 52.889 million***

According to Government of the Punjab's letter No. SO TAX(E&T)3-38/2014 dated 26<sup>th</sup> June, 2014, the assessable value of property units falling in a rating area will be ascertained in the light of instructions and consideration of rates of each categories specified in the Valuation Table. It is further added that the roads with 30 or more width shall be considered "Main" and roads less than 30 feet shall be considered as "Off". However, these criteria shall not be applied in case of establishment/recognized commercial centers/clusters duly determined by the Assessing Authority and in such cases rate of "Main" shall be applied.

During examination of the record of the Excise, Taxation & Narcotics Control Department, for the period 2021-22. It was noticed that ten Excise & Taxation Offices applied incorrect location (i.e. off road instead of main road) while calculating property tax of 1518 commercial property units located in established commercial clusters resulting in short realization of tax of Rs. 53,381,127 (Annex-9). Moreover, commercial property units having landed area less than 5 *marla* have been exempted from property tax unduly treated as residential property.

Audit is of the view that the inaction of management resulted into non-realization of government revenue.

The matter was reported to the respective formation as well as to the Principal Accounting Officer in March to November, 2022, but no reply was offered.

DAC in its meetings held in December 2022 and January 2023, reduced the para to Rs. 52,889,101 after verification of Rs. 492,026 and directed the department to recover the balance amount at the earliest.

Audit recommends that necessary efforts be made for recovery of government dues without further delay.

#### ***2.4.9 Less-realization of property tax due to changing of valuation category - Rs.50.947 million***

According to Government of Punjab, Excise & Taxation Department's Notification No. SO TAX(E&T)3-38/2014 dated 20.6.2014, the assessable value of property units falling in a rating area shall be ascertained in the light of instructions and consideration of rates of each category specified in the Valuation Table notified by assessing authority.

During examination of the record of the Excise, Taxation & Narcotics Control Department, it was noticed that 4 Excise & Taxation Offices less realized the property tax amounting to Rs. 50,947,411 by applying wrong valuation category to 1761 property units during the period 2021-22.

Audit is of the view that the negligence on part of management resulted in less assessment of property tax.

*(Amount in Rupees)*

<b>Sr. No</b>	<b>ETO</b>	<b>Para</b>	<b>No of Cases</b>	<b>Amount Pointed Out</b>
3	ETO Zone IV, Lahore	2021-0000000634_F00005	657	30,036,758
1	ETO Attock	2022-0000000811_F00002	261	8,915,795
2	ETO Zone X, Lahore	2022-0000000485_F00002	413	7,388,686
4	ETO Hafizabad	2022-0000003882_F00002	430	4,606,172
<b>Total</b>			<b>1,761</b>	<b>50,947,411</b>



The matter was reported to the respective formations as well as to the Principal Accounting Officer from March to November 2022, but no reply was offered.

DAC meeting was convened in December 2022 wherein it was directed to recover the amount within 30 days.

Audit recommends that tax be assessed as per correct valuation categories besides ensuring recovery of government dues.

#### ***2.4.10 Short-assessment of property tax -Rs. 46.971 million***

The Excise & Taxation Department has prescribed the procedure for assessment of Property Tax in rating areas vide Notification No. SO(TAX)(E&T) 3-38/2014 dated 30-06-2014 and clause 2 of the Notification states that “ Specific/special properties shall be assessed in accordance with the guidelines mentioned against each in the Annex-A of this notification.

During examination of record of the Excise & Taxation Officer, Zone IV, Lahore up to the year 2020-21, it was observed that the concerned authority did not calculate the property tax in the manner as prescribed in the procedures issued vide Notification ibid involving breach of rates applicable to localities and assessment criteria as given in Annex-A. This resulted into short assessment of property tax amounting to Rs. 46,970,599 in 9 properties given below.

*(Amount in Rupees)*

Sr.No	Name	Property No	Short Assesment for year Rs.	Short for 7 year Rs.	Payable including Arrears Rs.
1	Memona Khan	31/2-B/Office	36,288	254,016	254,016
2	Muhammad Latif Ch	10/G/5/Shop	350	2,449	2,449

3	WAPDA	81/Wapda House	1671369	11,699,588	32,062,512
4	LESCO	3	114215	799,512	2,062,972
5	Mst Perveen Begum	10/1-Hall-Shed	270,945	1,896,615	1,896,615
6	Kambo Hall	142S-18/Shadi Hall	17,820	124,740	124,740
7	Muhammad Azam	99//9+10+17+19-Hall+Office	831,378	752,210.5	703,516
8	Pakistan Coperative Society	70/Bass+Restaurant	656,901	4,598,306	4,598,306
9	Muhammad Azam	99//9+10+17+19-Hall+Office	831,378	5,265,473.6	5,265,474
<b>Total</b>					<b>46,970,599</b>

Audit is of the view that the negligence on part of management resulted in loss to government exchequer due to short-assessment of property tax.

The matter was reported to the respective formations as well as to the Principal Accounting Officer in April, 2022, but no reply was offered.

DAC meeting was convened in November 2022 wherein it was directed to recover the balance amount within 30 days.

Audit recommends that necessary correction be made in assessment of property tax ensuring recovery of government dues.

[Para ID 2021-0000000634\_F00004]

#### ***2.4.11 Less-realization of property tax due to change in status of customized educational institutions/offices - Rs.45.975 million***

As per S. No. 16 of Annexure-A of the Assessment of Special Properties (Revised) Rules read with clarification made vide minutes of

meeting held on 5.6.2012 circulated vide Letter No. SO TAX(E&T)1-11/2004 (Vol-I) dated 20.6.2012, the assessment of the value of property built and used as commercial properties (including offices and customized educational institutions buildings) shall be calculated on commercial rates of the localities self-occupied or rented as the case may be.

During examination of the record of the Excise, Taxation & Narcotics Control Department, it was noticed that six Excise & Taxation Offices assessed the Gross Annual Rental Value (GARV) of 106 educational institutions less than that was due by treating the customized educational institutions as non-customized, causing loss to government for Rs. 47,265,233.

Audit is of the view that the negligence on part of management resulted in less assessment of property tax.

*(Amount in Rupees)*

Sr. No	Name of Formation	Para	No of Cases	Amount Pointed Out	Verified Amount	Balance Amount
1	ETO Zone IV, Lahore	2021-0000000634_F00006	43	22,961,934	-	22,961,934
2	ETO Zone - XV Lahore	2022-0000003881_F00002	14	10,604,590	-	10,604,590
3	ETO Zone - V Lahore	2022-0000004954_F00003	4	9,029,113	1,290,366	7,738,747
4	ETO Attock	2022-0000000811_F00004	27	3,691,147	-	3,691,147
5	ETO Zone X, Lahore	2022-0000000485_F00006	15	801,831	-	801,831
6	ETO Hafizabad	2022-0000003882_F00005	3	176,618	-	176,618
<b>Total</b>			<b>106</b>	<b>47,265,233</b>	<b>1,290,366</b>	<b>45,974,867</b>

The matter was reported to the respective formations as well as to the Principal Accounting Officer from March to November 2022, but no reply was offered.

DAC in its meetings held in December 2022 and January 2023, reduced the para to Rs. 45,974,867 after verification of Rs. 1,290,366 and directed the department to recover the balance amount at the earliest

Audit recommends that the matter be pursued and recovery be effected besides fixing responsibility upon the concern officials.

***2.4.12 Short-assessment of property tax due to incorrect application of rates by treating godowns as tin sheds -Rs. 42.243 million***

As per Sr.No. 21 of the Notification No. SO(TAX(E&T)3-38/2014 dated 30th June 2014 “the godowns and workshops with kacha/tin sheds shall be applied with 50 percent of rates for self or rented as the case may be”

During examination of the record of the Excise, Taxation & Narcotics Control Department, for the period 2021-22, it was noticed that three Excise & Taxation offices misinterpreted the provision as mentioned above and godowns covered with constructed areas were applied with reduce rates which are only allowed for godowns having tin shed resulting in short assement of property tax of Rs. amounting to Rs. 42,243,135 in 155 cases. Whereas, the word “and” is treated as “or,/” while inserting the calculation in IT system and reduce rates were applied to all godowns without differentiating the nature of construction of godowns. Further, the warehouses having the same meaning or purpose as godowns are charged with actual commercial rates meaning thereby the constructed godowns shall be charged with the standard rates of property tax.

Audit is of the view that the inaction of management resulted into short-realization of government revenue.

*(Amount in Rupees)*

Sr.	Name of Formation	Para ID	No of cases	Amount Pointed Out
1	ETO Attock	2022-0000000811_F00003	69	2,088,518
2	ETO Zone IV, Lahore	2021-0000000634_F00008	59	7,528,734
3	ETO Zone - V Lahore	2022-00000004954_F00001	27	32,625,883
<b>TOTAL</b>			<b>155</b>	<b>42,243,135</b>

The matter was reported to the respective formations as well as to the Principal Accounting Officer from March to November 2022, but no reply was offered.

DAC meeting was convened in December 2022 wherein it was decided that a clarification be issued in this respect for correction of system and recovery of balance amount be made within 30 days.

Audit recommends that necessary efforts be made for recovery of government dues without further delay.

#### ***2.4.13 Non realization of taxes at the time of registration of motor vehicles of Rs. 37.075 million***

Section 231-B of Income Tax Ordinance 2001 states that every motor vehicle registering authority of Excise and Taxation Department shall collect advance tax at the time of registration of a motor vehicle, at the rates specified in Division VII of Part IV of the First Schedule 5. Further, subsection (1A) of section 231-B ibid states that “every leasing company or a scheduled bank or a non-banking financial whether shariah compliant or under conventional mode, at the time of leasing of a motor vehicle to a person whose name is not appearing in the active taxpayers’ list, either

through ijara or otherwise, shall collect advance tax at the rate of four per cent of the value of the motor vehicle”

During audit of office of the Motor Registering Authority (Non tie up) Lahore, it was observed that the authority did not realize taxes of Rs. 37,075,236 on account of advance income tax, T.O Form fee, additional fee (penalty), and hire purchase agreement fee. This act of omission resulted in loss @ 4 % as mentioned above as the banks are preferring the registration of vehicle at it's own name instead of registering the vehicles on the name of consumer.

This has resulted into non-realization of taxes at the time of registration of motor vehicles of Rs. 37,075,236 in 1460 cases during the year 2019-22 which indicates ineffective financial and administrative controls.

The matter was reported to the respective formations as well as to the Principal Accounting Officer in November 2022, but no reply was offered.

DAC meeting was convened in January 2023 and the department stated that vehicles were registered on the request of banking companies as sale certificates were issued to respective banks. Audit is of the view that the vehicles should be registered in the name of persons who got the vehicle on lease as this action was tantamount to evasion of taxes and will lead to *Benami* vehicles. Therefore, the committee directed the department to get the matter clarified from FBR to bring clarity and policy in this respect be formulated as per instructions from FBR.

Audit recommends to recover the defaulted amount from the concerned besides strengthening of financial and supervisory internal controls.

[Para ID 2022-0000005591\_F00005]

#### ***2.4.14 Short-realization of registration fee on new registration of vehicle - Rs. 25.618 million***

According to S. No. 9 of the 2<sup>nd</sup> Schedule introduced through section 5 of the Finance Act 1973 as amended up to date, the registration fee under rule 42 of the Motor Vehicle Rules, 1969 shall be charged at the following rates:

9(a) Motorcycles/Scooters, Tractors and Truck/Buses/Pickups/Rickshaws/Taxis	1% of the value of the vehicle.
(b) Others:	
Engine capacity not exceeding 1000cc	1% of the value
Exceeding 1000cc but not more than 1500cc	2% of the value
Exceeding 1500cc but not more than 2000cc	3% of the value
Exceeding 2000cc	4% of the value

During audit of Excise and Taxation Officer, (Tie-up), Lahore for the period 2020-22, it was observed that the department had registered 235 private vehicles such as Toyota Hilux, REVO/VIGO etc. having engine capacity exceeding 2000cc as commercial vehicles after charging 1% registration fee causing less realization of fee amounting to Rs. 25,617,525 in 235 cases. Audit is of the view that these types of vehicles were chargeable with the registration fees having rate of 4% of value of vehicle being private vehicle having engine capacity exceeding 2000 cc.

Audit is of the view that ineffective assessment mechanism and weak management internal control resulted in short realization of registration fee.

The matter was reported to the respective formations as well as to the Principal Accounting Officer in November 2022, but no reply was offered.

DAC meeting was convened in January 2023 and the department was directed to provide the documentary evidences required for

registration of commercial vehicles or recover the deficient registration fee at the earliest.

Audit recommended to take effective steps to recover the amount pointed out by audit.

[Para ID 2022-0000005592\_F00001]

***2.4.15 Non-realization of property tax from un-exempted trust-Rs. 25.427 million***

According to section 4(f) of the Property Tax Act, 1958, the property tax shall not be leviable on buildings and lands or portions thereof used exclusively for public worship or public charity including mosques, churches, dharma shalas, gurdwara, hospital, dispensaries, orphanages, alms houses, drinking water fountains, infirmaries for the treatment and case of animals and public burial or burning grounds or other places for the disposal of the dead. A certificate to that effect are required to be issued in Form PT-17 by the Director Excise & Taxation under whose jurisdiction it fall after examination and satisfaction of record of income and expenditure of an institution.

During examination of the record of the Excise, Taxation & Narcotics Control Department, for the period 2021-22, it was noticed that six Excise & Taxation offices had neither realized the property tax of Rs. Rs 33,279,838 payable nor charitable institutions applied for exemption for being charitable institution and failed to collect the tax.

Audit is of the view that the inaction of management resulted into non-realization of government revenue amounting to Rs 33,279,838 in 93 cases of the following formations:



(Amount in Rupees)

Sr.	Name of Formation	Para ID	No of cases	Amount Pointed Out	Amount Verified	Balance Amount
1	Attock	2022-0000000811_F00015	4	732,599	352,032	380,567
2	Zone X, Lahore	2022-0000000485_F00005	18	3,775,211	-	3,775,211
3	Zone IV, Lahore	2021-0000000634_F00007	15	8,776,635	-	8,776,635
4	Zone - V Lahore	2022-0000004954_F00008	36	9,555,409	4,358,889	5,196,520
5	Zone - XV Lahore	2022-0000003881_F00004	4	5,787,806	1,276,231	4,511,575
6	Zone - XV Lahore	2022-0000003881_F00003	16	4,652,178	1,866,110	2,786,067
<b>TOTAL</b>			<b>93</b>	<b>33,279,838</b>	<b>7,853,262</b>	<b>25,426,575</b>

The matter was reported to the respective formations as well as to the Principal Accounting Officer from March to November 2022, but no reply was offered.

DAC in its meetings held in December 2022 and January 2023, reduced the para to Rs. 25,426,575 after verification of Rs. 7,853,262 and directed the department to recover the balance amount at the earliest.

Audit recommends that necessary efforts be made for recovery of government dues without further delay.

#### ***2.4.16 Unauthorized registration of non-custom paid/stolen vehicles -Rs. 16.835 million***

Clause (d) of Section 28(1) (Refusal of registration) of the Provincial Motor Vehicles Ordinance 1965 states that (1) The registering authority may, for reasons to be recorded in writing, refuse to register any

motor vehicle, if–

(d) the applicant fails to produce before the registering authority:

(ii) where the vehicle has been imported from any place outside Pakistan and has not been previously registered in any place in Pakistan, an import licence for the vehicle.

During scrutiny of record of Motor Registration Authority, Faisalabad, for the years up to 2020-22, it was observed that a FIR was registered by FIA dated 29.05.2021, on request of staff of MRA, Faisalabad, alleging misuse/hacking of user name of Motor Registration Authority, Faisalabad. The data fudged was used for registration of 50 non-custom/stolen vehicles into MTMIS using bogus registration documents causing loss to government revenue amounting to Rs. 16,834,500 in shape of token tax, registration fee, federal taxes and custom duty as calculated by department.

This resulted into evasion of federal tax and custom duties due to negligence and weak IT controls. The authorities were not able to prevent promotion of smuggled vehicles and forgery as well as fraud could not be curbed.

The matter was reported to the respective formations as well as to the Principal Accounting Officer in November 2022, but no reply was offered.

DAC meeting was convened in January 2023 and the department was directed to probe the matter for fixation of responsibility and cancel the registrations of vehicles besides FIRs be lodged against the owners of vehicles to avoid future breaches of security of MTMIS at the earliest.

Audit recommends that the matter be probed and responsibility be fixed.

*[Para ID 2022-0000004516\_F00003]*

#### ***2.4.17 Less realization of registration fee on registration of vehicles - Rs. 9.948 million***

Finance Act 1973 amended up to date, states that the registration fee under rule 42 shall be charged at the following rates:

<b>Category of Vehicle</b>	<b>Rate</b>
<b>Up to 70 cc</b>	PKR. 1,000
<b>71 to 100 cc</b>	PKR. 1,500
<b>101 to 125 cc</b>	PKR. 2,000
<b>126 to 150 cc</b>	PKR. 2,500
<b>Above 150 cc</b>	2% of the values of the vehicles

During audit of office of the Motor Registering Authority (Non tie up) Lahore, it was observed that the authority realized less registration fee of Rs. 9,947,88 at the time of registering the motor cycles having engine capacity more than 150 cc due to application of incorrect rate and feeding short invoice price of vehicle in a system

This has resulted in loss to government revenue due to non-registration of new vehicles of Rs. 9,947,881 in 222 cases which indicates ineffective financial and administrative controls.

The matter was reported to the respective formations as well as to the Principal Accounting Officer in November 2022, but no reply was offered.

DAC meeting was convened in January 2023 and the department was directed to compare the sale certificates issued by assemblers of vehicles with the data entered in system or recover the deficient registration fee at the earliest.

Audit recommends to recover the default amount besides fixation of responsibility for wrong entry of data in system

[Para ID 2022-0000005591\_F00006]

#### ***2.4.18 Non-realization of professional tax -Rs. 9.718 million***

Punjab Finance Act, 1977, states that w.e.f. 1<sup>st</sup> July 1977, professional tax shall be levied and collected from the persons engaged in any profession, trade or employment of different categories, at prescribed rates under second schedule of the Act.

During examination of the record of professional tax demand registers (P.F.T-3) maintained by the Excise, Taxation & Narcotics Control Department, for the period 2021-22, it was noticed that four Excise & Taxation Offices did not create demand nor recover professional tax amounting Rs. 9,995,700 in 26,355 cases.

Audit is of the view that laxity and weak internal controls on the part of management resulted in non-recovery of professional tax.

<i>(Amount in Rupees)</i>						
Sr.	Name of Formation	Para ID	No of cases	Amount Pointed Out	Amount Verified	Balance Amount
1	ETO Attock	2022-0000000811_F00007	238	1,057,500	239,500	818,000
2	ETO Hafizabad	2022-0000003882_F00009	40	298,400	-	298,400
3	MRA Faisalabad	2022-0000004516_F00007	1,031	206,200	38,000	168,200
4	ETO, (Tie-up), Lahore	2022-0000005592_F00004	25,046	8,433,600	-	8,433,600
<b>TOTAL</b>			<b>26,355</b>	<b>9,995,700</b>	<b>277,500</b>	<b>9,718,200</b>

The matter was reported to the respective formations as well as to the Principal Accounting Officer from March to November 2022, but no reply was offered.

DAC in its meetings held in December 2022 and January 2023, reduced the para to Rs. 9,718,200 after verification of Rs. 277,500 and directed the department to recover the balance amount at the earliest.

Audit recommends that matter be pursued besides recovery of outstanding government dues.

#### ***2.4.19 Non-realization of luxury house tax - Rs.7.368 million***

According to Punjab Finance Act 2014, the Government of Punjab has levied luxury house tax w.e.f. 01.07.2014 on residential houses having area of two *kanals* or above with covered area more than six thousand square feet, at prescribed rate in first schedule. The tax is for one time only and shall be payable in lump sum or in four equal installments.

During examination of the record of the Excise, Taxation & Narcotics Control Department, it was noticed that two Excise & Taxation Offices did not recover luxury house tax amounting Rs. 7,368,000 in 9 cases during 2020-21.

Audit is of the view that negligence and laxity in collecting luxury house tax by the management deprived public exchequer of revenue.

*(Amount in Rupees)*

<b>Sr. No</b>	<b>Name of Formation</b>	<b>Para</b>	<b>No of Cases</b>	<b>Amount Pointed Out</b>
1	ETO Attock	2022-0000000811_F00008	8	3,768,000
2	ETO Zone IV, Lahore	2021-0000000634_F000010	1	3,600,000
<b>Total</b>			<b>9</b>	<b>7,368,000</b>

The matter was reported to the respective formations as well as to the Principal Accounting Officer from March to November 2022, but no reply was offered.

DAC meeting was convened in November and December 2022 wherein it was directed to recover the amount within 30 days.

Audit recommends that the department needs to take effective steps for timely recovery of remaining luxury house tax.

#### ***2.4.20 Non-recovery of embezzled amount - Rs. 6.412 million***

The Excise & Taxation and Narcotics Control Department has issued a policy for updating of token tax vide No. SO(E&M)12-12/2007 (P-VI) dated 23<sup>rd</sup> February 2017 requiring that the Post Office verification be obtained for updating the token tax status in MTMIS.

According to 2.33 of PFR Vol-1, every government servant should realize fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence on his part.

During audit of Motor Registration Authority (Non-Tie Up) for the period 2019-22, it was observed that the official updated life time token tax of Rs. 6,412,187 of 755 vehicles without verification of tax deposits into government treasury. An inquiry to this effect was also finalized by the orders of Director General, Excise and Taxation Punjab, Lahore vide Order No. 1297 (E&T) E -III dated 30-06-2021 confirming that the above mentioned amounts were not deposited into government treasury.

This has resulted into non-recovery of embezzled amount of Rs. 6,412,187 during the year 2019-22 which indicates ineffective financial controls.

The matter was reported to the respective formations as well as to the Principal Accounting Officer in November 2022, but no reply was offered.

DAC meeting was convened in January 2023 and the department stated that the record was called again and again but the official was

reluctant to provide the record. The committee showed displeasure over the action of official and department was directed to initiate the disciplinary proceeding at administrative level for fixing the responsibility on official who embezzled the tax besides amount of tax be recovered and deposited into treasury.

Audit recommends to recover the embezzled amount besides strengthening of financial and supervisory internal controls.

[Para ID 2022-0000005591\_F00002]

#### ***2.4.21 Non realization of DVRS license security fee - Rs. 5 million***

Rule 7 (Fee and Security) of the Punjab Motor Vehicle Transaction Licensees Rules 2015 read with the Punjab Motor Vehicle Transaction Licensees Act 2015 states that “ the Government shall, from time to time, notify the fee for grant and renewal of the license and the amount and form of security for the license.

During Audit of the Motor Registering Authority (Non-tie up) Lahore, on sample test check basis it was observed that the registering authorities has given dealer vehicle registration license to Toyota Ravi Motors, Lahore. But the other vehicle dealers i.e. Toyota Shaheen, Toyota Sahiwal, Suzuki Chunian and Suzuki Motor House were also registering vehicles on the license of Toyota Ravi Motors. It is pertinent to mention here that one license holder is required to pay security of Rs. 1250,000 per license for registering of its own vehicles.

This has resulted into non-realization of DVRS license security fee amounting to Rs. 5,000,000 which indicates ineffective financial and administrative controls

The matter was reported to the respective formations as well as to the Principal Accounting Officer in November 2022, but no reply was offered.

DAC meeting was held in January 2023 and the department stated that vehicles were registered by the owners vehicles on single DVRS dealers as per their choice. However, audit is of the view that the license was issued to respective dealer for registration of vehicle being sold by himself and other dealers are required to get the license after payment of due licensing fee. The committee directed the department to recover the fee as per agreement of DVRS.

Audit recommends that DVRS fee be recovered at the earliest from the concerned motors dealers.

*[Para ID 2022-0000005591\_F00013-A]*

#### ***2.4.22 Excess exemptions granted to widows for property tax - Rs. 4.761 million***

Section 4(g) of the Urban Immovable Property Tax Act, 1958 states that the buildings and lands, the Annual Rental Value of which does not exceed rupees 243,000 belonging to a widow, a disabled person or a minor orphan are exempted from payment of property tax.

During examination of the record of the Excise, Taxation & Narcotics Control Department, for the period 2021-22, it was noticed that five Excise & Taxation Offices allowed wrong and excess exemption of Rs. 6,567,139 by allowing complete exemption of tax to widows which were allowed up to the extent of Rs. 12,150 to each widows after scrutiny of supporting documents in 145 cases.



(Amount in Rupees)

Sr.	Name of Formation	Para ID	No of cases	Amount Pointed Out	Verified Amount	Balance Amount
1	ETO Zone X, Lahore	2022-0000000485_F00013	13	340,705	83,045	257,660
2	ETO Attock	2022-0000000811_F00014	18	54,986	13,991	40,995
3	ETO Hafizabad	2022-0000003882_F00007	8	314,968	-	314,968
4	ETO Zone - V Lahore	2022-0000004954_F00006	26	4,718,928	1,163,059	3,555,869
5	ETO Zone - XV Lahore	2022-0000003881_F00010	80	1,137,552	545,831	591,721
<b>TOTAL</b>			<b>145</b>	<b>6,567,139</b>	<b>1,805,926</b>	<b>4,761,213</b>

Audit is of the view that ineffective internal controls resulted in irregular exemption of property tax amounting to Rs. 6,567,139.

The matter was reported to the respective formations as well as to the Principal Accounting Officer from March to November 2022, but no reply was offered.

DAC in its meetings held in December 2022 and January 2023, reduced the para to Rs. 4,761,213 after verification of Rs. 1,805,926 and directed the department to recover the balance amount at the earliest.

Audit recommends that matter be pursued and recovery of remaining government dues be effected besides fixing responsibility upon the concern official for allowing exemption beyond permissible limit.

#### ***2.4.23 Short-realization of property tax due to under valuation of property units- Rs. 2.814 million***

According to section 5 of the Urban Immovable Property Tax Act, 1958, the annual value of any land or building shall be ascertained by

estimating the gross annual rent at which such land or building that may be let for use or enjoyment with such building might reasonably be expected to be let from year to year, less an allowance of ten per centum for the cost of repairs and for all other expenses necessary to maintain such building in a state to command such gross annual rent. Further under section 5-A of the Act, the annual value may be determined on the basis of such valuation tables and for such localities as may be notified by or under the authority of the Government.

During scrutiny of the computerized PT-1 of Property Tax maintained through Urban Immoveable Property Tax System of Excise & Taxation Officer, Zone-15, Lahore for the period up to 2021-22 revealed that the above provisions of law were not followed in calculating the GARV (valuation of property units) for the purpose of assessment of property tax in 10 cases causing short assessment amounting to Rs. 2,813,610.

The laxity and negligence of management resulted into short-assessment of property tax due to under valuation of property units.

The matter was reported to the respective formations as well as to the Principal Accounting Officer in November 2022, but no reply was offered.

DAC meeting was convened in December 2022 wherein it was directed to recover the balance amount within 30 days.

Audit recommends that position may be clarified and immediate steps be taken for recovery of the amount pointed out by Audit besides fixing the responsibility for this lapse.

*[Para ID 2022-0000003881\_F00006]*

#### **2.4.24 Irregular exemption to five marla houses -Rs. 2.174 million**

Section 4 (i) of Punjab Urban Immovable Property Tax Act 1958, states that with effect from 01.07.2004, property tax shall not be levied in case of one residential house, measuring an area up to five *marlas*, used for residential purpose irrespective of its annual rental value.

During examination of the record of the Excise, Taxation & Narcotics Control Department, for the period 2021-22, it was noticed that four Excise & Taxation Offices granted wrong exemptions in 302 cases to owners of 5 marla houses who owned more than one house and having area more than 5 marla thus failed to collect the property tax.

Audit is of the view that ineffective recovery mechanism and weak management controls resulted in irregular grant of exemption and non-collection of tax amounting to Rs. 2,601,431.

*(Amount in Rupees)*

Sr .	Name of Formation	Para ID	No of cases	Amount Pointed Out	Verified Amount	Balance Amount
1	ETO Attock	2022-0000000811_F00013	111	176,160	170,659	5,501
2	ETO Attock	2022-0000000811_F00018	127	178,750	8,743	170,007
3	ETO Zone X, Lahore	2022-0000000485_F00007	43	813,316	109,907	703,409
4	ETO Zone - XV Lahore	2022-0000003881_F00007	21	1,433,205	138,367	1,294,838
<b>TOTAL</b>			<b>302</b>	<b>2,601,431</b>	<b>427,676</b>	<b>2,173,755</b>

The matter was reported to the respective formations as well as to the Principal Accounting Officer from March to November 2022, but no reply was offered.

DAC in its meetings held in December 2022 and January 2023, reduced the para to Rs. 2,173,755 after verification of Rs. 427,676 and directed the department to recover the balance amount at the earliest.

Audit recommends that the matter be pursued and recovery of remaining government dues be effected besides fixing responsibility upon the concerned officials for irregular grant of exemptions.

***2.4.25 Un-lawful registration of vehicles on fake military auction certificates and import documents causing loss of Custom Duty Rs. 11,315.82 million***

Clause (d) of Section 28(1) (Refusal of registration) of the Provincial Motor Vehicles Ordinance 1965 states that (1) The registering authority may, for reasons to be recorded in writing, refuse to register any motor vehicle, if–

- (d) the applicant fails to produce before the registering authority:
  - (ii) where the vehicle has been imported from any place outside Pakistan and has not been previously registered in any place in Pakistan, an import licence for the vehicle.

During examination of the record of Motor Registration Authority, Tie-up, Lahore for the period 2020-22, it was observed that, 4119 vehicles were registered un-lawfully by treating the same as vehicle auctioned by the military authorities resulting in loss of Custom Duty of Rs. 11,288,856,646 (details are given in link as Annex-10) as per value of vehicles indicated in the vehicle information system (MTMIS). Whereas, the Commanding Officer of 108 Ordnance Unit, (Jaglot), Gilgit, in reply to motor registration authority correspondence regarding re-verification of auctioned vehicles confirmed that the vouchers of the vehicles were not issued by this office and stamps/seals and signatures of on vouchers were fake. It was also

verified by the Officer Commanding that these vehicles were not auctioned by the Unit. It is pertinent to mention that the scanning of the vehicles was also not available in the registering office.

Furthermore, seven vehicles were registered illegally by the registering authority without prior confirmation of payment of custom duty from the Custom Collectorate Sialkot. This action resulted in loss of custom duty of Rs. 26,964,000. The Assistant Collector Sialkot in response to correspondence regarding verification of documents of vehicles stated that the vehicles were cleared in violation of rules.

*(Amount in million)*

<b>Sr. No</b>	<b>Name of Formation</b>	<b>Para ID</b>	<b>No of Cases</b>	<b>Tax Not Realized</b>
1	ETO, (Tie-up), Lahore	2022-0000005592_F00006	7	26.964
2	ETO, (Tie-up), Lahore	2022-0000005592_F00005	4,119	11,288.856
<b>Total</b>			<b>4,126</b>	<b>11,315.82</b>

This resulted into un-lawful registration of vehicles which indicates ineffective administrative controls and malafides on part of management.

The matter was reported to the respective formations as well as to the Principal Accounting Officer in November 2022, but no reply was offered.

DAC meeting was convened in January 2023 and the department stated that the vehicles have already been suspended and verification is under process. However, audit is of the view that the concerned unit of army has declared the certificates as bogas. Therefore, the committee directed the department to initiate the disciplinary proceeding at administrative department level for fixing the responsibility and FIRs be lodged against the person submitted the bogas certificates besides

ensuring that registration of vehicles be cancelled and vehicles be impounded after adopting due process of law.

Audit recommends to inquire into the matter at Administrative department level for fixing the responsibility against the persons at fault besides impounding all unlawfully registered vehicles after registration of FIRs.

#### ***2.4.26 Irregular registration of vehicles without scanning of import documents***

The department vide Notification No. SOPsSCANNING/MV Doc/Tax-1 dated 22<sup>nd</sup> July 2020 issued a Standard Operating Procedures for scanning of motor vehicle registration and post registration transactions documents for strict compliance.

During audit of the Motor Registering Authority (Non-tie up) Lahore for 2019-22, it was observed that the registering authorities registered 304 imported vehicles without observing the above mentioned SOP as scanning of files and supporting document of custom clearance, custom laboratory report, invoices and payment challans of custom fee were not available.

This has resulted into un-authorized registration of vehicles without imported documents which indicates ineffective financial and administrative controls

The matter was reported to the respective formations as well as to the Principal Accounting Officer in November 2022, but no reply was offered.

DAC meeting was convened in January 2023 and the department stated that the vehicles were registered after adopting the due process and scanning was not available due to expiry of contract but shadow files are

being maintained by the department till renewal of contract. Upon justification of department, the committee directed the department to produce shadow files to audit for verification.

Audit recommends that import documents related to imported vehicles be provided and matter be probed to fix the responsibility.

*[Para ID 2022-0000005591\_F00013-B]*





## CHAPTER 3

### THE PUNJAB REVENUE AUTHORITY

#### 3.1 A) *Introduction*

According to Sales Tax Act, 1951, sales tax on services was the Federal Subject. The Federal Government, however, asked Provinces in year 2000 to introduce legislations to manage Provincial Sales Tax on Services. Further, 18<sup>th</sup> Constitutional Amendment read with 7<sup>th</sup> NFC Award empowered the provinces to collect and administer sales tax on services.

Accordingly, the Punjab Government established the Punjab Revenue Authority (PRA), as an autonomous organization under the administrative control of Finance Department, with automated tax payment and collection system on 1.07.2012. It also enacted the Punjab Sales Tax on Services Act, 2012 in supersession of the Punjab Sales Tax Ordinance, 2000.

#### B) *Comments on Budgeted Receipts (Variance Analysis)*

During the Financial Year 2021-22, the Punjab Revenue Authority collected an amount of Rs.165 billion against the revised targets of Rs. 161 billion.

A comparison of original budgeted revenue estimates, revised estimates and actual receipts for the year 2021-22 is tabulated below. The variation between the revenue target and actual receipts is depicted both in absolute and percentage terms:

(Rs. in million)

Variance Analysis for Punjab Revenue Authority 2021-22							
S #	Category	Head of Account	Budgeted Estimates	Revised Estimates	Actual receipts as per Financial Statement	Variation excess/ (less) Col.6-5	Percentage of Variation
1	2	3	4	5	6	7	8
1	Punjab Sales Tax on Services	B0-2385	150,900	160,500	165,461.52	4961.52	3.09

(Data Source: 1. Annual Budget Statement 2022-23 2. Civil Accounts Govt. of Punjab)

The above figures highlight that the actual receipts were 3.09% greater than the revised revenue estimates for the financial 2021-22. The original revenue estimates were decreased by 5.98%. The management needs to analyze the causes of revenue shortfalls and take corrective action accordingly.

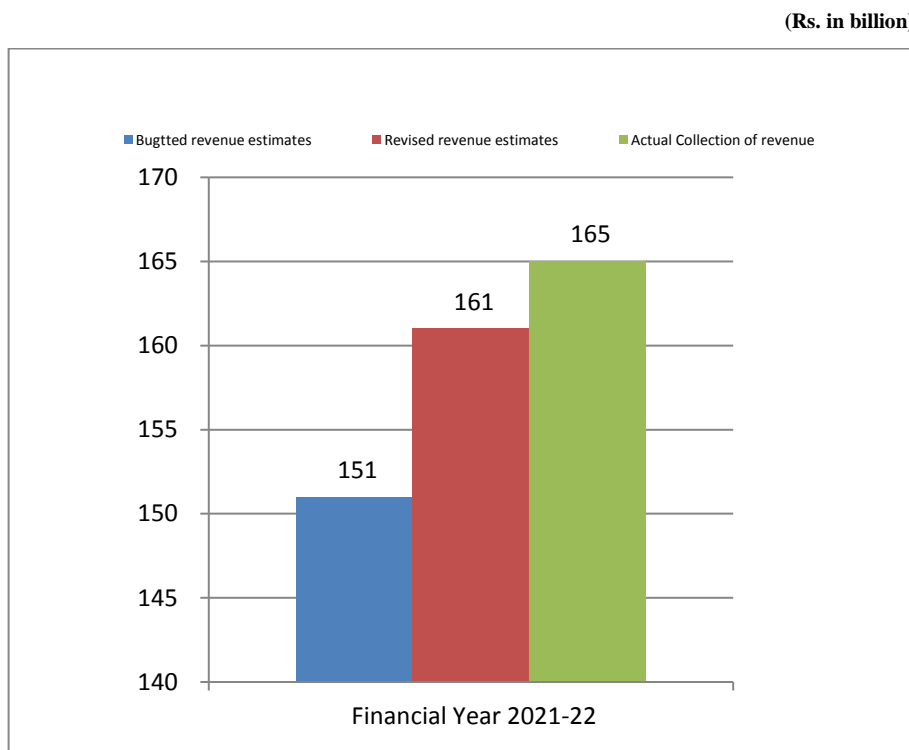
The Punjab Revenue Authority achieved its revenue targets during the financial year 2021-22. Comparison of receipts targets and actual receipts for the financial year 2019-20 and 2021-22 is given below in the table:

(Rs. in billion)

Year	Budgeted Estimates	Revised Estimates	Actual receipts as per Financial Statement
2020-21	121	137	138
2021-22	151	161	165

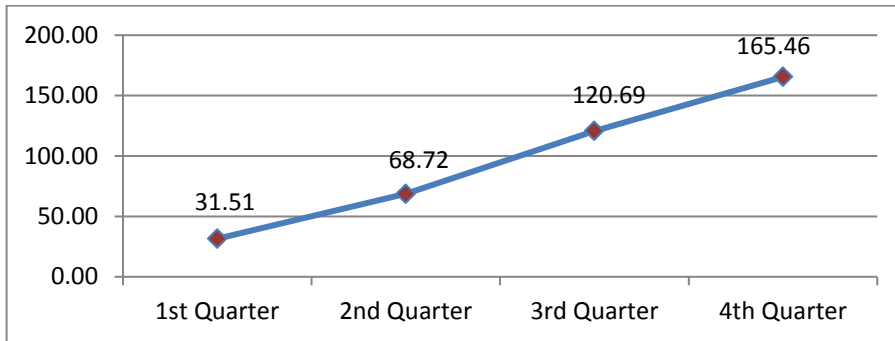
The above figures show that actual receipts in 2021-22 were more than that of financial year i.e. 2020-20. The Punjab revenue authority has exceeded in realizing its revised revenue targets.

The comparison of budgeted revenue estimates, revised revenue estimates and actual collection of department for the financial year 2021-22 also given in the following graph;



The above graph shows that the actual receipts were below than the original estimates and greater than revised estimates.

The quarterly tax revenue collection during the financial year 2021-22 was as under:



The above line chart is showing the upward trend of revenue collected by the department quarterly. However, the pace of increase is not very significant.

#### ***Audit profile of Punjab Revenue Authority***

*(Rs. in million)*

Sr. No	Description	Total No	Audited	Revenue/Receipts audited FY 2021-22
1	Formations	1	1	123,774
2	Assignment Accounts SDAs	-	-	-
3	Authorities /Autonomous Bodies etc Under the PAO	-	-	-
4	Foreign Aided Projects (FAP)	-	-	-

### **3.2    *Classified Summary of Audit Observations***

Audit observations (recoveries) amounting to Rs. 29,766.31 million were raised in this report during the current audit of Punjab Revenue Authority.

#### ***Overview of Audit observations***

<i>(Rs. in million)</i>		
<b>Sr. No</b>	<b>Classification</b>	<b>Amount</b>
1	Irregularities (Non/less realization of Govt. revenue)	29,766.31

### **3.3    *Brief Comments on the Status of Compliance with PAC Directives***

No PAC meeting was held till the finalization of the report.

## 3.4 AUDIT PARAS

### *Irregularities*

#### ***3.4.1 Non-recovery of Punjab sales tax assessed against the defaulters of tax – Rs. 14,302.293 million***

According to section 24(1) of the Punjab Sales Tax on Services Act 2012 “where on the basis of any information acquired during an audit, inquiry, inspection or otherwise, an officer of the Authority is of the opinion that a registered person has not paid the tax due on taxable services provided by him or has made less payment, the officer shall make an assessment of the tax actually payable by that person and shall impose a penalty and charge default surcharge in accordance with sections 48 and 49 of the Act.

During audit of assessment registers maintained by Punjab Revenue Authority for the year 2020-21, it was noticed that the assessing authority had assessed an amount of Rs. 14,302,293,328 which was still recoverable from various tax payers on account of PST and penalties in the light of assessment orders passed by adjudicating authorities under section 24 of the Act *ibid*.

Audit is of the view lack internal controls and non-pursuance by the management resulted in non-recovery of Punjab sales tax on services.

The matter was reported to the Authority in May, 2022 but no reply was received.

DAC meeting was not convened till finalization of the report.

Audit recommends to initiate proper recovery proceedings under the law against tax defaulters besides strengthening internal controls.

*[Para ID 2022-0000000878\_F00001]*

### ***3.4.2 Non-Recovery of the withholding tax -Rs.10,031.906 million***

According to section 52 of the Punjab Sales Tax on Services Act 2012 “Where by reason of inadvertence, error, misconstruction or for any other reason any tax or charge has not been levied or has been short levied the person liable to pay such amount of the tax or charge shall be served with a notice. Penalty and charge default surcharge in accordance with sections 48 and 49. Arrears of Tax recoverable under section 70 of the act *ibid*.

Scrutiny of assessment registers under audit of Punjab Revenue Authority for the year 2020-21 revealed that withholding agents did not deposit the tax amounting Rs. 10,031,906,374 as prescribed, even after the issuance of assessment orders for recovery of tax. The authority needed to recover the withholding tax along with penalty (if any) from the defaulters

Audit is of the view that non-pursuance by the management resulted in non-Recovery of the withholding tax amounting Rs. 10,031,906,374.

The matter was reported to the Authority in May, 2022 but no reply was received.

DAC meeting was not convened till finalization of the report.

Audit recommends to initiate proper recovery proceedings under the law against defaulters besides strengthening internal controls.

*[Para ID 2022-0000000878\_F00002]*

### ***3.4.3 Non-Imposition of penalty on non-filing of return for sales tax on services -Rs.107.432 million***

According to Section 2(17) of the Punjab Sales Tax on Services Act 2012 defines the due date as “in relation to the furnishing of a return under Chapter VI means the 15<sup>th</sup> day of the month following the end of the tax

period, or such other date as the Authority may, by notification in the official Gazette, specify; and rule 48 (2) of act ibid as follows”

2. Where any person fails to furnish a return within the due date, such person shall be liable to pay a penalty of ten thousand rupees provided if a return is not filed within fifteen days of the due date, a penalty of hundred rupees for each day of default shall be levied.

During scrutiny of computerized system maintained by Punjab Revenue Authority for the year 2020-21 revealed that certain registered persons did not file the tax returns as prescribed nor paid the tax but no action had been taken under the relevant provision of law. Hence, no penalty was imposed what so ever, resultantly penalties of Rs. 107,432,000 are recoverable.

Audit is of the view that tax enforcement gaps by the management resulted in non-imposition of penalty on non-filing of return for sales tax on services Rs 107,432,000.

The matter was reported to the Authority in May, 2022 but no reply was received.

DAC meeting was not convened till finalization of the report.

Audit recommends that proper proceedings need to be taken against the non- filers in order to ensure recovery.

[Para ID 2022-0000000878\_F00003]

#### ***3.4.4 Non assessment of default surcharge – Rs. 82.476 million***

According to section 49 of the Punjab Sales Tax on Services Act 2012 “if a registered person does not pay the tax due or any part thereof, whether willfully or otherwise, on time or in the manner as specified under the act, rules or notification or procedures issued thereunder, he shall in



addition to the tax due and any penalty under section 48 of the Act, pay the default surcharge at the prescribed rate.

During scrutiny of computerized system maintained by Punjab Revenue Authority for the year 2020-21, it was observed that in 3068 cases, the registered persons of the Punjab Revenue Authority had filed their monthly tax returns after the due date prescribed under section 2(17) of the Act but default surcharge amounting Rs. 82,476,545 leviable under the law was neither imposed by the authority nor paid by the return filers.

Audit is of the view that weak internal controls and inaction on part of management resulted into non-recovery of govt. revenue amounting Rs. 82,476,545.

The matter was reported to the Authority in May, 2022 but no reply was received.

DAC meeting was not convened till finalization of the report.

Audit recommends that proper proceedings be initiated against defaulters as prescribed in Act and automated system in this regard be activated in IT system for assessment and collection of default surcharge.

*[Para ID 2022-0000000878\_F00005]*

#### ***3.4.5 Short payment of tax by the hotels, motels and guest houses- Rs. 53.170 million***

According to Sr. No 01 of the 2<sup>nd</sup> schedule, to the Punjab Sales Tax on Services Act 2012, states that the services provided by Hotels, Motels and Guest Houses will be charged @ 5% without input adjustment for non-corporate, non-franchise, chain businesses with less than 20 rooms and 16% for all others.

During the course of audit of PRA for the period 2020-21, it was observed that a number of service providers, under the category Hotels, Motels and Guest houses, are paying less tax amounting Rs. 53,170,499 as prescribed above but action in this regard has not been taken against the persons.

Audit is of the view that inaction on part of management resulted into short payment of tax from owners of Hotels, Motel and Guest Houses amounting Rs. 53,170,499 (Annex-11).

The matter was reported to the Authority in May, 2022 but no reply was received.

DAC meeting was not convened till finalization of the report.

Audit recommended that said cases be followed properly besides recovery of outstanding tax from the defaulters.

*[Para ID 2022-0000000878\_F00006]*

### **3.5 Paras of Special Study on Assessment & Collection of Provincial Sales Tax**

#### ***3.5.1 Diversion of PST deposits by banks to FBR due to negligence causing loss to provincial exchequer - Rs. 4,569.858 million***

As per Rule 4.1 of the Punjab Financial Rules (PFR. Vol-I), it is the duty of the revenue department concerned to see that the dues of government are regularly paid into treasury.

Examination of partial reconciliations made by Punjab Revenue Authority and correspondence with different banks made in 2018 revealed that an amount of Rs. 4,569,858,000 was wrongly transferred to Federal Board of Revenue due to negligence of National Bank of Pakistan and staff of Punjab Revenue Authority. The staff of National Bank of Pakistan either intentionally or un-intentionally transferred the deposited amount of Punjab sales tax on services into Federal Board of revenue account by simply saying that Punjab sales tax on services was not mentioned on their control sheet.

The negligence of PRA staff and non-existence of internal controls for reconciliations of monthly figures with NBP and Treasury for years causing loss to provincial exchequer for Rs. 4,569,858,000.

The matter was pointed out to the concerned formation during June, 2019, but no reply was offered.

The matter was further reported to the Administrative Department in June, 2019. Neither any reply was received nor DAC meeting convened.

Audit recommends that the diversion of PST deposits needs to be investigated followed by remedial action.

*[Para No. 4.1.1 Special Study on Assessment & Collection of PST, PRA]*

### ***3.5.2 No mechanism for monitoring of Punjab sales tax on taxable activities of non-indigenous origin.***

According to Section 4 (1) of the Punjab Sales Tax on Services Act 2012, where a person is providing taxable services in a Province other than the Punjab but the recipient of such services is resident of the Punjab or is otherwise availing such services in the Punjab and has charged tax accordingly, the person providing such services shall pay the amount of tax so charged to the Government.

Section 4 (4) of the Punjab Sales Tax on Services Act 2012 ,states that where rendering of a taxable service originates from the Punjab but terminates outside Pakistan, such person shall be required to pay tax on such service to the Government. Moreover, Section 4(5) of the Punjab Sales Tax on Services Act 2012 states where a taxable service originates from outside Pakistan but is received or terminates in the Punjab, the recipient of such service shall be liable to pay the tax to the Government.

However, upon perusal of data available with audit, PRA failed to cater to the major revenue yielding sector of import of such services to bring it in the tax net in following cases:

- i) Advertisement services provided by the Facebook, Google, YouTube and others.
- ii) Information technologies services.
- iii) Consultancy services.
- iv) Services of Uber and Cream.
- v) Franchise services offered by foreign companies to its branch holders in Punjab like Nestle, Shell, Total Petroleum, McDonalds, Honda, and Suzuki etc.

Audit is of the view that inaction and non-existence internal controls resulted in non-recovery of Punjab sales tax on taxable activities of non-indigenous origin

The matter was pointed out to the concerned formation during June, 2019, but no reply was offered.

The matter was further reported to the Administrative Department in June, 2019. Neither any reply was received nor DAC meeting convened.

Audit recommends to evolve a streamlined tax enforcement mechanism for imposition of Punjab Sales Tax on import of services for getting them registered for ensuring recovery of the taxes liable to be levied.

*[Para No. 4.1.3 Special study on Assessment & Collection of PST, PRA]*

### ***3.5.3 Short-declaration of turnover in monthly returns resulting short payment of Punjab sales tax –Rs. 15.326 million***

According to Section 35 of the Punjab sales tax on Services Act 2012, every registered person shall furnish, not later than the due date, a true, correct and properly filled up return in the prescribed form to a designated bank or any other office specified by the Authority, indicating the tax due and paid during a tax period and such other information or particulars as may be prescribed by the Authority.

Contrary to the above provision of law, during scrutiny of the tax data of two companies, it was observed that they had declared turnover in their returns less than that of the actual volume of taxable activity performed during the period 2015-16 to 2017-18 which resulted into short-payment of Punjab sales tax of Rs. 15,326,185 as details below:

Sr. No	Name of tax-payer	Period	Turnover declared in returns	Actual Turnover	Less declaration	PST Involved
1	Awami System Technologies	2014-15	22,548,000	22,548,000	-	-
		2015-16	23,255,362	45,653,667	22,398,305	3,583,729
		2016-17	30,289,425	30,193,191	(96,234)	(15,398)
PST Due						3,568,331
2	Pakistan Revenue Automation (Pvt) Limited (PRAL)	2015-16	109,299,684	93,232,684	(16,067,000)	-
		2016-17	62,400,000	116,026,317	53,626,317	8,580,211
		2017-18	84,082,000	120,009,270	35,927,270	5,748,363
PST Due			255,781,684	329,268,271	73,486,587	11,757,854
Total short declaration of PST						15,326,185

Audit is of the view that inaction and non-existence internal controls resulted in short payment of Punjab sales tax –Rs. 15.326 million

The matter was pointed out to the concerned formation during June, 2019, but no reply was offered.

The matter was further reported to the Administrative Department in June, 2019. Neither any reply was received nor DAC meeting convened.

Audit recommends to initiate recovery proceedings for short declaration of turnover by the companies and impose penalties warranted in these cases besides ensuring recovery of tax.

*[Para No. 4.2.1 Special study on Assessment & Collection of PST, PRA]*

### ***3.5.4 Non-creation of demand of Punjab sales tax causing loss of Rs. 359.517 million***

According to Sr. No. 8 of the Second Schedule of the Punjab sales tax on Services Act 2012, services provided by banking companies, cooperative financing societies, modarbas, musharikas, ijarahs, leasing

companies, non-banking financial institutions and other persons, businesses or enterprises providing or dealing in any such services falling under heading 98.13 are liable to pay the Punjab sales tax @ 16% of the service charges.

During the study, it was, however, observed from the Annual Audit Reports of M/S Akhuwat Islamic Microfinance that it had received the services charges on loan disbursement at different rates from different clients like Punjab Small Industries Corporation (PSIC), TEVTA etc. During the years 2015, 2016 and 2017 but Punjab sales tax on these services charges was neither assessed nor demand notices for recovery of the amount were issued. This resulted in non-assessment/recovery of PST to the tune of Rs. 359,517,750 during that period. The details of services charges collected by M/s. Akhuwat Islamic Micro Finance are as under:

<b>Year</b>	<b>Type of Service</b>	<b>Service charges Received</b>	<b>PST 16%</b>
2015	Loan Disbursement	404,809,107	64,769,457
2016	Loan Disbursement	703,348,073	112,535,692
2017	Loan Disbursement	1,138,822,505	182,211,601
<b>Total PST Due</b>			<b>359,516,750</b>

Audit is of the view that inaction and non-existence internal controls resulted in non-creation of demand of Punjab sales tax causing loss of Rs. 359.517 million.

The matter was pointed out to the concerned formation during June, 2019, but no reply was offered.

The matter was further reported to the Administrative Department in June, 2019. Neither any reply was received nor DAC meeting convened.

Audit recommends immediate creation of demand against the enterprise and ascertain the actual amount of tax payable in the remaining years as well.

*[Para No. 4.2.4 Special study on Assessment & Collection of PST, PRA]*

### ***3.5.5 Non-collection of Punjab sales tax on architectural services being provided by housing sector-Rs. 240.338 million***

According to Sr.NO 34 of the 2<sup>nd</sup> Schedule of Punjab Sales Tax on Services Act, 2012, services provided by architects, town planners, landscapers, landscape designers and interior decorators falling under heading 98.14, are liable to pay the Punjab sales tax @ 16% of the service charges.

During the study it was observed that Punjab Revenue Authority did not assess the tax for provision of services at the time of approval of maps of houses/commercial properties provided by M/s Bahria Town (Pvt) Ltd as the company is charging huge amount on account of design charges on designing the map to their clients but Punjab sales tax @ 16% of the charges was neither assessed by the Authority nor paid by the developer since the date of its imposition.

As per data of constructed units in Bahria Town at Lahore and Rawalpindi taken from the record of Excise and Taxation Department Punjab, sales tax to the tune of Rs. 240,338,400 remained un-assessed/un-paid as detailed below:

Sr.	Bahria Town Location	Type	Area in Marla	No of Constructed Units	Rate of Design	Total Value	PST 16%
1	Lahore	Residential	5	1210	90000	108,900,000	17,424,000
	Lahore	Residential	10	2677	180000	481,860,000	77,097,600
	Lahore	Residential	1 Kanal & above	2045	250000	511,250,000	81,800,000
	Lahore	Commercial	5	312	350000	109,200,000	17,472,000
	Lahore	Commercial	10	195	700000	136,500,000	21,840,000



Sr.	Bahria Town Location	Type	Area in Marla	No of Constructed Units	Rate of Design	Total Value	PST 16%
	Lahore	Commercial	1 Kanal & above	47	1400000	65,800,000	10,528,000
2	Rawalpindi	Residential	10	289	180000	52,020,000	8,323,200
	Rawalpindi	Residential	1 kanal	86	250000	21,500,000	3,440,000
	Rawalpindi	Residential	2 kanal	7	405000	2,835,000	453,600
	Rawalpindi	Commercial	4 Marla	4	250000	1,000,000	160,000
	Rawalpindi	Commercial	4 marla	45	250000	11,250,000	1,800,000
<b>Total</b>							<b>240,338,400</b>

Audit is of the view that inaction and non-existence internal controls resulted in non-creation of demand of Punjab sales tax causing loss of Rs. 240,338,400.

The matter was pointed out to the concerned formation during June, 2019, but no reply was offered. The matter was further reported to the Administrative Department in June, 2019. Neither any reply was received nor DAC meeting was convened.

Audit recommends that efforts need to be made to get the information of all housing societies working in Punjab who are providing such types of services in order to recover the amount involved.

*[Para No. 4.2.5 Special Study on Assessment & Collection of PST, PRA]*

### ***3.5.6 Non-assessment of Punjab Sales Tax on Technical Inspection and Certification services -Rs. 3.993 million***

According to Sr. No. 23 of the 2<sup>nd</sup> Schedule of the Punjab Sales Tax on Services Act, 2012, services provided by technical, scientific & engineering consultants including technical inspection and certification services, quality control (standards' certification), technical analysis and testing, erection, commissioning and installation services are chargeable Punjab sales tax @ 16% of the service charges.

During study of Punjab sales tax on services found that the Opus Inspection (Pvt) Ltd was not registered with Punjab Revenue Authority but audit point of view is that this company is liable to be registered with PRA as the company providing Fitness certificates and inspection services to Transport department under the project Vehicles Inspection and Certification System (VICS) and charged fee amounting to Rs. 24,961,973 from Transport Department but PST leviable @ 16 % of the service charges amounting to Rs. 3,993,916 was neither assessed nor paid by the company during the year 2016-17 as details below:

<b>Sr. No</b>	<b>Name of Inspection Station</b>	<b>Amount (Rs.)</b>	<b>PST due</b>
1	VICS Green Town station	13,395,284	2,143,245
2	VICS Kala Shah Kako station	11,566,689	1,850,670
<b>Total</b>		<b>24,961,973</b>	<b>3,993,916</b>

Audit is of the view that inaction and non-existence internal controls resulted in non-creation of demand of Punjab sales tax causing loss of Rs. 3,993,916.

The matter was pointed out to the concerned formation during June, 2019, but no reply was offered.

The matter was further reported to the Administrative Department in June, 2019. Neither any reply was received nor DAC meeting convened.

Audit recommends the authority itself to work for assessment of tax due for the year 2017-18 and onward and ensure recovery.

*[Para No. 4.3.3 Special study on Assessment & Collection of PST, PRA]*

## **CHAPTER 4**

### **TRANSPORT DEPARTMENT**

#### ***4.1 Introduction***

Transport Department was established in the year 1987. Previously, it existed as Transport Cell in the Services, General Administration and Information Department under the supervision of the Additional Chief Secretary Government of Punjab.

The Punjab Provincial Transport Authority is a statutory body constituted under Section 46 of the Motor Vehicles Ordinance, 1965 and is an important satellite organization of the Transport Department to regulate the Public Transport in the Province.

The Punjab Provincial Transport Authority exercises and discharges various functions under the Motor Vehicles Ordinance, 1965 throughout the province, whereas, the District Regional Transport Authorities established at each district of the province to exercise power and functions conferred by the Motor Vehicles Ordinance, 1965, within their respective territorial jurisdictions.

#### ***Core Operational Activities***

- Route permit fee,
- License fee for bus/wagon stands,
- License fee for carrying the business of goods forwarding,
- Fitness fee from different categories of public transport and
- License of bus body building workshop

The main source of income of the department is from issuance and renewal of route permits & motor vehicles fitness certificates. The revenue from these two sources is collected under the heads of account “B-02812” and “B-02811” respectively.

Route permit fee is levied under Motor Vehicle Ordinance, 1965 and rules made there under. Route permits to the owners of commercial vehicles are issued under the said law for a specific period. On expiry, these are renewed on payment of prescribed fee. In case of renewal of route permit, the owner shall make application one month before the expiry of the permit on the application forms and paid the dues as prescribed. In case of application submitted after the stipulated period, late fee on prescribed rates per month or part thereof is charged.

### ***Audit profile of Transport Department***

*(Rs. in million)*

<b>Sr. No</b>	<b>Description</b>	<b>Total No</b>	<b>Audited</b>	<b>Revenue/Receipt audited FY 2021-22</b>
1	Formations	75	3	646.18
2	<ul style="list-style-type: none"> <li>• Assignment Accounts</li> <li>• SDAs</li> </ul>	-	-	-
3	Authorities /Autonomous Bodies etc. Under the PAO	-	-	-
4	Foreign Aided Projects (FAP)	-	-	-

### ***(B) Comments on Budgeted Receipts (Variance Analysis)***

During the Financial Year 2021-22, the Transport Department of the government of Punjab collected an amount of Rs. 1058.67 million against the revised estimates of Rs. 991 million.

A comparison of budget estimates, revised estimates and actual receipts for the year 2021-22 is tabulated below. The variation between the revised estimates and actual receipts is depicted both in absolute and percentage terms:

(Rs. in million)

Variance Analysis for Transport Department 2021-22							
S #	Category	Head of Account	Budgeted Estimates	Revised Estimates	Actual receipts as per Financial Statement	Variation excess/ (less) Col.6-5	Percentage of Variation
1	2	3	4	5	6	7	8
1	Fitness Fee	B02811	75.25	105.50	127.783	22.283	21.12
2	Route Permit Fee	B02812	625.00	885.50	930.387	44.887	5.07
<b>Total</b>			<b>700.25</b>	<b>991</b>	<b>1,058.17</b>	<b>67.17</b>	<b>6.79</b>

(Data Source: Annual Budget Statement 2022-23, Civil Accounts 2021-22, Govt. of Punjab)

The above figures highlight that the actual receipts against Fitness Fee & Route Permit Fee of the Transport Department was 6.83% greater than the revised estimates of the receipts. The variation between the original budgeted receipts (Rs. 700.25 million) and actual receipts (Rs. 1058.17 million) collected was Rs. 357.92 million. The budgeted receipt targets during the year were revised from 700 million to 991 million.

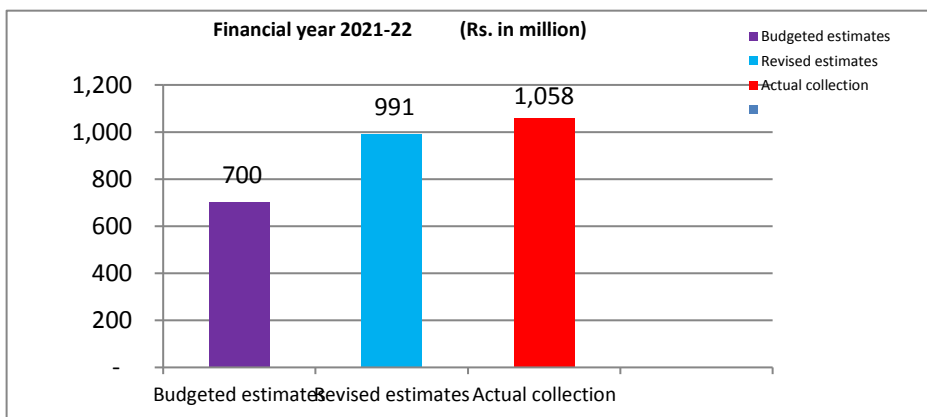
Comparison of receipts targets and actual receipts for the financial year 2019-20 and 2021-22 is given below in the table:

(Rs. in million)

Year	Budgeted Estimates	Revised Estimates	Actual receipts as per Financial Statement
2020-21	675	600.1	682.372
2021-22	700.25	991	1058.17

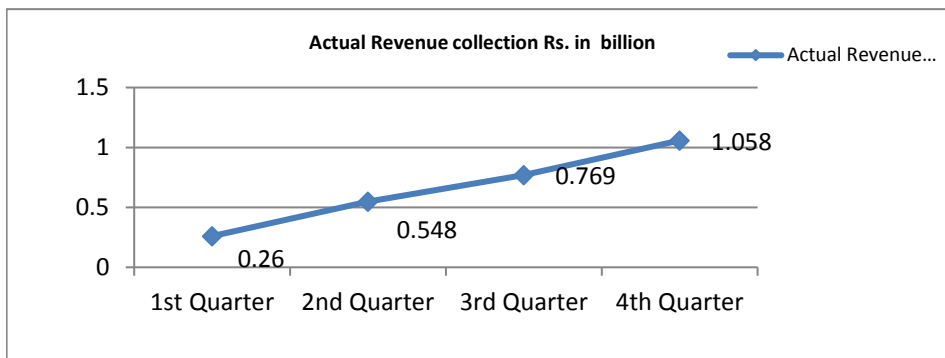
The above figures show that actual receipts in 2021-22 were greater than the previous year i.e 2020-21. However, the revised estimates in 2020-21 were 11.09 percent less than original estimates whereas in 2021-22 revised estimates were 41.52 percent more than the original estimates.

The comparison of budgeted revenue estimates, revise revenue estimates and actual collection of department for the financial year 2021-22 also shown in the following graph:



The above line chart shows an incremental upward trend of revenue

The quarterly tax revenue collection during the Financial Year 2021-22 was as under:



collected by the department in 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> quarter

#### ***4.2 Classified Summary of Audit Observations***

Audit observations (recoveries) amounting to Rs. 57.610 million pertaining to Provincial Receipts were raised in this report during the current audit of Transport Department.

##### ***Overview of Audit observations***

*(Rs. in million)*

Sr. No.	Classification	Amount
1	Irregularities (Non/less realization of Govt. revenue)	57.610
2	Value for money and service delivery issues	0

#### ***4.3 Brief comments on the status of compliance with PAC Directives***

The status of compliance with PAC Directives, for reports discussed so far, is given below:

<b>Sr No</b>	<b>Audit Report Year</b>	<b>Total Paras</b>	<b>Compliance received</b>	<b>Compliance not received</b>	<b>Percentage of compliance</b>
1	1985-1986	1	1	0	100
2	1986-1987	1	0	1	0
3	1990-1991	2	1	1	50
4	1992-1993	1	0	1	0
5	1993-1994	1	0	1	0
6	1996-1997	1	0	1	0
7	1997-1998	1	0	1	0
8	1998-1999	1	1	0	100
9	1999-2000	2	2	0	100
10	2000-2001	1	0	1	0
11	2001-2002	1	1	0	100
12	2006-2007	2	1	1	50
13	2007-2008	3	1	2	33
14	2009-2010	3	1	2	33
15	2011-2012	2	2	0	100
16	2013-2014	2	2	0	100
<b>Total</b>		<b>25</b>	<b>13</b>	<b>12</b>	<b>52</b>

The compliance with PAC Directives in Transport Department is 100 percent for Audit years 1985-86, 1998-99, 1999-2000, 2001-02, 2011-12& 2013-14. For other years, department needs to be more proactive. No PAC meeting was held regarding Audit Reports 2014-15 to 2021-22.



## **4.4 AUDIT PARAS**

### ***Irregularities***

#### ***4.4.1 Non-deposit of fitness fee and route permit fee into consolidated fund- Rs. 35.548 million***

Article 118 of the Constitution of the Islamic Republic of Pakistan states that “ all revenues received by the Provincial Government, all loans raised by that Government, and all moneys received by it in repayment of any loan, shall form part of a consolidated fund, to be known as the Provincial Consolidated Fund.

During examination of the record of the Secretary Regional Transport Authority, Lahore for the year 2021-22, it was observed that 46,458 Vehicles were inspected at Green Town and Kala Shah Kaku Station through VICS but fitness fee of Rs. 25,404,478 (including late fee) and route permit fee collected by LTC of Rs. 10,143,150 were not deposited into consolidated fund.

Ignorance of law and ineffective financial controls resulted into non deposit of fee into consolidated fund amounting Rs. 35,547,628.

The matter was reported to the respective formation as well as to the Principal Accounting Officer in November, 2022. But no reply was received.

DAC meeting was not convened till finalization of the report despite issuance of reminders in December 2022.

Audit recommends that amount of tax collected by all Vehicle Inspection Certification System Stations and Lahore Transport Company till 2021-22 be immediately deposited into the Consolidated fund.

*[Para -ID 2022-0000005590\_F00004]*

#### **4.4.2 Loss of government revenue due to non- renewal of expired route permits-Rs. 2.777 million**

Section 34 (1) (b) and Section 60 of the Motor Vehicles Ordinance 1965, read with rules 64 (2), 85 and 91 of the Motor Vehicles Rules, 1969 states that a route permit, issued for a specific period, is required either to be renewed annually on payment of prescribed fee or surrendered to the issuing authority. In case of default, registration of such vehicle is liable to suspension. Moreover, under Section 115 of the Ordinance, 1965, the vehicle can be impounded as well.

During examination of the record of the two (02) District Regional Transport Authorities for the financial year 2021-22, it was observed that route permit renewal fee amounting Rs. 2,777,480 was not recovered from 381 route permit holders nor permits were cancelled.

Audit is of the view that this negligence on the part of the management resulted in non-realization of potential revenue amounting to Rs. 2,777,480 which indicates ineffective financial controls.

*(Amount in Rupees)*

<b>Sr. No</b>	<b>Name of Formation</b>	<b>PDP No</b>	<b>No of Cases</b>	<b>Amount Pointed Out</b>
1.	Secretary DRTA Faisalabad	2022-0000005877-F00001	59	535,550
2.	Secretary DRTA Lahore	2022-0000005590-F00001	322	2,241,930
<b>Total</b>			<b>381</b>	<b>2,777,480</b>

The matter was reported to the respective formations as well as to the Principal Accounting Officer in November, 2022. But no reply was received.

No SDAC meeting was convened till the finalization of this report despite issuance of reminders in December, 2022.

Audit recommends immediate recovery of government dues without further delay besides strengthening internal controls.

#### ***4.4.3 Non-Realization of Punjab sales tax and Income tax on processing fee charged by LTC – Rs. 19.285 million***

According to Sr. No. 23 & 39 of second schedule of Punjab Sales Tax on Services Act 2012, 16% Punjab Sales Tax (PST) was levied on (i) Services provided by technical, scientific & engineering consultants, including technical inspection and certification services, quality control, According to Section 153 of Income Tax Ordinance 2001, DDO was required to withhold Income tax at source @ 6.5 % for supplies (non-registered) and 10 % for service rendered and 15% (non-registered) while making payment to the firms/personal

During examination of the record of the Secretary Regional Transport Authority, Lahore for the year 2021-22, it was observed that issuance of route permit in Lahore has been entrusted to LTC and LTC is allowed to charge the route permit processing fee for issuance of route permit. But administrative department has failed to get adhered the provisions of Punjab sales tax on service 2012 as no tax was charged by LTC since 2016

Ignorance of law and ineffective financial controls on the part of the Administrative Department resulted in non-realization of taxes of Rs. 19,284,720 which indicates.

The matter was reported to the respective formation as well as to the Principal Accounting Officer in November, 2022. But no reply was received.

DAC meeting was not convened till finalization of the report despite issuance of reminders in December 2022.

Audit recommends to recover the said taxes from the company after initiating the proceedings under the law.

[Para-ID 2022-0000005590\_F00003]



## **CHAPTER 5**

### **THEMATIC AUDIT OF ILLEGAL OCCUPATION OF STATE LAND**

#### **5.1 INTRODUCTION**

Encroachment of public land and buildings is a legal offence. Yet, property laws in Punjab have turned out to be inadequate to prevent illegal public property grabbing and recurrence thereof, even if these encroachments are removed at intermittent intervals. The encroachment process gradually gains momentum due to following factors:

- (i) Lack of periodical monitoring and surveillance;
- (ii) Collusive practices of Government functionaries;
- (iii) Inaction and inattention of land revenue administration;
- (iv) Weakening of Social bondage.

The Government lands are for the welfare of the public in general and to create a common infrastructure for the usage and benefit of the people. Thus, the encroachment of Government land cannot be treated ordinarily and should be treated as a grave offence against the State.

#### **5.2 BACKGROUND**

Maintenance and proper management of state land and building is considered as an important responsibility of the government as far as the acquisition, controlling, maintaining, utilizing and disposing of the public property is concerned. Encroachment of public property by unscrupulous individuals and land grabbing syndicates thus precipitates a painful process of exploiting state's valuable assets and revenues or rental receipts to be realized therefrom. The issues of encroachment of public property are

emanating from challenges braced by the civil administration. It is immensely vital for the civil administration to curb instances of mal governance, corruption and collusive practices of public functionaries as and when writ of the state is flouted with impunity by land grabbers. This governance failure accentuates in the wake of connivance, dereliction of duty, negligence, inefficiency and disregard of due diligence regarding the encumbrance free custody and prudent utilization of state lands and building.

### **5.3 ESTABLISHING THE AUDIT THEME**

#### **5.3.1 *Reasons for selection***

1. The state land is a core resource of Government of the Punjab and main issue regarding state land is encroachment which not only deprives government of the precious assets but also entails syphoning off the potential flows of revenue.
2. The public entities thus deprived of the custody and control of state land, are unable to realize rental proceeds of the valuable assets and are also embroiled in frivolous litigation.
3. Shift of focus is due on checking whether the Government is implementing laws effectively that regulate the ownership, transfer, acquisition, lease rent realization, registration, tenancy, and settlement or rehabilitation etc. of state owned immovable property. It is imperative to evaluate and review land administration system from the perspective of good governance.
4. BOR essentially is a body geared to collect land revenue for the Government. Over the years, the revenue collection role has become secondary to the BOR's role of being the custodian of the records of rights to land.

5. Over the long-term, the Government intends to move to a title-based system of land registration which will be parcel based and link text and spatial data effectively. This will entail significant institutional, legal and policy changes, as well as investment in human resource development and information systems.
6. There is also a missing connectivity of the government institutions to resolve the disputes of encroachment of public property coupled with an urgency to put a strong emphasis on business process reengineering (BPR).
7. The land management encompasses the range of land administration functions that include the areas of land tenure (securing and transferring rights in land and natural resources); land value (valuation and taxation of land and properties); land use (planning and control of the use of land and natural resources); and land development (implementing utilities, infrastructure, construction planning, and schemes for renewal and change of existing land use). There is no single agency maintaining updated land records for all of Punjab, and the coordination in record keeping functions being carried out by the various agencies is limited.
8. Land administration systems are semi-automated systems subject to limited public access, and at significant risk of data loss and failure due to lack of interoperability.
9. There is a need to underpin the identified barriers coupled with elaborated descriptions, implications and recommended measures presenting a brief summary of analysis of the barriers and future directions.
10. The topic selection is relatable to the Sustainable Development Goals (SDG) no.16 with a focus and shift of emphasis pegged to

target 16.6 for developing Effective, Accountable and Transparent institutions at all levels besides target 16.5 envisaging to substantially reduce corruption and bribery.

### **5.3.2 Purpose/Objectives**

Audit encompasses a detailed appraisal of the systemic failures contributory to encroachment and illegal occupation of state land. Audit will contribute to streamlined land governance and thereby facilitate economic growth so as to avoid land grabbing and the attached social and economic adverse consequences.

The outcomes in the shape of findings would be a launching pad for quality discussions for Public Accounts Committee on existing policies and leading inputs for the future policy formulation for the Government.

### **5.3.3 Scope**

*Audit examination and evaluation encompassed the following terms of reference:*

- To check whether enforcement of prevailing laws is suffering from mal governance as is evident from failure for resuming the custody of illegally occupied state building and lands.
- To analyze and evaluate the main reasons of encroachment of state land and recurrence of such encroachments despite eviction of illegal occupants in Punjab.
- To evaluate need assessment of a comprehensive survey of encroachment of public property in Punjab inclusive of digital technology based Cadastral Survey to cope with the issue.
- To evaluate the role of Law enforcement agencies, Regulators and Anti-corruption establishment in reinforcing anti-encroachment drives.



- To analyze the acquisition of a land for public purposes where the government already has earmarked encroached and illegally occupied land in the same area.
- To check missing connectivity/lack of coordination of the government institutions to resolve the disputes/court cases and weak capacity of institutional framework to punish the encroachers of state land
- Cognizance of encroachment issues which were reported by department or appeared in the renowned daily newspapers/media.
- To analyze cases related to Illegal occupation of state land by Governments departments/autonomous bodies and detection of instances of maladministration to bring to book mafia of illegal occupants detailed analysis of encroachment cases across the provinces.
- To report violations of zoning guidelines, building and sub-division laws, and anti-encroachment laws which includes safeguarding graveyards, parks, amenity plots, sanctuaries and the mandatory open spaces that are required to be left vacant.
- To check encroachment of state land of Auqaf and Religious affairs and forest department to the exclusion of Evacuee Trust Properties Board, Pakistan Railways, MoD, NHA and Development Authorities.
- To determine loss to public exchequer on account of evasion of fee and taxes factoring in value for money.

The audit evaluation has been undertaken at Board of Revenue, Auqaf & Religious affairs and Forest department Government of the Punjab being lead formations for the theme.

#### **5.3.4 Legal frame work governing the theme**

- Section 32 of **the Colonization of Government Lands (Punjab) Act, 1912** stipulates that “when the Collector is satisfied that any person has taken or is in possession of land in a colony to which he has no right or title, the Collector may, in addition to any other powers he may possess, forthwith re-enter upon the land and resume possession of it and take possession of all crops, trees and buildings thereon on behalf of Government without payment of any compensation whatsoever.”
- Section 24 of **the Colonization of Government Lands (Punjab) Act, 1912** stipulates that “When the Collector is satisfied that tenant in possession of land has committed a breach of the conditions of his tenancy, he may, after giving the tenant an opportunity to appear and state his objections—  
**a)** impose on the tenant a penalty not exceeding ten thousand rupees; or **(b)** order the resumption of the tenancy:
- Section 33 of the Colonization of Government Lands (Punjab) Act, 1912, stipulates that “If any person, without permission of a Revenue Officer of a grade to be specified by the Board of Revenue.  
  
(a) clears or breaks up for cultivation, or cultivates any land which is owned by, or is in the possession of Government and is not included in any tenancy or allotted residential enclosure or which has been entered for the common purposes of a town or village community or section of the same or for a road, canal or water-course; or  
(b) erects any building on any such land; or

(c) fells or otherwise destroys standing trees on such land; or

(d) otherwise encroaches on any such land; or he shall, makes an excavation or constructs a water channel on any such land; he shall, on complaint made by order of or under authority from the Collector, be punished on conviction by any Magistrate with a fine not exceeding two hundred thousand rupees or with rigorous imprisonment not exceeding six months or with both.

- Section 15 (Disposal of surrendered land) of **the Land Reforms Act, 1977**, Land vested in government under this Act, shall, subject to the provisions of this section, be granted free of charge to the tenants who are shown in the revenue records to be in cultivating possession of it during Kharif 1976 and Rabi 1975-76:

Provided that where, at any time after the commencement of this Act, a person acquires any land by reason of which the area of the land owned or possessed by him exceeds the limit fixed by section 3, the land surrendered by him shall be granted free of charge to such tenant as is shown in the revenue records to be in cultivating possession of the land in the Kharif and Rabi immediately preceding such acquisition:

Provided further that no land shall be granted to a tenant who but for the coming into force of this Act, would have been entitled to inherit land from a person who is required to surrender land under section 9.

(2) Where any tenant who is entitled to grant of land under sub-section (1) already owns land, he shall be

granted only so much land which together with the land already owned by him, does not exceed twelve acres.

(3) Land which is not granted under sub-sections (1) and (2) shall be granted to other landless tenants or persons owning less than twelve acres.

- **The Evacuee Property and Displaced Persons Laws (Repeal) Act, 1975.** Section 3. Transfer of property.- (1) All properties, both urban or rural, including agricultural land, other than such properties attached to charitable, religious or educational trusts or institutions, whether occupied or unoccupied, which may be available for disposal immediately before the repeal of the aforesaid Acts and Regulations or which may become available for disposal after such repeal as a result of a final order passed under sub-section (3) of Section 2, shall stand transferred to the Provincial Government, on payment of such price as may be fixed by the Federal Government in consultation with the Provincial Government, for disposal-
  - (a) in the case of urban properties, by the Provincial Government under a scheme to be prepared by it in this behalf; and
  - (b) in the case of rural properties, by the Board of Revenue of the Province under a scheme to be prepared by the Provincial Government in this behalf.
- Section 8(I) of The Punjab Waqf Properties Ordinance 1979 provides, if any person is in occupation of, or enters upon, or is using any immovable waqf property to the occupation or use of which he is not, or has ceased to be, entitled by virtue

of any provision of this Ordinance, the Chief Administrator or any other person authorized by him may, with the assistance of the district administration or an investigating or prosecuting agency, after giving such person a reasonable opportunity of showing cause against the action proposed to be taken, shall get it evicted with use of such force as may be necessary.

- **Section 26-A of the Forest Act of 1927** defines that:

1. Under the municipal laws of the province of Punjab;
  - a) The municipal officer/forest officer/competent authority may issue notice to the encroacher and ask to leave the encroached public property within a specific time scale
  - b) Immediately proceed with legal/administrative proceedings against the encroacher
2. The court may proceed with the trial of the encroacher under different municipal laws based on the nature of the encroachment of the property/land.
3. If the administration fails to complete the action;
  - a) The court directly summon the encroacher or through municipal corporation
  - b) May impose fine to a specific limit not exceeding 1000 every day after the time period, fixed by the court to leave the encroached property
  - c) Order the accused to pay the expenditure to the municipal government incurred by the corporation on removal of the encroachment

- **Land Revenue Act, 1967** governs maintenance of records-of-rights, the assessment and collection of land-revenue, the appointment and functions of Revenue Officers and other matters connected with the Land Revenue Administration in the Province of the Punjab, or incidental thereto. The government has framed the **Land Revenue Rules, 1968** to support and implement the provisions of substantive law of **Act 1967**, *ibid.*
- **The Punjab Government Lands and Buildings (Recovery of Possession) Ordinance, 1966** , provides for the speedy recovery of possession of Government lands and buildings from outgoing lessees and licensees and unauthorized occupants, and for matters ancillary thereto;
- The Board of Revenue has issued a policy related to vacation of state land from encroachers under section 32 /34 of the Punjab colonization of Government Land (Punjab) Act 1912 vide No. 1680-2003/1184-CL.I dated 9<sup>th</sup> June, 2003 stating that Deputy District Officers (Revenue) presently designated as Additional Deputy Commissioner (Revenue) are personally responsible for vacation of state land and proceeded against under E&D Rules, 2001 upon failure to vacate the state land.

## **5.4 STAKEHOLDERS AND GOVERNMENTAL ORGANIZATIONS IDENTIFIED AS DIRECTLY AND INDIRECTLY INVOLVED**

- Board of Revenue, Government of the Punjab
- Forest, Wildlife & Fisheries Department, Lahore, Government of The Punjab
- Auqaf and Religious Affairs Department, Government of the Punjab

### ***Autonomous bodies***

- Punjab Land Record Authority

## **5.5 ROLE OF IMPORTANT ORGANIZATIONS**

### ***5.5.1 Board of Revenue, Government of the Punjab***

The Board of Revenue is the controlling authority in all matters connected with the administration of land, collection of government dues including land taxes, land revenue, preparation of land records and other matters through functional wings as Revenue Department, Colonies Department and Consolidation Department.

### ***5.5.2 Punjab land record Authority***

Government of the Punjab established the Punjab Land Records Authority to reform and modernize the system of land records, to improve the land records service delivery, to contribute to long lasting tenure security and to deal with ancillary matters.

### ***5.5.3 Forest, Wildlife & Fisheries Department, Lahore.***

The mission of this department is not only the conservation of natural resources but also the protection and management of the forests.

### ***5.5.4 Auqaf & Religious Affairs Department.***

The Department of Auqaf & Religious Affairs was initially established under the administrative control of the Federal Government with a vision to propagate message and teachings of Islam to develop a civilized society. The core functions of the department as per Waqf Properties Ordinance, 1959 are:

- i. To manage and control Waqf properties
- ii. To improve and promote standards of religious services
- iii. To make holy places centers of social, cultural and spiritual inspiration for all sects
- iv. To conserve and restore holy monuments to promote tourism



## 5.6 ORGANIZATION'S FINANCIALS

### 5.6.1 Forestry, Wildlife and Fisheries Department

The Appropriation Accounts for the year 2021-22 of Forestry, Wildlife and Fisheries Department indicate expenditure on various specified services as follows:

*(Rupees in millions)*

Grant No.	Original Grant	Supplementary Grant/ Re-Appropriation	Final Grant	Actual Expenditures	Excess/ (Savings)
1	2	3	4	5	6(5-4)
PC21005	4,221.22	270.13	4,491.35	4,439.33	(52.02)
PC21010	131.11	(19.93)	111.18	108.19	(2.99)
PC21019	968.32	0.00	968.32	912.31	(56.01)
PC21023	927.78	66.17	993.94	987.77	(6.17)
PC22036	5,755.44	2,002.47	7,757.91	6,945.98	(811.93)
PC12043	2,755.00	(2,755.00)	-	-	-
PC24044	105.72	-	105.72	105.72	-
<b>Total</b>	<b>14,864.58</b>	<b>(436.17)</b>	<b>14,428.42</b>	<b>13,499.29</b>	<b>(929.12)</b>

### 5.6.2 Auqaf & Religious Affairs Department

The Appropriation Accounts for the year 2021-22 of Auqaf & Religious Affairs Department indicate expenditure on various specified services are summarized as follows:

*(Rupees in millions)*

Grant No.	Original Grant	Supplementary Grant/ Re-Appropriation	Final Grant	Actual Expenditures	Excess/ (Savings)
-1	-2	-3	-4	-5	6(5-4)
PC21010	81.77	209.74	291.50	75.79	(215.71)
PC21023	157.00	(157.00)	-	-	-
PC22036	623.49	(160.01)	463.48	344.12	(119.36)
<b>Total</b>	<b>862.26</b>	<b>(107.28)</b>	<b>754.98</b>	<b>419.91</b>	<b>(335.06)</b>

### 5.6.3 Board of Revenue

The Appropriation Accounts for the year 2021-22 of Board of Revenue indicate expenditure on various specified services are summarized as follows:

*(Rupees in millions)*

Grant No.	Original Grant	Supplementary Grant/ Re-Appropriation	Final Grant	Actual Expenditures	Excess/ (Savings)
1	2	3	4	5	6(5-4)
PC21002	4,866.15	333.52	5,199.67	5,203.47	3.79
PC21004	672.28	0.00	672.28	556.07	(116.21)
PC21006	104.02	0.00	104.02	85.95	(18.06)
PC21009	15.54	(8.42)	7.11	6.98	(0.13)
PC21010	6,737.27	(14.94)	6,722.33	6,527.78	(194.56)
PC21031	1,940.27	(254.89)	1,685.39	1,660.30	(25.09)
PC22036	1,944.65	1,698.28	3,642.93	3,010.56	(632.38)
PC16046	0.43	-	0.43	-	(0.43)
<b>Total</b>	<b>16,280.61</b>	<b>1,753.55</b>	<b>18,034.17</b>	<b>17,051.10</b>	<b>(983.06)</b>

The Board of revenue Punjab is working on retrieval of state land from encroachers through their Commissioners, Deputy Commissioners in all district of the Punjab. Detail of retrieved state land is given below: -

Punjab State Land Retrieval, District Wise Statistics			
Sr No.	District	Total Retrieved Land(Acres)	Retrieved Land Price(Millions)
1	ATTOCK	1,387.45	2,208.49
2	BAHAWALNAGAR	445.74	1,722.61
3	BAHAWALPUR	2,003.97	31,754.80
4	BHAKKAR	3,124.35	50,556.50
5	CHAKWAL	21,788.02	12,700.13
6	CHINIOT	1,469.03	2,423.64
7	DERA GHAZI KHAN	46,620.35	3,696.14
8	FAISALABAD	5,983.94	18,616.19

9	GUJRANWALA	2,594.89	8,210.18
10	GUJRAT	408.78	147.86
11	HAFIZABAD	595.23	831.89
12	JHANG	43,792.45	38,980.70
13	JHELUM	57.24	1,371.32
14	KASUR	1,368.82	2,795.29
15	KHANEWAL	7,302.58	6,400.03
16	KHUSHAB	2,492.63	2,389.13
17	LAHORE	1,723.26	197,383.45
18	LAYYAH	14,960.35	3,366.34
19	LODHRAN	467.83	1,451.11
20	MANDI BAHAUDDIN	533.73	4,406.32
21	MIANWALI	2,108.09	23,987.62
22	MULTAN	1,172.74	1,082.24
23	MUZAFFARGARH	5,279.70	2,113.66
24	NANKANA SAHIB	3,671.33	1,553.85
25	NAROWAL	539.25	1,163.80
26	OKARA	1,093.24	1,958.43
27	PAKPATTAN	153.29	363.56
28	RAHIM YAR KHAN	1,853.25	6,557.42
29	RAJANPUR	7,466.46	2,489.77
30	RAWALPINDI	178.74	3,541.95
31	SAHIWAL	623.37	1,873.99
32	SARGODHA	4,544.06	15,571.80
33	SHEIKHUPURA	1,262.23	5,594.01
34	SIALKOT	505.7	910.34
35	TOBA TEK SINGH	1,677.39	20,713.59
36	VEHARI	1,794.67	5,270.12
<b>Total</b>		<b>193,044.13</b>	<b>486,158.26</b>

## **5.7 FIELD AUDIT ACTIVITY**

### **5.7.1 *Methodology***

Audit activity was carried out to review whether policies and regulatory frame work regarding illegal occupation of state land in Punjab were efficient and efficacious. For this purpose, data of encroachments was critically reviewed. A sample-based selection to check status of illegal occupation of state land and imposition of penalty upon evictees after retrieval of state land in Board of Revenue, Forest, Wildlife & Fisheries Department, Lahore, and Auqaf & religious Department were also made. The results are reported in succeeding paras.

### **5.7.2 *Audit Analysis***

#### **5.7.2.1 *Review of internal controls***

Internal control assessment was designed. The key standard controls for the illegal occupation of state land like Allotment and utilization criteria of state land, mechanism for imposition of penalties at the time of retrieval of state land, resumption of state land on breach of statement of conditions by Government departments, etc. were reviewed (**Annexure-11**). The results have been incorporated in the succeeding paras.

### **5.7.3 *Critical Review***

#### **5.7.3.1 *Deficiencies in the legal framework***

- 1) The penalty as given under section 33 (Penalties) of **the Colonization of Government Lands (Punjab) Act, 1912** was enhanced by the Colonization of Government Lands (Punjab) (Amendment) Ordinance, 1999 from Rs. 5000 to Rs. 200,000. This penalty of Rs. 200,000 does not deter the offenders from perpetration of violation again and again. Moreover, the law has no

extra or compounding penalty on offender encroaching upon the state land.

- 2) Section 33 (Offences and penalties) of **the Land Reforms Act, 1977** have no provisions related to penalty in financial terms as given under Section 33 of the Colonization of Government Lands (Punjab) Act, 1912.
- 3) Section 15 of (Disposal of surrendered land) **the Land Reforms Act, 1977** is silent for utilization of land not allotted to land less tenants.
- 4) The government has issued a policy for allocation of land to provincial government departments vide No. 2102-2019/749-CL(II) dated 13-11-2019. There exists no policy for charging the penalty from departments for illegally occupied and encroached upon land.
- 5) Section 3 of **The Evacuee Property and Displaced Persons Laws (Repeal) Act, 1975** envisages a binding obligation on Board of Revenue to prepare a scheme for allotment of urban and rural Evacuee land. But, the Board of Revenue has not finalized any scheme for disposal of EVACUEE PROPERTY since the enactment of Act 1975. The same was also felt by Board of Revenue in its full board meetings dated 14-09-2018, 16-02-2018, 29-03-2019 but nothing has been finalized as yet. This inaction of responsible authorities yields the encroachment of Evacuee land being vacant.
- 6) The Punjab Public Property (Removal of Encroachment) Ordinance 2022” was issued by the Governor of Punjab on January 19<sup>th</sup> 2022 but the same has also lapsed.
- 7) Under the Punjab Civil Administration Act 2017 within the meaning of Section 17, it is duly envisaged that Police support is placed at

the disposal of district administration. The Deputy Commissioners are required to proceed against perpetration of the illicit cultivation, illegal occupation and encroachment under the act *ibid*.

- 8) The government used a policy vide letter No. DG(KA)/BOR/2-140/12 dated June 21<sup>st</sup> 2012 for Regularization of *Katchi Abadis* established before 31.12.2011 on payment of Rs. 172 per marla. such kind of policies encourage the encroachment over state land where illegal occupants foresee themselves as future owner of land.
- 9) Even under temporary cultivation scheme “right of first refusal” incentivizes perpetration of illicit occupation and default of lease rent.

#### **5.7.3.2 *Performance of the Organizations***

The performance of Board of Revenue is not up to mark as 67,274 acres of state land were still under illegal occupation.

Moreover, 32,144.7 Acres allotted to Live Stock and Dairy Development, Forest, Wildlife & Fisheries and Auqaf & Religious Affairs departments, Government of the Punjab were under illegal occupation.

It is worth mentioning here that 193,044 acres of land reportedly retrieved from illegal occupants in all districts of Punjab but no remission of cost of demolishing and removing the unauthorized structures was realized.

The figures of retrieved land seem to be exaggerated as the data available on State Land Management Information System reported that 238,281 acres of land was encroached and 193,044.13 acres of land was retrieved by the Board, leaving a balance of 45,236.96 acres under illegal occupation. Contrary to above, audit has pointed out the encroached land in three entities i.e., GAR-Colonies Khanewal, Bahawalpur and Punjab Land

Commission measuring 213,137 acres in previous audit reports and no progress in this respect was shown by the Administrative department before the SDAC and PAC forum.

Further, recovery and imposition of *tawan* or penalty did not support the statement for retrieval of land measuring 193,044 acres as Rs. 263.885 million of *tawan* was recovered during July 2019 to June 21 which was very meagre as the *tawan* for one year (if imposed) at rate of 25000 per acre, the recovery of *tawan* would go beyond Rs. 4.825 billion.

Moreover, mismanagement of land inventory deprived the Forest department from 22,701 acres of land in forest ranges of Chichawatni and Murree. However, Forest Area of 24,545 acres of land was reported to be under illegal occupation which reflects poorly on the attention level of department over protection of state land.

The Auqaf and Religious Affairs Department being another custodian of state land is also found negligent over protecting the state land valuing Rs. 6,291 million in Lahore only.

## **5.7.4 SIGNIFICANT AUDIT OBSERVATIONS**

### ***5.7.4.1 Governance gaps in land administration by Board of Revenue and other departments entrusted with custody of state land***

#### ***a.) Loss to government due to encroachment of state land measuring 19,474.07 acres valuing Rs. 152,913.559 million***

As per Section 5(2) of Punjab Government Land and Buildings (Recovery Of Possession) Ordinance, 1966, if any person refuses or fails to vacate any land or building as directed by an order made under Sub-Section (1), any officer authorized in this behalf by Government may, notwithstanding anything contained in any other law for the time being in force, enter upon such land or building and recover possession of the same by evicting such person and may also demolish and remove the structures, if any, erected or built by that person.

During audit of Services & General Administration Department, for the period 2020-21, it was observed that the state land was occupied/encroached upon for many years but no concrete steps were taken for the vacation of the state land measuring 19,474.07 acres with estimated value of Rs. 152,913,559,600 from unauthorized occupants. The details are given in (*Annex-13*).

Audit is of the view that lack of internal control and inactions by the District Administration resulting in illegal occupation of state land.

The lapse was pointed out during February to May 2022. Most of the formations either noted the observations for compliance or did not offer any reply.



The matter was further reported to the Administrative Department. The department neither replied nor convened meeting of the DAC till the finalization of this Report despite the issuance of reminders in 2022.

Audit recommends that strenuous efforts be made to get the state land vacated from the perpetrators of offence of illegal occupation, illicit cultivation and excessive encroachments besides *tawan*/penalty be also recovered.

***b.) Loss due to non-auction of state properties of Rs. 68,153.46 million and non-recovery of sales proceed of land -Rs. 831.062 million***

Rule 8 of The Punjab Privatization Board Process/Procedure (Terms & Conditions) for Auction of Government Properties Regulations, 2013 Auction Committees state the procedure for sale out of state properties.

Article 118 of the Constitution of the Islamic Republic of Pakistan states that “ all revenues received by the Provincial Government, all loans raised by that Government, and all moneys received by it in repayment of any loan, shall form part of a consolidated fund, to be known as the Provincial Consolidated Fund.

During examination of record of the three offices as mentioned in the table below, it was revealed that 697 properties were referred to Divisional Commissioners through Colonies Department for auction. The DPAC and PPAC assessed the price of 381 properties valuing Rs. 68.15 billion out of which only two properties valuing worth Rs. 3.5 million were auctioned. Further, Deputy Commissioner Bhakkar also failed to lease out state land measuring 720 acres, which caused a monetary loss of Rs. 6,960,000.

Furthermore, a speaking order issued in case No. 489/2018 titled as Safia Qayyum v/s Chief settlement Commissioner revealed that the price and rentals of Ex-Evaquee land were being deposited in the Bank of Punjab Account No. 0080019002280001 with the title as Chief Settlement Commissioner, Punjab for which no record was also maintained by department. The receipt realized against rentals and sale proceeds of Evacuee land warrants depositing of the amount into treasuries.

*(Amount in million)*

Sr.	Name of Formation	Para ID	No of cases	Amount Pointed Out
1	Senior Member Board of Revenue	2022-0000006030_F00066	381	68,146.500
2	Deputy Commissioner Bhakkar	2022-0000000828_F00006	27	6.960.000
<b>Sub Total</b>				68,153.46
3	Punjab Journalist Housing Foundation Lahore	2022-0000004945_F00005	59	831.062
<b>Total</b>				<b>68,984.522</b>

Audit is of the view that the delay in auction of the most of the properties was due to non-retrieval of land from illegal occupants causing loss to government for Rs. 68,984.522 million.

Matter was reported in October, 2022 and it was simply noted by the management without offering any comments.

DAC meeting for case mentioned at para (1) above was convened in January 2023 and the committee directed the department for auction of properties at earliest besides a probe be made in this respect at Administrative Department level. The DAC for the rests was not convened till finalization of the report despite issuance of letter and reminders.

Audit recommends that auction of properties be made and auction proceeds be recovered without further delay and deposited in treasury as receipt of the Provincial Consolidated Fund.

***c.) Encroachment on Archaeology Monuments land, measuring 46.875 kanal valuing Rs. 3,028.845 million***

As per Section 11 of the Punjab Special Premises (Preservation) Act 1985, “no development plan or scheme or new construction on or within a distance of two hundred feet of, a Special Premises shall be undertaken or executed except with the approval of Government or a Committee”.

During audit of accounts of Director Northern Circle of Archaeology for the financial years 2020-22 it was observed that 31.875 *acre* land of Rohtas Fort Jhelum monument was under encroachment of private persons since long. 230 number of residential houses, a *Jamia Masjid*, 14 other *mosque*, an *Eid Gah* and *Imam Bargah* are situated on the land of *Rohtas* Fort. Further 15 *kanal* area of *Chauburji* Monument situated in Lahore was under encroachment total value of Rs. 3,028,844,700 (FBR rates applied). No vigorous efforts were made by the department to retrieve / vacate the government land.

It was further observed that 420 number of monuments were being protected by the office but there was no record of rights retained regarding actual area of each protected monuments under the jurisdiction of the Department. Further, existence of boundary walls and encroachment status of all these monuments was also undisclosed and unverified.

Audit is of the view that lapse occurred due to weak supervisory and financial control.

Matter was reported in July 2022 and it was simply noted by the management without offering any comments.

DAC meeting was held in December 2022 and the department stated that some cases are under litigation and efforts are being made to recover the state land and committee kept the para pending till retrieval of state land and policy decision by cabinet.

Audit recommends that resumption of state land be expedited besides strengthening of internal controls.

*[Para ID 2022-0000003656\_F00006 – Director Northern Circle]*

***d.) Non-resumption of land measuring 79 kanal 04 marla in Mouza Ichra amounting Rs. 2,257.200 million***

Section 32 of the Colonization of Government Lands (Punjab) Act, 1912 stipulates that “when the Collector is satisfied that any person has taken or is in possession of land in a colony to which he has no right or title, the Collector may, in addition to any other powers he may possess, forthwith re-enter upon the land and resume possession of it and take possession of all crops, trees and buildings thereon on behalf of Government without payment of any compensation whatsoever.”

During Audit of state land under encroachment, it was learned that the Board of Revenue has cancelled the allotment orders of land situated in Mouza Ichra subsequently acquired by LDA for the Scheme named “New Garden Town”. Despite finalization of proceeding and orders of Lahore High Court the same land worth Rs. 2,257.200 million was not resumed in favor of state. A Judgment in Writ Petition No.12451/04/2017 states that “Chief Settlement Commissioner, Punjab, after probing the record, declared the alleged allotment at Khata RL.II.42 in the name of so-called allottee, as bogus and fictitious vide order dated 09.02.2009. After getting the orders remanded, the Chief Settlement Commissioner vide order dated 13.03.2017 again declared the allotment as fraudulent and cancelled the same as well as all the subsequent alienations. The appeals against said order was also

dismissed by the Lahore High Court Lahore by disposing the petition mentioned above.

Audit is of the view that lapse had resulted into non-resumption of Land measuring 79 Kanal 04 Marla's in Mouza Ichra allotted fraudulently amounting to Rs. 2,257.200 million due to weak supervisory and financial control.

Matter was reported in October, 2022 and it was noted by the management without offering any comments.

DAC meeting was convened in January 2023 and the department stated that an Intra-court appeal in this respect is pending at the level of Lahore High Court, Lahore. The committee directed the department to conduct an enquiry at Administrative Department level for illegal allotment and inaction in this respect for fixation of responsibility at the earliest.

Audit recommends that stringent action be taken to complete the proceeding regarding resumption of land in favor of state and its disposal in accordance with law.

[Para ID 2022-0000006030\_F00060-SMBR]

***e.) Illegal occupation on state land allotted to government departments -Rs. 1,710.706 million***

Section 24 of the Colonization of Government Lands (Punjab) Act, 1912 stipulates that “When the Collector is satisfied that tenant in possession of land has committed a breach of the conditions of his tenancy, he may, after giving the tenant an opportunity to appear and state his objections— a) impose on the tenant a penalty not exceeding ten thousand rupees; or (b) order the resumption of the tenancy:

During audit of government departments for the period 2020-22, it was observed that an area of land consisting of 1610.825 acres valuing-Rs. 1,710,705,646 were occupied illegally, as detailed below.

S. N O	Subject	Para No	Area	Amount
1	Illegal occupants on university land- Rs. 1,098.17 million and	2022-0000000819_F00031-UOS Sargodha-2020-21	268.75 kanal	98,175,000
2	non-possession of allotted 50 acres state land	2022-0000004500_F00001-Mian Nawaz Sharif University of Agriculture -2020-22	50 acres	1,000,000,000
3	Illegal occupation on premises of government schools	2022-0000004374_F00016-Director Public Instruction (Elementary Education), Lahore]	107 acre	320,962,500
4	Unauthorized sub-lease of land by Police department and non-recovery of penal rent of Rs. 20.80 million	2022-0000000503_F00017-SMBR	419 kanal	20,800,000
5	Loss to government due to illegal of land	2022-0000000633-F00013-Suprentendant Central Jail Bahawalpur	4.4 kanal	35,000,000
6	Loss to government due to illegal encroachment of 36 Acre Rs. 54 million	2022-0000005880_F00009-Chief Scientist Agronomic Research Institute Faisalabad	36 Acre	54,000,000
7	Loss to government due to illegal encroachment of 12 Acre over the land of Livestock Department for Rs. 2.394 million	2022-0000005874_F00011-DD R&D Centre Rakh Khiarwala Layyah	12 acre	2,394,450
8	Illegal occupation / Non Recovery of Rent from Pattadars / Tenants Rs. 179.373 Million	2022-0000005595_F00002-LES-Manger Livestock Allah Abad Jahanian-Khanewal	1319.4	179,373,696
<b>Total</b>			<b>1610.825</b>	<b>1,710,705,646</b>

Illegal occupation on state land allotted to government departments valuing-Rs. 1,710,705,646 was due to weak supervisory controls.

Matter was reported in March and August 2022 and observation was noted for compliance by the management.

DAC meeting was held in December 2022 for case mentioned at Sr. No 2. The department replied that the land was allotted to the University on payment of Rs. 95.75 million on thirty-year lease and due to shortage of funds, University was not in position of pay price thus did not take the possession of said land. The contention was not accepted by committee with the direction to produce the allotment related documents.

DAC meeting was held in December 2022 for case mentioned at Sr. No 4. The committee showed its displeasure over non-submission of reply even at the forum of DAC. The committee directed the department to effectively supervise the recovery of penalty and ensure retrieval of land. The disciplinary proceedings against the officers and officials of Police department be also followed up properly.

For remaining cases, DAC was not convened despite issuance of reminders.

Audit recommends that it is binding on the Administrative Department to make concrete efforts for vacation of state land from the illegal occupants so as to resume possession to state.

***f.) Non-invocation of punitive action for protecting and conserving amenity plots in housing societies and non-recovery of government dues of Rs. 1368.802 million***

Under the PLGA 2019 (Chapter VII), land use planning; implementation of building bye-laws are the responsibilities of municipal corporations/committees.

A) Under the Section 2(g) of Punjab Commission for Regularization of Irregular Housing Schemes Ordinance 2021, "irregular housing scheme" means a private housing scheme or a land sub-division or a built-up area which has been developed, being developed or sold without approval of the competent authority or in violation of the approved layout plan or the applicable laws or with the approval of the authority not competent to approve the housing scheme

It is legally binding on respective entities mandated to regulate housing schemes to furnish complete description of the housing schemes to Punjab Commission for Regularization of Irregular Housing Schemes comprising area, layout and ownership of land parcel on which the irregular housing scheme had been developed including the following violations amenable to fine;

- a. Non-transfer of roads, amenities, parks, graveyard etc
- b. Change of location of public amenities (parks, graveyard, public buildings etc.)
- c. Internal road width is less than the prescribed planning standards
- d. Missing graveyards.

The exhaustive rectification or restoration of the unavailable public facilities has not been spearheaded by respective entities in dozen of housing schemes which presently are enlisted as illegal by DAs and District Governments or TMAs or found deficient in terms of Forensic Audit Reports of Corporate Housing Societies registered with Registrar Cooperative societies.

As per data available with Audit, 1630 illegal and under process societies are identified by the database of Khidmat Centre in Punjab (Detail in Annex-14 Link A) As per uploaded list of societies having violated the



conditions of Master plan under the jurisdiction of LDA, list is enclosed (Detail in Annex-14 Link B)

B) The Stamp Act-1899 empowers the government officers concerned under section 73 to inspect books, registers, papers, documents, proceedings etc for the purpose to secure any duty or to prove or lead to the discovery of any fraud or omission in relation to any duty. Section 54 of the Transfer of Property Act 1882 and section 17 (1) of the Registration Act, 1908 clearly require that such transfer in the case of immovable property of the value of Rs100 and above or in the case of a reversion or other intangible thing can be made only by a registered instrument.

During examination of record, of the Chief Inspector Stamps under the ambit of Senior Member, Board of Revenue, Punjab Lahore, it was revealed that the housing societies were transferring the ownership of property either without depositing the less taxes and duties or depositing less than actually due since long. The office of the Chief Inspector Stamps had failed to audit (921) housing societies (Detail in Annex-14 Link C)

It was further observed that the Chief Inspector Stamps has conducted audit of various housing societies and pointed out deficiencies of Rs.1369.802 million under the head stamp duty and CVT, but did not pursue the defaulters for recovery of outstanding amount. (Detail in Annex-14 D)

Audit is of the view that ineffective administrative controls had resulted into governance failure of grave nature.

The matter was reported to the management in November 2022 and the management noted the observation for compliance and replied that they are regularly conducting audit of housing societies and pointed out the deficiency of taxes.

The reply of the department was vague and evasive. Department has failed to implement the anti-encroachment laws which includes safeguarding graveyards, parks, amenity plots, sanctuaries and the mandatory open spaces that are required to be left vacant including control to regulate specified height of structures, and various other guidelines.

DAC meeting was held in January 2023 and the committee showed its displeasure over the department for non-submission of reply even at the forum of DAC. However, the department was directed to effectively supervise the recovery of taxes besides action against the societies for non-adherence of law be ensured.

Audit recommends to make strenuous efforts for the audit of these housing societies on top priority and also point out encroachment on amenity plots in all housing societies for retrieving and restoring the amenity plots and open spaces.

[Para ID 2022-0000006030\_F00025-SMBR]

[Para ID 2022-0000006030\_F00026-SMBR]

***g.) Non-imposition/recovery of tawan and penalties on illegal possession of state land of Rs. 1,085.683 million***

Functions of the Deputy Commissioner: A Deputy Commissioner, in addition to the functions mentioned in subsection (4) of section 3 and section 15, shall:

- a. Supervise and monitor the discharge of duties by the Assistant Commissioners in the District;
- b. Coordinate the work of all the offices and public facilities in the district for purposes of integrated development, efficient use of public resources and effective service delivery;

- c. Support and facilitate the offices and public facilities in the district;
- d. Ensure that the standards set by the Government in respect of a public facility are fully observed; and
- e. Supervise and coordinate the implementation of the policies, instructions and guidelines of the Government.

Moreover, as per rule 4.7(1) of PFR Vol-I, it is primarily the responsibility of the departmental authorities to see that all revenue, or other debts due to government, which have to be brought to account, are correctly and promptly assessed, realized and credited to government account. Further, as per Rule 4.1 *ibid*, all sums due to government should be regularly received and deposited into government treasury. The departmental controlling officers should accordingly see that all sums due to government are regularly received and checked against demands and that they are paid into the Treasury.

During audit of the Services and General Administration Department, it was observed that recoveries to the tune of Rs. 1,085,682,790 on account of *tawan* and demolition cost from illegal occupants of state land were outstanding. (Annex 15)

Audit is of the view that the lapse occurred due to weak supervisory and internal controls on recoveries.

The matter was pointed out from February to June 2022. Some entities noted the observations and the rest did not offer any reply.

The matter was further reported to the administrative department. Neither any reply was received nor DAC meeting was convened till the finalization of this Report.

Audit recommends to fix responsibility for non-recovery of government dues besides prompt recovery of the outstanding amounts.

***h.) Illegal encroachment in Government Housing Colony valuing Rs. 320.00 million***

As per section 5(2) of Punjab Government Land and Buildings (Recovery of Possession) Ordinance, 1966, if any person refuses or fails to vacate any land or building as directed by an order made under sub-section (1), any officer authorized in this behalf by Government may, notwithstanding anything contained in any other law for the time being in force, enter upon such land or building and recover possession of the same by evicting such person and may also demolish and remove the structures, if any, erected or built by that person.

During audit of Services & General Administration Department (S&GAD), Punjab, Lahore for the financial year 2021-22, it was noticed that as per record provided by the Estate officer, 16 *kanal* and 14 *marla* state land valuing Rs. 320,000,000 was encroached in Wahdat Colony Lahore. Estate office of S&GAD officer had yet not worked out quantum of illegal encroachment in other areas of government residences i.e. GOR I to GOR-VI and Punch House etc.

The matter was reported to the management in month of September 2022. In response to the audit observation, the management did not offer any reply.

DAC meeting was not convened till finalization of the report despite issuance of letter and reminders.

Audit recommends that the matter be probed to fix responsibility and strenuous efforts be made to retrieve the land and to effect *tawan* besides conducting survey to determine the quantum of illegal encroachment in other GOR estates.

***i.) Non-Retrieval/ resumption of state land 67,274 acres under illegal occupation***

Section 32 of the Colonization of Government Lands (Punjab) Act, 1912 stipulates that “when the Collector is satisfied that any person has taken or is in possession of land in a colony to which he has no right or title, the Collector may, in addition to any other powers he may possess, forthwith re-enter upon the land and resume possession of it and take possession of all crops, trees and buildings thereon on behalf of Government without payment of any compensation whatsoever.”

During audit of the Senior Member Board of Revenue, Lahore, for the year 2021-22, it was observed that the land 50,752.42 (Annex-15 A) acres were under illegal occupation by illicit cultivators and land grabbers as depicted on the online portal of SLMIS as well as other reports available with audit. No progress has been shown by the department for retrieval of land.

Moreover, the Board of Revenue failed to vigilantly safeguard the land allotted to the other departments measuring 16,522 (Annex-15 B) acres as said departments evidently resorted to a breach of the ‘statement of condition’ on the basis of which land was originally earmarked and handed over to these entities. BOR remained embroiled in inaction and inattention thus failing to protect the state land from encroachers, illicit cultivators and land grabbers.

Audit is of the view that non-retrieval/ resumption of state land measuring 67,274.42 acres under illegal occupation was due to weak supervisory and governance controls. The management has also conceded a lapse leaving unattended the audit detection already served upon

respective entities which it failed to follow up as detailed at (Annex-16A & 16B).

Matter was reported in November, 2022 and observation was noted for compliance by Senior Member Board of Revenue.

DAC meeting was convened in January 2023 for all paras mentioned in Annex-14A and Sr.No. 1 of para mentioned in Annex-14B. The committee showed its displeasure for mis-representing the department and submission inappropriate reply at the forum of DAC. The committee also directed the department to recover state land besides probing the matters at administrative level for inactions in this respect.

No DAC was convened in rest of cases till finalization of the report despite issuance of a letter followed by reminders.

Audit recommends ensure retrieval of state land from illegal occupants, resuming it to state besides imposing penalty on beneficiaries.

***j.) Non-assessment of penalty & tawan on 223,834.53 acres retrieved state land***

Section 33 of the Colonization of Government Lands (Punjab) Act, 1912, stipulates that “If any person, without permission of a Revenue Officer of a grade to be specified by the Board of Revenue—

- (a) clears or breaks up for cultivation, or cultivates any land which is owned by, or is in the possession of Government and is not included in any tenancy or allotted residential enclosure or which has been entered for the common purposes of a town or village community or section of the same or for a road, canal or water-course; or
- (b) erects any building on any such land (d) otherwise encroaches on any such land, he shall, on complaint made by order of or under

authority from the Collector, be punished on conviction by any Magistrate with a fine not exceeding two hundred thousand rupees or with rigorous imprisonment not exceeding six months or with both.

During audit of the Senior Member Board of Revenue, Lahore, for the year 2020-22, it was observed that the land measuring 223,834.53 acres were retrieved from illegal occupants in respective districts of Punjab but no cost of demolishing and removing the unauthorized structures on state lands was recovered from the illegal occupants. Further no *tawan* or penalty was imposed by the respective authorities.

Non-assessment/collection of penalty & *tawan* on 223,834.53 acres of retrieved of state land was a manifestation of weak financial and administrative controls (Annex-17).

Matter was reported in March and November, 2022 and no reply was given by the department.

DAC meeting was convened in December 2022 and January 2023. The department did not bother to submit the reply even at the forum of SDAC and committee directed that strict action be taken for inappropriate conduct besides imposition of penalty/*tawan* be ensured and supervised till recovery.

Audit recommends to impose penalty and *tawan* on encroachers at the time of retrieval of state land besides strengthening supervisory and internal controls.

***k.) Violation of Ombudsman directives to curb mal governance through policy intervention***

Section 2 (Definitions) of the Ombudsman Act 1997 defines “maladministration” and includes—

- (i) a decision, process, recommendation, act or omission or commission which—
  - (a) is contrary to law, rules or regulations or is a departure from established practice or procedure, unless it is bonafide and for valid reasons; or
  - (b) is perverse, arbitrary or unreasonable, unjust, biased, oppressive, or discriminatory; or
  - (c) is based on irrelevant grounds; or
  - (d) involves the exercise of powers or the failure or refusal to do so, for corrupt or improper motives, such as, bribery, jobbery, favouritism, nepotism and administrative excesses; and
- (ii) neglect, inattention, delay, incompetence, inefficiency and ineptitude, in the administration or discharge of duties and responsibilities.;

During audit of the Senior Member Board of Revenue, Lahore, for the year 2021-22, it was observed that the ombudsman Punjab took cognizance instances of mal governance of BOR and in the annual report recorded department specific recommendations regarding delay in deciding Partition Cases, Delay in deciding Appeals, Preparation of Musanna, to BOR and further recommended the type of categories of complaints which required immediate attention (detail given in Annexure 18)

This has resulted into violation of ombudsman directives to curb mal governance through policy intervention which indicated ineffective financial controls.

Audit pointed out the lapse in November, 2022. The department accepted the observation and replied that it was legal that the ruler ledger



II(RL-II) can only be de-sealed with the prior approval of full Board. The instructions have been issued to all Deputy Commissioner/DC. Therefore, there was no violation of S&R wing in the matter. The department only offered reply of one point and the reply of other points was still awaited.

The matter was reported to the management in month of November, 2022. In response to the audit observation, the management did not offer any reply.

DAC meeting was convened in January 2023 and department was directed to implement the directives of worthy Ombudsman and report in this respect be submitted to office of Ombudsman Punjab under intimation to audit.

Audit recommends to look into the matter at administrative department level in order to ensure progress on directive given by ombudsman.

[Para ID 2022-0000006030\_F00064-SMBR]

***l.) Unjustified allotment of state land 8,399 kanal***

Section 10 of the Colonization of Government Lands (Punjab) Act, 1912 described the “Issue of statements of conditions of tenancies. – (1) The Board of Revenue subject to the general approval of the Government] may grant land in a colony to any person on such conditions as it thinks fit. (2) Whereas, the Chief Minister is shown nowhere competent under any provision of Act, 1912 ibid to pass any order for the allotment of the valuable state land to any private ineligible individual or to validate a patent void order of his subordinate authority.

During Audit of state land under encroachment, it was learnt that land measuring 8,399.7 kanal were allotted to officers and officials of Board of Revenue as same was implemented in revenue record. Upon complaint, the same was partially cancelled by the Board. The court directed the BOR

to cancel the orders being illegal and having no authority. The BOR has not taken any enforcement action over illegal allotment of land nor shown any progress to audit in this regard.

Unjustified allotment of state land 8,399 kanal in favor of officers and officials of board of revenue due to weak internal and administrative controls.

The matter was reported to the respective formations as well as to the Principal Accounting Officer in November, 2022. The department stated that they were collecting the information and record pertaining to audit objection and reply to this shall be submitted later on.

DAC meeting was convened in January 2023 and the committee showed its displeasure for submission of inappropriate reply at the forum of DAC. Afterwards, the department submitted a letter indicating the decision of Punjab Cabinet meeting dated June 30<sup>th</sup> 2020 stating that the allotment to 54 civil officer may be considered as closed chapter and all previous directions of board of Revenue in this case stand withdrawn ab-initio. Further, the DAC directed the department to probe the matter besides resuming the land in question after finalization of court proceedings.

Audit recommends that the matter be probed to fix the responsibility for allotment of state land not covered under an approved policy and judgment of Honorable Lahore High Court be adhered to in letter and spirit as the same still hold the field.

*[Para ID 2022-0000006030\_F00057]*

***m) Loss to Government exchequer due to non-formulation of policy/ SOPs for missing mutations Rs. 1,224.782 million***

Notifications for declaring mozas or villages as live in Computerized Land Record Management Information System were issued under section 41 (a) (Preparation of computerized records) of the Punjab Land Revenue Act 1967 “the Board of Revenue shall cause to be prepared, in computerized form, the latest edition of the periodical record of an estate and if no such record exists, the latest edition of the record-of-rights of the estate.”

(2) The Board of Revenue shall, by notification, specify a date for the commencement of the operation of computerized edition of record-of-rights of an estate or a group of estates.

(3) The Board of Revenue shall, by notification, prohibit preparation of periodical record of an estate under section 41 from a specified date.

Contrary to above during examination of the record of PLRA, Lahore for the year 2020-22, it was observed that large number of mutation were or still being entered in computerized land record.

Whereas, the entry of missing mutations as interim mutations without confirmation of actual date of attestation by revenue officer and date of payment of mutation fee may cause loss to government revenue of Rs. 1,224,782,419 in 42,327 cases in shape of non-payment of taxes.

The lapse occurred due to weak internal and administrative controls of the department.

The matter was reported to the management in month of November, 2022. In response to the audit observation, the management did not offer any reply.

DAC meeting was convened in January 2023 and department was directed to formulate the policy in this respect within 30 (thirty) days.

Audit recommends that a policy for mutation issues be formulated with specific responsibilities for entering the missing mutations in system besides producing the evidences for attestation of mutation including payment of taxes and responsibility be fixed for missing mutations since long.

[Para ID 2022-0000005596\_F00001- PLRA, Lahore]

***n.) Misreporting of data relating to land records***

As per the Punjab Government Rules of Business 2011, the Board of Revenue is responsible for preparing crop reports.

During audit of Bureau of Statistics Field Office, Rawalpindi another example of data fudging was noticed as there is a huge difference between data figures of Bureau of Statistics and Crop Service Reporting in Punjab in year 2019-20.

The BOS authority tabulated 33678 hectares in data field of reported area and 33691 hectares in data field of cultivated area less than the data tabulated by Crop Service Reporting, for district Rawalpindi. It is pertinent to mention here that data source of both of offices (BOS and CSR-Punjab) was Board of Revenue and report finalized on the basis of copies of *Girdawari* and *Goshwara Jinswar*.

The table appended below illustrates the lack of transparency and accuracy in the crop area reported by different government department.

Wheat Crop Area in Acres			
Year	Crop Reporting Services	Board Of Revenue	Difference
2017-18	16,210,000	18,646,000	2,436,000

2018-19	16,052,000	18,756,000	2,704,000
2019-20	16,099,960	17,685,000	1,585,040
2020-21	16,670,000	17,962,000	1,292,000

Source: Crop reporting Services & Mechanical Tabulation Reports of Punjab Bureau of Statistics

This has resulted into misreporting of data relating to land records and indicates ineffective administrative controls.

The matter was reported to the management in the month of November, 2022. The management did not offer any reply.

DAC meeting was not convened till finalization of the report despite issuance of letter and reminders.

Audit recommends to probe the matter and a detailed policy for crop reporting be framed to ensure the proper planning at macro level.

*[Para ID 2022-0000003575\_F00003- B.O.S, Rawalpindi]  
[Study on Urban Growth on Arable Land]*

***Forest, Wildlife & Fisheries Department***

***5.7.4.2 a) Deficient land inventory with reduction in area of Forest land measuring 22,701 acre.***

According to Para 2.4 (I) of Forest Manual Vol-II, the Divisional Forest Officer is the custodian of forests/forest produce and will be responsible for proper management of the forest business and the finance of his division.

According to Section 26 sub section (1) of the General Statistics (Reorganization) Act, 2011 states any statistical data collected by the statistical authority shall be in accordance with the provisions of this act and, after ascertaining its quality for accuracy and ensuring confidentiality as set out in section 28 shall be released for general dissemination.

A) During audit for the year 2021-22, it was observed that the Chichawatni Forest Range provided data of 11532 acres but data of Land record management system showed 11592 acres land under the ownership of forest department.

B) It was also observed during audit of Bureau of Statistics Field Office, Rawalpindi, that the forest data related to Tehsil Murree for the year (2016-22) showing 25103 acres as static reading and there was no change in it during 2016-22 but according to study report conducted with order of Lahore high Court (under writ petition no 1813/2010) actual area of Murree Forest range area was 47,744 acres which resulted into huge difference of forest area measuring 22,641 acres. Takhtpari Forest in Rawalpindi had a total of 2,210 acres area out of which 755 acres were encroached. Similarly, the Lohi Bher Forest had over 57 per cent (629

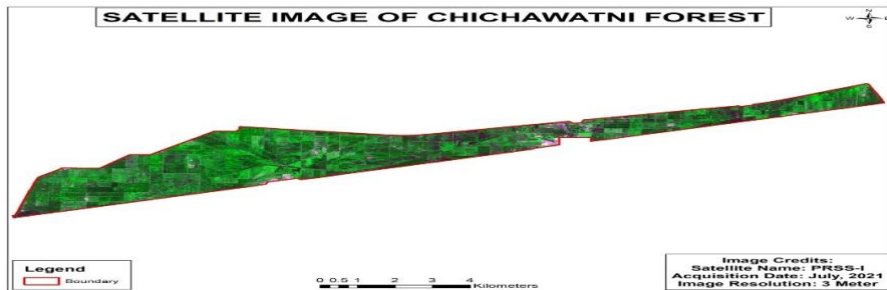
acres) of its total area encroached by land mafia<sup>17</sup>.



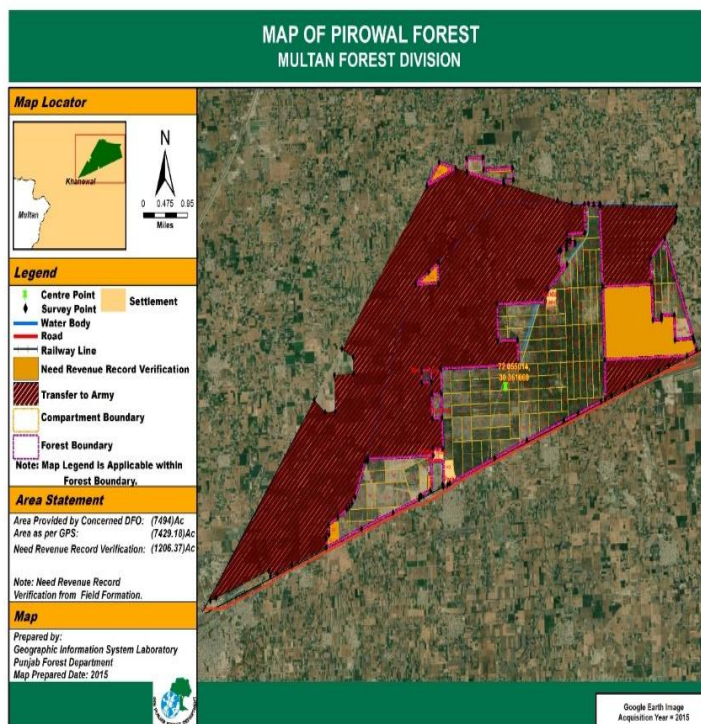
C) Vegetation cover is being lost due to loss of forest land vital for watershed management, soil conservation and carbon sequestration as 2079.70 acre of Forest Land is a built up area in Chichawatni Forest. Valuation of encroached upon land is not less than worth Rs 6239.1 Millions.

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<sup>17</sup> Shahzad, Naeem, Urooj Saeed, Hammad Gilani, Sajid Rashid Ahmad, Irfan Ashraf, and Syed Muhammad Irteza. "Evaluation of state and community/private forests in Punjab, Pakistan using geospatial data and related techniques." *Forest Ecosystems* 2, no. 1 (2015): 1-13.



D) In the surrounding localities, Depalpur Forest has 115 Acre of built up Area for rest house and colony, and 387.8 Acre has been depicted occupied by other departments. Whereas, Pirowal Forest satellite image depicts sizeable chunks lost to other departments.





E) Notified spatial plans, master plans, zoning, land use plans, including classification and reclassification of land, urban design, urban renewal are non-existent and hence represent neglect of authorities.

Governance failure has resulted into misreported area measuring 22,701 acres of forest Land and data fudging in reported area and cultivated area measuring 67,369 hectares during the year 2020-22 which indicates ineffective financial controls additional violations of zonal delimitations and encroachment of Forrest Land has not been curbed either.

The matter was reported to the management in month of September 2022. In response to the audit observation, the management did not offer any reply.

DAC meeting was not convened till finalization of the report despite issuance of letter and reminders.

Audit recommends to probe the matter and provide relevant record of state land.

*[Para ID 2022-0000003575\_F00002-BOS -Rawalpindi]  
[Study on Urban Growth on Arable Land]*

***b) Loss to government due to encroachment of Forest land 24,545.2 acre***

According to Para 2.4 (I) of Forest Manual Vol-II, the Divisional Forest Officer is the custodian of forests/forest produce and will be responsible for proper management of the forest business and the finance of his division.

A) During audit of Forest Department for the Financial Year 2021-22, it was observed that 24,545 acres of land belonging to Forest department was encroached. Neither the department retrieved forest land nor any penalty/*tawan* was imposed.

B) It is further added that for land measuring 1.65 Kanal of office of Deputy Director, Wildlife Park, Lahore was encroached by the private person illegally since 1992.

The lapse occurred due to lack of supervisory and internal controls.

The matter was reported to the management in month of September 2022. In response to the audit observation, the management did not offer any reply.

DAC meeting was convened in December, 2022 and the committee decided that updated status of encroachment and losses may be made privy to audit on priority.

Audit recommends to ensure retrieval of forest land and recovery of *tawan* besides fixing responsibility, taking cognizance of negligence causing encroachment of state land.

*[Para ID 2022-0000005092\_F00034 Financial Attest Audit]*

*[Para ID 2022-0000004935\_F00005- Deputy Director, Wildlife Park, Lahore]*

## **Auqaf & Religious Affairs Department**

### ***5.7.4.3 a) Ineffective enforcement due to non-vacation of agriculture and residential land of Auqaf department from illegal occupants of Rs. 5,247.132 million***

Section 8(I) of The Punjab Waqf Properties Ordinance 1979 provides, if any person is in occupation of, or enters upon, or is using any immovable waqf property to the occupation or use of which he is not, or has ceased to be, entitled by virtue of any provision of this Ordinance, the Chief Administrator or any other person authorized by him may, with the assistance of the district administration or an investigating or prosecuting agency, after giving such person a reasonable opportunity of showing cause against the action proposed to be taken, shall get it evicted with use of such force as may be necessary.

A) During thematic audit of illegal occupation of state land, it was observed that 191 Acres 2 Marla 24sq ft in the name of Haq Nawaz trust situated in Kotli Ghazi, Kot Khawaja Saeed, Baghbanpura, Saho Wari, the residential land 52k-11m-149 sq ft and Jimba Park Mehmood Botti 17k-10m valuing Rs. 242,107,200 and 86k-10m-75sq ft and Agriculture land valuing Rs.312,388,450 was under illegal occupation since long and no efforts were made to resume the state land from illegal occupants by the department.

B) Further Property of Mian Meer shrine stood taken over by illegal occupants which measured 35.3 Acres residential land of Valuing Rs. 4,793,443,200 (Rs.849600/Marla)

C) Moreover a land of 5.887 Acre valuing Rs.141,300,000 Khanqa Allah Bukhsh Mouza Manik was under illegal occupation of private peoples.

D) It is also pertinent to mention here that the department did not follow up the already pointed out cases of illegal occupation (3372.2 Acre ,77 shops and 120 residences)

This has resulted into ineffective enforcement due to non-vacation of agriculture and residential land valuing Rs. 5,247,131,650 from illegal occupants which indicates ineffective administrative controls. (**Annex-19**)

The matter was reported to the management in month of November, 2022.

DAC meeting was not convened till finalization of the report despite issuance of letter and reminders.

Audit recommends to ensure retrieval of forest land and recovery of *tawan* besides fixing responsibility, taking cognizance of negligence causing encroachment of state land.

*[Forensic Audit of Auqaf Department]*

***b) Loss to government revenue of Rs. 1,044.971 million on retrieval of 6,613 Acre Auqaf land***

Section 24 (Offences) of the Punjab Waqf Properties Ordinance, 1979 (Ordinance IV of 1979). (1) Whoever obstructs, or offers any resistance to, or impedes or otherwise interferes with;

(a) any authority, officer or person exercising any power or performing any duty conferred or imposed upon it or him by or in pursuance of this Ordinance or otherwise discharging any lawful function under this Ordinance; or

(b) any person who is carrying out the orders of any such authority, officer or person as aforesaid or who is otherwise acting in accordance with his duty in pursuance of this Ordinance; shall be punished with imprisonment for a term which may extend to five years or with fine or with

both. (4) The offences punishable under this Ordinance shall be triable by a Court of Session. (5) For contravention of any provision of this Ordinance for which no penalty is provided, shall be punished with fine which may extend to rupees twenty-five million.

During thematic audit of illegal occupation of state land, it was observed that the land measuring 6,613 Acres (land urban and rural) retrieved from illegal occupants of Auqaf controlled state land in all districts of Punjab under flagship programme but the department failed to recover minimum income for last five year from said land of Rs. 991,970,625. Further the authority did not recover penalty of Rs. 53,000,000 for such offence. It is pertinent to mention here that the relevant record of land like Roznamcha Waqayati, Qabza Wasool, Gridawari of retrieved land and Jama Bandi of subsequent time period was required to substitute adherence to due process of law but to no avail.

This has resulted into Loss to government revenue of Rs. 1,044,970,625 on retrieval of 6,613 Acre Auqaf Land which indicates ineffective administrative controls.

The matter was reported to the management in month of November, 2022.

DAC meeting was not convened till finalization of the report despite issuance of letter and reminders.

Audit recommends to realize the income and penalty on retrieved land at the earliest besides strengthening supervisory, financial and internal controls.

## **5.8 RECOMMENDATIONS**

Following recommendations are made for the prompt retrieval and the effective management of state land in Punjab:

- i. Institutional weaknesses of Punjab Board of Revenue department be curtailed and a comprehensive survey may be carried out to find the exact figure of encroachment of state land throughout the province including enlistment of parks open spaces, grave yards and amenities.
- ii. Government of Punjab needs to improvise a meaningful strategic and operational plan to cope with encroachment, of public property throughout the province.
- iii. Effective steps are required to create allotment criteria for state land besides rationalizing open auctions for temporary cultivation schemes.
- iv. Effective monitoring system is required to be put in place for monitoring the breaches of statement of condition for the land allotted for specific purposes
- v. Disciplinary action with exemplary precedents are required to be strengthened and utilized for government officials involved in malpractices.
- vi. Jurisdiction of civil courts are barred under colonization Act 1912 and The Punjab Government Lands and Buildings (Recovery of Possession) Ordinance, 1966, and stay orders can be got vacated moving petitions with Superior courts, preventing frivolous litigation from flourishing unduly.
- vii. There is a need of geo tag based cadastral survey in Punjab to compute the area and boundaries of state land for real time monitoring of state resources and protection thereof. 'Cadastral Mapping' is defined as a

comprehensive system to highlight the boundaries of subdivisions of land, indicate its size and shape, and reveal geographic relationships that affect property valuation. Some of the advantages of the existence of an up-to-date and reliable record of land are

- I. Simplified record of land
  - II. Ease in carrying out the acquisition of land for public purposes
  - III. Improved and advanced remote sensing data, e.g., LiDAR, which has a unique ability to capture individual tree details and overall forest structure in a precise and accurate manner, Sentinel series, which provides an opportunity to use high-resolution (10-m) optical data for forest mapping free of cost, and hyper spectral imagery, which provides in-depth forest health monitoring, have revolutionized forest cover mapping. These active sensor data sets are to be widely used worldwide to accurately and precisely map forests and calculate forest's biophysical attributes.
- viii. The state land directories are required to be completed and reconciliations are required to be made to monitor the unlawful changes in the inventory of state land.
- ix. The Forest, Wildlife & Fisheries and Auqaf & Religious affairs departments are required keep proper record for land inventory and ensure fresh demarcation exercise be carried out with the support of Revenue Department to safeguard the state land.

## **5.9 CONCLUSION**

The cases of encroachment of public property are significantly high in the province of Punjab which highlight the ineffectiveness of state machinery in managing and controlling state land. The thematic audit revealed administrative flaws for non-retrieval of state land under illegal occupation and non-auction of state properties earmarked for the purpose. Inaction regarding non-resumption of state land allotted to different government departments was still to be curbed. The cases related to illegal occupation and non-recovery of government dues are not being remedied by departments with requisite sense of urgency. Furthermore, Governance failure occurred regarding discrepancies affecting reporting of state land data prepared by LRMIS and other departments.

Land-use planning and restrictions are yet to be recognized as a means to ensure effective management of land-use, adversely affecting infrastructure and services, to optimally protect and improve the urban and rural environment, and pursue sustainable development.

Legal frameworks are yet to identify the institutional principles and procedures for the areas of land and property registration, land-use planning, and land development, that feed into the comprehensive spatial planning carried out at national, state/regional and local levels. Importantly, a mature system of comprehensive planning control is not fully pegged to updated land use data systems, especially the cadastral register, the land book, the property valuation register, the building and dwelling register, etc. to form a network of integrated subsystems.

The performance of Board of Revenue, Forests and Auqaf & Religious affairs departments was poor as sizeable chunk of state land is still under illegal occupation.



Legal framework incentivizing perpetuation .of illegal occupation of State land are characterized by complacency and coupled with frivolous litigation are adding undue burden of restraining orders for which civil courts are barred from exercising jurisdiction.

## **5.10 REFERENCES**

- State Land Management Information System Board of Revenue Government of the Punjab
- Annual Reports of Provincial Ombudsman
- Punjab Assembly questions.
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[Annex-1]

## **BOARD OF REVENUE (Arazi Record Centre)**

(Amount in Rupees)

Sr.	Name of Formation	Para ID	Title	Amount
1	Arazi Record Centre Toba Taik Singh	2022-0000000545_F00007	Internal Audit not carried out.	-
2	Arazi Record Centre Toba Taik Singh	2022-0000000545_F00008	Non Reconciliation of Revenue Figures	-
3	Arazi Record Centre, Burewala	2022-0000000824_F00001	Loss to government due to non-collecting of Rent of Building & Electricity charges from BOP for Rs. 7,200,000	7,200,000
4	Arazi Record Centre, Burewala	2022-0000000824_F00009	Un-due retention of government receipt Rs.2.636 million in Bank account (fard fee)	-
5	Arazi Record Center Chichawatni	2022-0000005876_F00010	Non Reconciliation of Revenue Figures.	-
6	ARC Burewala	2022-0000000824_F00010	Non maintenance of Record	
7	ARC, Burewala	2022-0000000824_F00008	Short-realization of Municipal Committee Fee	697,696
8	ARC Chichawatni	2022-0000005876_F00008	Short-realization of Municipal Committee Fee Rs. 1,926,740 (- 822,243)	1,104,497

## **BOARD OF REVENUE (Sub Registrar)**

*(Amount in Rupees)*

<b>Sr .</b>	<b>Name of Formation</b>	<b>Para ID</b>	<b>Title</b>	<b>Amount</b>
1	Sub Registrar Attock	2022-0000000877_F00007	Non-Reconciliation of Revenue Figure with the District Accounts/Treasury Office	-
2	Sub Registrar (Rural), Sialkot	2021-0000000635_F00009	Non-Reconciliation of Revenue Figure with the District Accounts/Treasury Office	-
3	Sub Registrar Taxila	2022-0000000893_F00009	Non-Reconciliation of Revenue Figure with the District Accounts/Treasury Office	-
4	Sub Registrar Multan (City)	2022-0000000498_F00012	Non-Reconciliation of Revenue Figure with the District Accounts office	-
5	Sub Registrar, Cantt Rawalpindi	2022-0000000876_F00008	Non-reconciliation of revenue figures with the District Accounts Office.	-
6	Sub Registrar Wagha Town Lahore	2022-0000003578_F00006	Non reconciliation of revenue statement from Accountant General Punjab office/Treasury Office.	-
7	Sub-Registrar Jhelum	2022-0000004515_F00006	Non reconciliation of revenue statement from Accountant General Punjab office/Treasury Office.	-
8	Sub-Registrar Urban-II(cantt) Rawalpindi	2022-0000004951_F00008	Non reconciliation of revenue statement from Accountant General Punjab office/Treasury Office.	-
9	Sub Registrar Ravi Town Lahore	2022-0000003579_F00007	Non-Reconciliation of Revenue Figure with the District Accounts office	-
10	Sub Registrar Gujar Khan	2022-0000004953_F00007	Non-Reconciliation of Revenue Figure with the District Accounts office	-
11	Sub Registrar Nishtar Town Lahore	2022-0000005589_F00009	Non-Reconciliation of Revenue Figure with the District Accounts office	-
12	Sub Registrar Nishtar Town Lahore	2022-0000005589_F00002	Short-realization of stamp duty due to incorrect rate of land	-

Sr .	Name of Formation	Para ID	Title	Amount
			purchased by Land Developers 14.465 million	
13	Sub Registrar Rural Sialkot	2021-0000000635_F00008]	Un-verifiable Challans for Income Tax Withholding –Rs. 0.382 million	381,900
14	Sub Registrar Sialkot	2021-0000000635_F00001	Non delisting of E-Stamp Papers valuing Rs. 10.566 million	10,566,414
15	Sub Registrar Multan (City)	2022-0000000498_F00011	Short-realization of Municipal Committee Fee	5,999,090

### **BOARD OF REVENUE (SMBR)**

*(Amount in Rupees)*

Sr .	Name of Formation	Para ID	Title	Amount
2	SMBR, Lahore	2022-0000006030_F00028	Non-completion of gis mapping of mouza mangorath and digitilzation (char salas) of mouzas.	-
3	SMBR, Lahore	2022-0000006030_F00029	Non-finalization of consolidation process of mouza in punjab.	-
4	SMBR, Lahore	2022-0000006030_F00067	Non-conducting of survey and recovery of rent thereto for abandoned paths, passages, watercourses,	-
5	SMBR, Lahore	2022-0000000503_F00002	Unlawful Interference of Board of Revenue in the Matters of Punjab Land Commission	
6	SMBR, Lahore	2022-0000000503_F00006	Non comparison of state land from State Land Directory for 2004 and 2018	
7	SMBR, Lahore	2022-0000000503_F00007	Non Retrieval of land of Ihatajaat from encroachers.	
8	SMBR, Lahore	2022-0000000503_F00008	Non implementation of the ban on sale of plots in illegal housing societies	
9	SMBR, Lahore	2022-0000000503_F00010	Inaction of Board of Revenue over unlawful sale of land allotted for industrial purposes Rs. 1,429.600 million (approximately).	
10	SMBR, Lahore	2022-0000000503_F00013	Loss of government revenue due to inaction of Board of Revenue for delayed/non-assessment of Condonation fee.	

Sr .	Name of Formation	Para ID	Title	Amount
12	SMBR, Lahore	2022-0000006030_F00058	Non-completion of enquiry relating to allotment of Evaquee land to a single person in 43 Mozajaat.	
13	SMBR, Lahore	2022-0000006030_F00065	Exchange Of Shamlat Deh, Asaeshe-E Deh Etc Land Within Private Housing Schemes.	

### **BOARD OF REVENUE (LRMIS PLRA)**

Sr .	Name of Formation	Para ID	Title	Amount
1	IS Audit Report on LRMIS – Punjab Land Record Authority	4.2.1	Non realization of mutation fee on oral mutations Rs. 14.27 million	14,270,826
3	IS Audit Report on LRMIS – Punjab Land Record Authority	4.2.2 (District Council Fee)	Non realization of government receipt due to non-valuation of land as per DC valuation table rates Rs. 103.86 million (PDP)	17,310,151
2	IS Audit Report on LRMIS – Punjab Land Record Authority	4.2.3	Non realization of Advance Tax (236-k) from Purchaser of Property Rs. 282.23 million	282,234,741
3	IS Audit Report on LRMIS – Punjab Land Record Authority	4.2.4	Non deduction of Service Charges at the prescribed rates resulting into loss to the Authority Rs. 2.53 million	2,531,500
4	IS Audit Report on LRMIS – Punjab Land Record Authority	4.2.5	Less collection of service charges from express token customers Rs. 73,000	73,000
5	IS Audit Report on LRMIS – Punjab Land Record Authority	4.2.6	Omission of mandatory data fields due to weak input controls	-
6	IS Audit Report on LRMIS – Punjab Land Record Authority	4.2.7	Non deduction of District Council Fee Rs. 32.93 million	32,925,316
6	IS Audit Report on LRMIS – Punjab Land Record Authority	4.2.8 (District Council Fee)	Non/Short realization of Govt. taxes/ fee due to under valuation on oral mutations of land sold in Area less than one kanal (PDP)	27,035,276

Sr .	Name of Formation	Para ID	Title	Amount
7	IS Audit Report on LRMIS – Punjab Land Record Authority	4.2.9	Non/Short realization of Govt. taxes/ fee due to under valuation on oral mutations in agriculture land above 1 kanal.	-
8	IS Audit Report on LRMIS – Punjab Land Record Authority	4.2.12	Non-Compliance of Govt. instruction at the time of registering/attesting of immovable property valuing more than 5 million from purchasers	-
9	IS Audit Report on LRMIS – Punjab Land Record Authority	4.2.13	Collection of govt. fee/taxes after approving mutations.	-
10	IS Audit Report on LRMIS – Punjab Land Record Authority	4.3.1	No strategic plan to enhance the depleting capacity of the system to accommodate the new users	-
11	IS Audit Report on LRMIS – Punjab Land Record Authority	4.3.2	Insufficient storage to fulfill emerging needs of the Department	-
12	IS Audit Report on LRMIS – Punjab Land Record Authority	4.3.3	Insufficient Human Resources to carry out the operational requirements of the LRMIS	-
13	IS Audit Report on LRMIS – Punjab Land Record Authority	4.3.4	Usage of outdated and expired policies formulated for a distributed database instead of centralized Environment	-
14	IS Audit Report on LRMIS – Punjab Land Record Authority	4.3.5	Absence of Change Management Mechanism and delayed hiring of vendor resulting in non-implementation of changes/emerging business processes	-
15	IS Audit Report on LRMIS – Punjab Land Record Authority	4.3.6	Non-implementation of key IT policies and procedures	-
16	IS Audit Report on LRMIS – Punjab Land Record Authority	4.3.7	Incomplete data regarding the ownership of land	-
17	IS Audit Report on LRMIS – Punjab Land Record Authority	4.3.8	Issues observed in Data Center/Disaster Recovery Site	-

Sr .	Name of Formation	Para ID	Title	Amount
18	IS Audit Report on LRMIS – Punjab Land Record Authority	4.3.9	Capacity Constraints of the staff of LRMIS	-
19	IS Audit Report on LRMIS – Punjab Land Record Authority	4.3.10	Delay in operationalization of MARCs	-
20	IS Audit Report on LRMIS – Punjab Land Record Authority	4.3.11	Delay in operationalization of QARCs	-
21	IS Audit Report on LRMIS – Punjab Land Record Authority	4.3.12	Inefficient performance while approving mutations	-
22	IS Audit Report on LRMIS – Punjab Land Record Authority	4.4.1	Non integration of the LRMIS with key applications creating data integrity and reliability issues	-
23	IS Audit Report on LRMIS – Punjab Land Record Authority	4.4.2	Presence of active users in the system despite proceeding of HR on leave, transfer and suspension	-
24	IS Audit Report on LRMIS – Punjab Land Record Authority	4.4.3	Absence of any mechanism to suspend or eliminate inactive users	-
25	IS Audit Report on LRMIS – Punjab Land Record Authority	4.4.4	Capacity issues of LRMIS application is resulting into performance constraints	-
26	IS Audit Report on LRMIS – Punjab Land Record Authority	4.4.5	Non availability of system as no transaction performed in LRMIS for the entire working days	-
27	IS Audit Report on LRMIS – Punjab Land Record Authority	4.5.1	Wastage of resources on Purchase of Mobile vans without any significant return	-
28	IS Audit Report on LRMIS – Punjab Land Record Authority	4.1.1	Usage of Firewalls approaching end of life and support without any planning for upgradation and replacement	-
29	IS Audit Report on LRMIS – Punjab Land Record Authority	4.1.2	Non-usage of Web Application Firewalls exposing the system to Web Attacks	-



Sr .	Name of Formation	Para ID	Title	Amount
30	IS Audit Report on LRMIS – Punjab Land Record Authority	4.1.3	Use of inadequate Cryptographic procedures applied at the data of only 10 service centers instead of 210	-
31	IS Audit Report on LRMIS – Punjab Land Record Authority	4.1.4	Defective Data Security Plan for the Distributed Environment instead of Centralized Environment	-

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### **EXCISE, TAXATION & NARCOTICS CONTROL DEPARTMENT**

*(Amount in Rupees)*

Sr.	Name of Formation	Para ID	Title	Amount
1	ETO Attock	2022-0000000811_F00021	Non-realization of Professional Tax from commercial motor vehicles. Rs. 10,400-1,600 =8,800	8,800
2	ETO Attock	2022-0000000811_F00022	Un-authorized exemption of Property Tax to widows under Section 4(g). Rs. 868,363-172,027=696,336	696,336
3	ETO Zone X, Lahore	2022-0000000485_F00015	Non-realization of arrears of five Marla property units.	19,740
4	ETO Zone X, Lahore	2022-0000000485_F00016	Un-authorized exemption of Property Tax to widows under Section 4(g).	376,650
5	ETO Zone IV, Lahore	2021-0000000634_F000011	Non-Reconciliation of Revenue Figures with the Treasury Office.	
6	Directorate (Excise) Rawalpindi	2022-0000000845_F00004	Non-resolving of pendency of number plates & smart cards against Rs.191,000,110	191,000,110
7	ETO Hafizabad	2022-0000003882_F00008	In-admissible exemption, from Property Tax, granted to widows– Rs. 1094448	1,094,448
8	ETO Hafizabad	2022-0000003882_F00012	Non-surrender of savings within stipulated time - Rs. 8840097	8,840,097
9	ETO Hafizabad	2022-0000003882_F00013	Irregular excess expenditure than budget allocation – Rs.137780	137,780
10	ETO Hafizabad	2022-0000003882_F00014	Non-realization of Property Tax from State Owned Organizations – Rs. 26854	26,854

Sr.	Name of Formation	Para ID	Title	Amount
11	ETO Hafizabad	2022-0000003882_F00015	Improper maintenance of record.	-
12	ETO Hafizabad	2022-0000003882_F00016	Non-Reconciliation of Revenue Figure with the District Accounts office	-
13	MRA Faisalabad	2022-0000004516_F00008	Non-Reconciliation of Revenue Figure with the District Accounts office	-
14	ETO Zone – V Lahore	2022-0000004954_F00011	In-admissible exemption, from Property Tax, granted to widows– Rs.5,540,150 (5,540,150-773,274 = 4,766,876)	4,766,876
15	ETO Zone – V Lahore	2022-0000004954_F00013	Non-Reconciliation of Revenue Figure with the District Accounts office	-
16	ETO Zone – XV Lahore	2022-0000003881_F00012	Non-realization of arrears of Property Tax relating to 5 Marla houses Rs. 63,941.	63,941
17	ETO Zone – XV Lahore	2022-0000003881_F00015	Non-Reconciliation of Revenue Figure With The Treasury Office	-
18	ETO, (Tie-up), Lahore	2022-0000005592_F00008	Non-achievement of Revenue Targets Rs.1086.357 Million	-
19	IS Audit report on MTMIS (Excise & Taxation Department)	4.1.1	Security issues of the Information System are not properly addressed.	-
20	IS Audit report on MTMIS (Excise & Taxation Department)	4.1.2	Non-Implementation of key IT Policies remained unchecked.	-
21	IS Audit report on MTMIS (Excise & Taxation Department)	4.2.1	Want of Integration of MTMIS with the F.B.R to assess real time status of Filer/Non-filer could not be rectified.	-
22	IS Audit report on MTMIS (Excise & Taxation Department)	4.2.2	Outsourcing of Key I.T operations and expenditure of Rs.53.003 million diverted by PITB without any service level agreement could not be deemed sustainable.	53,003,000
23	IS Audit report on MTMIS (Excise & Taxation Department)	4.2.3	Non-Production of Records was yet to be remedied.	-
24	IS Audit report on MTMIS (Excise & Taxation Department)	4.2.4	Non provision of correct data/wrong data led to the system generated anomalies.	-

Sr.	Name of Formation	Para ID	Title	Amount
25	IS Audit report on MTMIS (Excise & Taxation Department)	4.3.1	Non-Provision of specialty Number Plates to customer's despite collection of Rs.759,082,060 as number plate's charges was at cross purposes with objectives of the project.	759,082,060
26	IS Audit report on MTMIS (Excise & Taxation Department)	4.3.2	Non accomplishment of tasks by PITB as per PC-1 was still unaddressed.	-
27	IS Audit report on MTMIS (Excise & Taxation Department)	4.3.3	Non implementation of other key objectives outlined in PC-1 unfolded chaotic situation.	-
28	IS Audit report on MTMIS (Excise & Taxation Department)	4.4.1	Loss and undue incurrence of liability amounting Rs. 774,922,400 on payment of TCS charges due to weak administrative and financial management was a systemic failure.	774,922,400
29	IS Audit report on MTMIS (Excise & Taxation Department)	4.4.2	Inadmissible payment of Rs.29,940,000 in respect of Pay and allowances of their Contractual staff despite the expiration of the contractual engagement was devoid of legal cover.	29,940,000
30	IS Audit report on MTMIS (Excise & Taxation Department)	4.4.3	Undue hiring of expensive HR was preferred whereas the main function had been outsourced to PITB.	-
31	ETO Zone V, Lahore	2022-0000004954_F00005	Non-recovery of disputed/stay amount of Property tax Rs. 81.602 million.	81,602,628
32	ETO, (Non Tie-up), Lahore	2022-0000005591_F00003	Non Realization of government taxes from Motor vehicle dealers at the time of registration Rs. 31.210 million.	31,210,311
33	ETO, (Non Tie-up), Lahore	2022-0000005591_F00010	Less realization of registration fee on registration of vehicles	19,500,000
35	ETO, (Tie-up), Lahore	2022-0000005592_F00007	Non-Deposit of reserve price for auction amount of Rs.0.938 million	938,331

Sr.	Name of Formation	Para ID	Title	Amount
36	ETO Zone X, Lahore	2022-0000000485_F00008	Non-enforcement of orders passed under section 9-© Rs. 435,955-74,002 = 361,953	361,953
37	ETO Attock	2022-0000000811_F00009	Non-realization of Farm House Tax – Rs 0.167 million	167,080
38	ETO Attock	2022-0000000811_F00011	Short-realization of property tax due to wrong remission – Rs. 0.099 million	99,432
39	ETO, (Non Tie-up), Lahore	2022-0000005591_F00008	Incompetency of MRA, Lahore resulted in suspension of 30483 vehicles	-
40	ETO, (Non Tie-up), Lahore	2022-0000005591_F00011	Loss to Government revenue in billions by the vehicle manufacturing companies	-
41	ETO, (Non Tie-up), Lahore	2022-0000005591_F00012	Irregular collection of taxes/fee in cash and non-availability of original Challan-32A of Rs. 348	-

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### Punjab Revenue Authority

(Amount in Rupees)

Sr No.	Name of Formation	Para ID	Title	Amount
1	Punjab Revenue Authority, Lahore	2022-0000000878_F00001	Blockage Government revenue despite expiry of stay orders- Rs.16,253.54 million	16,253,540,890
2	Punjab Revenue Authority, Lahore	2022-0000000878_F00007	Non-Implementation of Enforcement Measures Under Punjab Sales Tax on Services Enforcement Rules 2014.	-
3	Punjab Revenue Authority, Lahore	2022-0000000878_F00008	Loss of Government revenue in millions due to nonpayment of taxes by the collecting agents, doctors and hospital.	-
4	Special study on Assessment & Collection of PST, PRA		Shortage/improper distribution of Human Resource	-
5	Special study on Assessment & Collection of PST, PRA		Improper distribution of work to officers	-

6	Special study on Assessment & Collection of PST, PRA		Irrational Fixation of Targets	-
7	Special study on Assessment & Collection of PST, PRA		Shortfall in achieving the revenue targets	-
8	Special study on Assessment & Collection of PST, PRA		Recovery of Provincial Sale Tax from automated sources/book transfer and withholding agents - irrelevantly included in recovery against target	-
9	Special study on Assessment & Collection of PST, PRA		Non-existence of any reconciliation procedure for revenue collection in Provincial Sale Tax	-
10	Special study on Assessment & Collection of PST, PRA		Non-declaration of Turnover earned by PRAL from FBR- resulting Loss of Rs.1,188.327 million	Rs.1,188.327 million
11	Special study on Assessment & Collection of PST, PRA		Elimination of category of service head "other services"	-
12	Special study on Assessment & Collection of PST, PRA		Penalty for non-filing of return for sales tax on services-	140.760 million
13	Special study on Assessment & Collection of PST, PRA		Non withholding of Punjab sales tax of millions of rupees from private limited companies being active taxpayer.	-
14	Special study on Assessment & Collection of PST, PRA		Non-payment of Provincial Sale Tax by different authorities and boards as withholding agents, amounting to-Rs. 1,071.357 million	-
15	Special study on Assessment & Collection of PST, PRA		Blockade of Govt. revenue due to stay orders-Rs. 113,888.452 Million	-
16	Special study on Assessment & Collection of PST, PRA		Non-suspension/cancellation of registration of defaulters and non-compliant tax payers	-
17	Special study on Assessment & Collection of PST, PRA		Double taxation of sale tax on services by Punjab Revenue Authority and Federal Board of Revenue	-

18	Special study on Assessment & Collection of PST, PRA		Non-recovery of Punjab Sales Tax on services of Contractual Work of-Rs. 21	-
19	Special study on Assessment & Collection of PST, PRA		Non-Production of Record	-

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### TRANSPORT DEPARTMENT (Secretary DRTA)

(Amount in Rupees)

Sr.	Name of Formation	Para ID	Title	Amount
1	Secretary DRTA Lahore	20220000005590-F00005	Breached canons of probity and propriety due to systemic errors	113,000
2	Secretary DRTA Faisalabad	20220000005877-F00006	Breached canons of probity and propriety due to systemic errors	5,840,787
3	Secretary PTA Lahore	2022-0000000879-F00010	Non-realization of Govt. revenue due to non-renewal of route permits of vehicles –Rs.	311,550
4	Secretary DRTA Faisalabad	2022-0000005877-F00002	Non-realization of renewal fee from owners of bus stands	290,000
5	Secretary DRTA Lahore	2022-0000005590-F00002	Non-realization of renewal fee from owners of bus stands	200,000
6	Secretary DRTA Faisalabad	2022-0000005877_F00003	Non-realization of penalty from un licensed Body building workshop of Rs. 0.150 million	150,000
7	Secretary DRTA Faisalabad	2022-0000005877_F00004	Non-deposit of rent from VICS operator amounting to Rs. 0.375 million	375,000
8	Secretary DRTA Faisalabad	2022-0000005877_F00005	Non-creation of demand of license/renewal fee from goods forwarding agencies Rs 0.109 million	109,000





[Annex-2]

**1.4.1 Non-realization of penalty on purchase of property through non-banking channel - Rs.1,567.566 million**

(Amount in Rupees)

S #	Name of Formation	PDP No.	No. of Cases	Amount Pointed Out	Amount Verified	Balance
1	Arazi Record Centre Toba Taik Singh	2022-0000000545_F00004	5	18,621,475	-	18,621,475
2	Sub Registrar Multan (City)	2022-0000000498_F00007	62	44,369,412	6,991,000	37,378,412
3	Sub Registrar, Bhakkar	2022-0000000810_F00001	94	48,092,025	-	48,092,025
4	Sub Registrar, Cantt Rawalpindi	2022-0000000876_F00001	183	89,277,842	-	89,277,842
5	Arazi Record Centre, Burewala	2022-0000000824_F00002	551	281,368,785	-	281,368,785
6	Sub Registrar, Pattoki	2022-0000000543_F00001	343	240,295,380	-	240,295,380
7	Sub Registrar Taxila	2022-0000000893_F00001	79	81,347,470	-	81,347,470
8	Sub Registrar, Samanabad Town, Lahore	2022-0000000492_F00004	107	58,056,540	-	58,056,540
9	Arazi Record Centre, Chunian, Kasur	2022-0000000540_F00001	28	14,750,163	-	14,750,163
10	Arazi Record Centre, Depalpur Okara	2022-0000000809_F00001	211	116,150,718	-	116,150,718
11	Sub Registrar Ravi Town Lahore	2022-0000003579_F00001	42	24,824,525	833,250	23,991,275
12	SR Gujar Khan	2022-0000004953_F00001	67	37,754,985	-	37,754,985
13	Sub Registrar Nishtar Town Lahore	2022-0000005589_F00005	79	84,451,075	-	84,451,075
14	ARC Chichawatni	2022-0000005876_F00002	86	45,863,923	-	45,863,923
15	Sub Registrar Wagha Town Lahore	2022-0000003578_F00002	61	78,907,338	-	78,907,338

S #	Name of Formation	PDP No.	No. of Cases	Amount Pointed Out	Amount Verified	Balance
16	Sub-Registrar Jhelum	2022- 0000004515_F00004	148	122,197,097	2,300,000	119,897,097
17	Sub-Registrar Urban-II(cantt) Rawalpindi	2022- 0000004951_F00003	83	99,804,694	-	99,804,694
18	Sub-Register Allama Iqbal Town Lahore	2022- 0000004952_F00004	47	37,795,750	-	37,795,750
19	Sub Registrar, Samnabad Town Lahore	2022- 0000005597_F00001	86	53,761,324	-	53,761,324
<b>Total</b>			<b>2,362</b>	<b>1,577,690,521</b>	<b>10,124,250</b>	<b>1,567,566,271</b>

**[Annex-3]**

**1.4.2 Non/short-realization of stamp duty on urban land -  
Rs. 179.843 million**

*(Amount in Rupees)*

Sr.	Name of Formation	Para ID	No of cases	Amount Pointed Out	Amount Verified	Balance
1	Sub Registrar Multan (City)	2022- 0000000498_F00001	244	9,633,007	-	9,633,007
2	Sub Registrar Multan (City)	2022- 0000000498_F00002	9	1,960,955	-	1,960,955
3	Sub Registrar, Bhakkar	2022- 0000000810_F00005	11	312,515	64,983	247,532
4	Sub Registrar, Cantt Rawalpindi	2022- 0000000876_F00006	61	195,631	5,893	189,738
5	Sub Registrar, Pattoki	2022- 0000000543_F00002	41	11,232,135	-	11,232,135
6	Sub Registrar, Pattoki	2022- 0000000543_F00003	116	2,550,712	-	2,550,712
7	Sub Registrar Attock	2022- 0000000877_F00004	24	3,290,185	545,750	2,744,435
8	Sub Registrar (Rural), Sialkot	2021- 0000000635_F00004	77	3,973,300	3,093,400	879,900
9	Sub Registrar (Rural), Sialkot	2021- 0000000635_F00006	8	942,268	66,000	876,268
10	Sub Registrar Taxila	2022- 0000000893_F00002	11	53,910,379	-	53,910,379
11	Sub Registrar Taxila	2022- 0000000893_F00006	797	20,731,760	-	20,731,760

Sr.	Name of Formation	Para ID	No of cases	Amount Pointed Out	Amount Verified	Balance
12	Sub Registrar Taxila	2022-0000000893_F00007	48	19,705,032	4,969,148	14,735,884
13	Sub Registrar Nishtar Town Lahore	2022-0000005589_F00001	39	2,732,873	-	2,732,873
14	Sub Registrar Nishtar Town Lahore	2022-0000005589_F00008	4	101,149	-	101,149
15	Sub Registrar Wagha Town Lahore	2022-0000003578_F00005	6	1,361,320	-	1,361,320
16	Sub-Registrar jhelum	2022-0000004515_F00003	2	46,403,111	-	46,403,111
17	Sub-Registrar Urban-II(cantt) Rawalpindi	2022-0000004951_F00005	5	4,865,396	-	4,865,396
18	Sub-Registrar Urban-II(cantt) Rawalpindi	2022-0000004951_F00006	6	378,577	-	378,577
19	Sub-Register Allama Iqbal Town Lahore	2022-0000004952_F00005	17	773,041	-	773,041
20	Sub Registrar, Samnabad Town Lahore	2022-0000005597_F00004	28	656,723	-	656,723
21	Sub Registrar, Samanabad Town Lahore	2022-0000005597_F00008	1	41,100	-	41,100
22	SR Gujar Khan	2022-0000004953_F00006	2	76,500	-	76,500
23	Sub Registrar Ravi Town Lahore	2022-0000003579_F00006	14	495,156	-	495,156
24	Sub Registrar Nishtar Town Lahore	2022-0000005589_F00003	11	1,352,506	-	1,352,506
25	Sub-Registrar-Attock	2022-0000000877_F00006	33	1,172,500	260,000	912,500
<b>Total</b>			<b>1,615</b>	<b>188,847,831</b>	<b>9,005,174</b>	<b>179,842,657</b>

[Annex-4]

**1.4.3 Non- realization of withholding tax on purchase/transfer of immovable property – Rs. 146.841 million**

(Amount in Rupees)

S r. #	Name of Formation	Para ID	No of cases	Amount Pointed Out	Amount Verified	Balance
1	Arazi Record Centre Toba Taik Singh	2022-0000000545_F00001	28	382,303	7,597	374,706
2	Sub Registrar Multan (City)	2022-0000000498_F00008	122	6,936,471	-	6,936,471
3	Sub Registrar Multan (City)	2022-0000000498_F00009	219	10,909,835	-	10,909,835
4	Sub Registrar, Bhakkar	2022-0000000810_F00002	28	3,863,860	-	3,863,860
5	Sub Registrar, Bhakkar	2022-0000000810_F00003	16	1,968,215	1,376,087	592,128
6	Sub Registrar, Cantt Rawalpindi	2022-0000000876_F00002	109	7,262,011	-	7,262,011
7	Sub Registrar, Cantt Rawalpindi	2022-0000000876_F00004	64	3,711,189	2,405,719	1,305,470
8	Arazi Record Centre, Burewala	2022-0000000824_F00003	1	5,109,298	-	5,109,298
9	Arazi Record Centre, Burewala	2022-0000000824_F00005	1	445,422	-	445,422
10	Arazi Record Centre, Burewala	2022-0000000824_F00011	1	3,641,990	-	3,641,990
11	Sub Registrar, Pattoki	2022-0000000543_F00005	1	415,117	-	415,117
12	Sub Registrar Attock	2022-0000000877_F00002	139	37,353,742	32,610,192	4,743,550
13	Sub Registrar (Rural), Sialkot	2021-0000000635_F00005	26	1,707,852	653,001	1,054,851
14	Sub Registrar Taxila	2022-0000000893_F00003	91	44,074,265	-	44,074,265
15	Sub Registrar, Samanabad Town, Lahore	2022-0000000492_F00001	42	1,702,790	-	1,702,790
16	Arazi Record Centre, Chunian, Kasur	2022-0000000540_F00003	224	746,875	-	746,875
17	Arazi Record Centre, Chunian, Kasur	2022-0000000540_F00004	4	687,500	-	687,500

S r. #	Name of Formation	Para ID	No of cases	Amount Pointed Out	Amount Verified	Balance
1 8	Arazi Record Centre, Chunian, Kasur	2022- 0000000540_F00006	2	422,200	260,000	162,200
1 9	Arazi Record Centre, Depalpur Okara	2022- 0000000809_F00003	108	1,218,010	-	1,218,010
2 0	Arazi Record Centre, Depalpur Okara	2022- 0000000809_F00004	15	637,740	471,500	166,240
2 1	Sub Registrar Ravi Town Lahore	2022- 0000003579_F00003	66	3,741,299	-	3,741,299
2 2	SR Gujar Khan	2022- 0000004953_F00003	24	1,498,121	-	1,498,121
2 3	Sub Registrar Nishtar Town Lahore	2022- 0000005589_F00006	55	2,307,868	-	2,307,868
2 4	ARC Chichawatni	2022- 0000005876_F00004	17	2,300,848	270,640	2,030,208
2 5	ARC Chichawatni	2022- 0000005876_F00005	79	2,921,571	371,895	2,549,676
2 6	ARC Chichawatni	2022- 0000005876_F00006	14	343,865	-	343,865
2 7	ARC Chichawatni	2022- 0000005876_F00009	31	1,889,690	937,060	952,630
2 8	Sub Registrar Wagha Town Lahore	2022- 0000003578_F00004	40	2,341,531	-	2,341,531
2 9	Sub-Registrar Jhelum	2022- 0000004515_F00002	5	19,125,417	-	19,125,417
3 0	Sub-Registrar Urban-II(cantt) Rawalpindi	2022- 0000004951_F00002	67	13,443,716	-	13,443,716
3 1	Sub-Register Allama Iqbal Town Lahore	2022- 0000004952_F00002	32	1,036,699	-	1,036,699
3 2	Sub Registrar, Samnabad Town Lahore	2022- 0000005597_F00003	34	1,532,273	-	1,532,273
3 3	Sub Registrar, Samnabad Town Lahore	2022- 0000005597_F00005	11	525,464	-	525,464
<b>Total</b>			<b>1716</b>	<b>186,205,047</b>	<b>39,363,691</b>	<b>146,841,356</b>

[Annex-5]

**1.4.4 Loss due to non/less recovery of withholding tax (236-c) from seller on transfer of immovable properties - Rs. 82.234 million**

(Amount in Rupees)

Sr.	Name of Formation	Para ID	No of cases	Amount Pointed Out	Amount Verified	Balance
1	Arazi Record Centre Toba Taik Singh	2022-0000000545_F00002	39	1,030,700	784,000	246,700
2	Arazi Record Centre Toba Taik Singh	2022-0000000545_F00003	39	170,390	3,799	166,591
3	Sub Registrar Multan (City)	2022-0000000498_F00005	15	1,278,600	-	1,278,600
4	Sub Registrar Multan (City)	2022-0000000498_F00006	46	3,308,881	-	3,308,881
5	Sub Registrar, Bhakkar	2022-0000000810_F00004	40	820,175	88,001	732,174
6	Sub Registrar, Cantt Rawalpindi	2022-0000000876_F00003	68	3,209,531	1,450,748	1,758,783
7	Sub Registrar, Cantt Rawalpindi	2022-0000000876_F00005	15	718,461	115,900	602,561
8	Sub Registrar, Pattoki	2022-0000000543_F00004	1	682,558	-	682,558
9	Sub Registrar (Rural), Sialkot	2021-0000000635_F00007	17	706,300	-	706,300
10	Sub Registrar Taxila	2022-0000000893_F00004	52	24,167,255	-	24,167,255
11	Sub Registrar, Samanabad Town, Lahore	2022-0000000492_F00002	17	985,078	-	985,078
12	Arazi Record Centre, Chunian, Kasur	2022-0000000540_F00005	67	613,560	-	613,560
13	Arazi Record Centre, Depalpur Okara	2022-0000000809_F00005	19	926,985	617,990	308,995
14	Sub Registrar Ravi Town Lahore	2022-0000003579_F00004	37	2,873,720	-	2,873,720
15	SR Gujar Khan	2022-0000004953_F00005	71	4,971,479	-	4,971,479
16	Sub Registrar Nishtar Town Lahore	2022-0000005589_F00004	111	18,486,451	-	18,486,451
17	ARC Chichawatni	2022-0000005876_F00003	68	3,440,130	94,100	3,346,030

Sr.	Name of Formation	Para ID	No of cases	Amount Pointed Out	Amount Verified	Balance
18	Sub Registrar Wagha Town Lahore	2022-0000003578_F00001	45	1,840,068	-	1,840,068
19	Sub-Registrar Jhelum	2022-0000004515_F00001	71	4,423,880	-	4,423,880
20	Sub-Registrar Urban-II(cantt) Rawalpindi	2022-0000004951_F00001	80	8,443,361	-	8,443,361
21	Sub-Register Allama Iqbal Town Lahore	2022-0000004952_F00001	31	1,399,642	-	1,399,642
22	Sub Registrar, Samnabad Town Lahore	2022-0000005597_F00006	12	616,967	-	616,967
23	Sub Registrar, Samnabad Town Lahore	2022-0000005597_F00007	5	274,069	-	274,069
<b>TOTAL</b>			<b>966</b>	<b>85,388,241</b>	<b>3,154,538</b>	<b>82,233,703</b>

[Annex-6]

***1.4.5 Short-realization of stamp duty due to unapproved building plan of structured properties Rs. 54.018 million***

Sr. No	Name of Formations	Para	No of Cases	Amount Pointed Out	Amount Verified	Balance
1	Sub Registrar Ravi Town Lahore	2022-0000003579_F00002	113	5,573,877	-	5,573,877
2	SR Gujar Khan	2022-0000004953_F00002	28	2,368,198	-	2,368,198
3	Sub Registrar Nishtar Town Lahore	2022-0000005589_F00007	53	2,700,883	-	2,700,883
4	Sub Registrar Wagha Town Lahore	2022-0000003578_F00003	17	1,242,659	-	1,242,659
5	Sub-Registrar Jhelum	2022-0000004515_F00005	20	1,078,620	-	1,078,620
6	Sub-Registrar Urban-II(cantt) Rawalpindi	2022-0000004951_F00004	240	26,951,984	-	26,951,984
7	Sub-Register Allama Iqbal Town Lahore	2022-0000004952_F00003	37	2,183,687	-	2,183,687

Sr. No	Name of Formations	Para	No of Cases	Amount Pointed Out	Amount Verified	Balance
8	Sub Registrar, Samnabad Town Lahore	2022-0000005597_F00002	237	11,918,035	-	11,918,035
<b>Total</b>			<b>745</b>	<b>54,017,943</b>	<b>-</b>	<b>54,017,943</b>

**[Annex-7]**

### ***2.4.1 Non-realization of token tax from motor vehicle owners - Rs. 1,359.61 million***

*(Amount in Rupees)*

Sr.	Name of Formation	Para ID	No of cases	Amount Pointed Out	Amount Verified	Amount Balance
1	ETO Attock	2022-0000000811_F00019	99	312,940	94,370	218,570
2	ETO Hafizabad	2022-0000003882_F00011	34	218,807	-	218,807
3	MRA Faisalabad	2022-0000004516_F00001	1,133	21,265,519	-	21,265,519
4	MRA Faisalabad	2022-0000004516_F00002	300	22,124,700	-	22,124,700
5	MRA Faisalabad	2022-0000004516_F00004	188	2,031,700	337,250	1,694,450
6	MRA Faisalabad	2022-0000004516_F00006	1,031	5,456,460	1,075,530	4,380,930
7	ETO, (Tie-up), Lahore	2022-0000005592_F00003	28,590	199,951,170	-	199,951,170
8	ETO, (Non Tie-up), Lahore	2022-0000005591_F00001	81,659	971,262,500	-	971,262,500
9	ETO, (Non Tie-up), Lahore	2022-0000005591_F00004	5,877	138,496,855	-	138,496,855
<b>TOTAL</b>			<b>118,911</b>	<b>1,361,120,651</b>	<b>1,507,150</b>	<b>1,359,613,501</b>



[Annex-8]

**2.4.3 Non-realization of arrears of property tax - Rs. 162.763 million**

(Amount in Rupees)

Sr. No	Name of Formation	Para	No. of Cases	Amount Pointed Out	Amount Verified	Balance Amount
1	ETO Attock	2022-0000000811_F00001	166	3,255,685	1,381,402	1,874,283
2	ETO Zone X, Lahore	2022-0000000485_F00001	152	6,028,371	2,638,972	3,389,399
3	ETO Zone IV, Lahore	2021-0000000634_F00002	131	87,693,388	1,613,134	86,080,254
4	ETO Attock	2022-0000000811_F00010	13	169,141	47,907	121,234
5	ETO Zone X, Lahore	2022-0000000485_F00009	10	355,595	113,614	241,981
6	ETO Attock	2022-0000000811_F00012	32	98,271	21,602	76,669
7	ETO Zone X, Lahore	2022-0000000485_F00014	14	38,302	-	38,302
8	ETO Hafizabad	2022-0000003882_F00004	180	8,522,584	-	8,522,584
9	ETO Zone - V Lahore	2022-0000004954_F00007	149	36,390,165	20,252,601	16,137,564
10	ETO Zone - XV Lahore	2022-0000003881_F00001	227	17,726,502	5,575,243	12,151,259
11	ETO Zone - XV Lahore	2022-0000003881_F00011	25	408,001	138,984	269,017
12	ETO Hafizabad	2022-0000003882_F00006	4	134,916	-	134,916
13	ETO Zone - V Lahore	2022-0000004954_F00010	7	249,290	26,976	222,314
14	ETO Zone - V Lahore	2022-0000004954_F00009	7	1,695,720	108,362	1,587,358
15	ETO Zone - XV Lahore	2022-0000003881_F00005	91	30,238,756	793,149	29,445,607
16	ETO Zone - XV Lahore	2022-0000003881_F00013	8	2,808,081	337,326	2,470,755
<b>Total</b>			<b>1216</b>	<b>195,812,768</b>	<b>33,049,272</b>	<b>162,763,496</b>

[Annex-9]

**2.4.8 Short-Realization of Property Tax due to application of wrong location and wrong exemption to commercial property units Rs. 52.889 million**

(Amount in Rupees)

Sr.	Name of Formation	Para ID	No of cases	Amount Pointed Out	Amount Verified	Balance Amount
1	ETO Attock	2022-0000000811_F00005	351	11,330,183	-	11,330,183
2	ETO Attock	2022-0000000811_F00006	7	3,241,028	-	3,241,028
3	ETO Attock	2022-0000000811_F00016	29	72,277	36,976	35,301
4	ETO Zone X, Lahore	2022-0000000485_F00003	235	3,151,495	-	3,151,495
5	ETO Zone X, Lahore	2022-0000000485_F00011	53	180,665	58,742	121,923
6	ETO Zone IV, Lahore	2021-0000000634_F00009	317	4,987,159	-	4,987,159
7	ETO Hafizabad	2022-0000003882_F00001	424	1,075,205	-	1,075,205
8	ETO Hafizabad	2022-0000003882_F00003	20	1,084,689	-	1,084,689
9	ETO Zone - V Lahore	2022-0000004954_F00002	29	25,301,967	308,076	24,993,891
10	ETO Zone - V Lahore	2022-0000004954_F00004	44	1,479,755	-	1,479,755
11	ETO Zone - XV Lahore	2022-0000003881_F00008	9	1,476,704	88,232	1,388,472
<b>TOTAL</b>			<b>1518</b>	<b>53,381,127</b>	<b>492,026</b>	<b>52,889,101</b>

[Annex 10]

**2.4.25 Un-lawful registration of vehicles on fake military auction certificates and import documents causing loss of Custom Duty Rs. 11,315.820**

**Detail of Annexure is given in below mentioned Google Drive Link**  
Military auction certificates and import documents

[https://docs.google.com/spreadsheets/d/1S0JHXZAGnFYA2d7zPvO2RK8Y7WvkB9zp/edit?usp=share\\_link&ouid=110629610265143097343&rtpof=true&sd=true](https://docs.google.com/spreadsheets/d/1S0JHXZAGnFYA2d7zPvO2RK8Y7WvkB9zp/edit?usp=share_link&ouid=110629610265143097343&rtpof=true&sd=true)

[Annex 11]

**3.4.5 Short payment of tax by the hotels, motels and guest houses- Rs. 53.170 million**

**Detail of Annexure is given in below mentioned Google Drive Link**

[https://docs.google.com/spreadsheets/d/1UrHF4Lh924Ku7TURrkKhkVt5-im1p0CY/edit?usp=share\\_link&ouid=110629610265143097343&rtpof=true&sd=true](https://docs.google.com/spreadsheets/d/1UrHF4Lh924Ku7TURrkKhkVt5-im1p0CY/edit?usp=share_link&ouid=110629610265143097343&rtpof=true&sd=true)

[Annex-12]

***Review of internal controls (Internal Control Assessments)***

<b><i>Expected Controls</i></b>	<b><i>Rating</i></b>
Implementation of leasing criteria of state land.	Weak
Monitoring and Evaluation of statement of condition of allotted state land.	Weak
Mechanism for imposition of penalties at the time of retrieval of state land	Moderate
Rules for resumption of state land on breach of statement of conditions by Government departments	Moderate
Ability to overpower hurdles which are affecting retrieval of encroached land.	Weak
Efficacy of remedial action which can enhance effectiveness of the retrieval of state land.	Weak

Effectiveness of Internal audit system.	Weak
Coordination between Board of Revenue and other departments for retrieval of state land.	Weak
Removal of lacuna in legal framework.	Moderate
Ability to tackle frivolous litigations.	Weak
Consistency and reliability of data prepared by relevant government organizations	Weak

### ***Review of the Internal Control with Management Replies***

*The above weaknesses of internal Control were reported to the entities but management did not offer replies to the observation and weaknesses in Internal Control*

***[Annex-13]***

### ***5.7.4.1 (a) Loss to government due to encroachment of state lands***

***19,474.07acre, of-Rs. 152,913.559 million***

Sr.No.	Name of Formation	Period of Audit	PDP No.	Area in acre	Amount (Rs.)
1	Deputy Commissioner Khanewal	2020-21	2022-0000000831_F00007	980.9	4,788,447,000
2	Deputy Commissioner Muzaffargarh	2020-21	2022-0000000830_F00001	1958.8	1,558,750,000
3	Commissioner, Rawalpindi	2020-21	2022-0000000839_F00002	379	11,072,685,600
4	Deputy Commissioner, Chakwal	2020-21	2022-0000000646_F00004	1380	8,046,913,000
5	Deputy Commissioner, Chiniot	2020-21	2022-0000000500_F00001	689	1,024,270,000
6	Deputy Commissioner, DG Khan	2020-21	2022-0000000833_F00007	7578	1,906,421,000
7	Deputy Commissioner, Bahawalpur	2020-21	2022-0000000815_F00001	217	58,400,000
8	Deputy Commissioner Layyah	2020-21	2022-0000000874_F00001	95	408,273,000
9	Divisional Commissioner, Sargodha	2020-21	2022-0000000840_F00001	7.37	22,110,000
10	Deputy Commissioner Lahore	2020-21	2022-0000000875_F00030	1018	0
11	Divisional Commissioner Bahawalpur	2020-21	2022-0000000522_F00006	1090	0
12	Deputy Commissioner Gujranwala	2021-22	2022-0000005864_F00003	2620	18440000

Sr.No.	Name of Formation	Period of Audit	PDP No.	Area in acre	Amount (Rs.)
13	Deputy Commissioner Rawalpindi	2021-22	2022-0000004509_F00017	360	1321850000
14	AC Cantt Saddar Lahore	2012-22	2022-0000005594_F00001	1101	122,687,000,000
<b>Total</b>				<b>19474.07</b>	<b>152,913,559,600</b>

**[Annex-14]**

**5.7.4.2 (f) Non-invocation of punitive action for protecting and conserving amenity plots in housing societies and non-recovery of government dues of Rs.1368.802 million**

**Detail of Annexure is given in below mentioned Google Drive Link (Link A)** List of 1630 illegal and under process housing societies

[https://docs.google.com/document/d/1b3DrsPARVZgrYpXTuZs3UHgaJuwPD2R/edit?usp=share\\_link&ouid=110906634059032703493&rtpof=true&sd=true](https://docs.google.com/document/d/1b3DrsPARVZgrYpXTuZs3UHgaJuwPD2R/edit?usp=share_link&ouid=110906634059032703493&rtpof=true&sd=true)

**Detail of Annexure is given in below mentioned Google Drive Link (Link B)** List of schemes are existing in in violation of Master Plan of Lahore Division and cannot be regularized.

[https://docs.google.com/spreadsheets/d/1k\\_MjXFD1yrOOq88eyaFlk-TdQo4HOywy/edit?usp=share\\_link&ouid=110629610265143097343&rtpof=true&sd=true](https://docs.google.com/spreadsheets/d/1k_MjXFD1yrOOq88eyaFlk-TdQo4HOywy/edit?usp=share_link&ouid=110629610265143097343&rtpof=true&sd=true)

**Detail of Annexure is given in below mentioned Google Drive Link (Link C)** List of (921) housing societies not audited by Chief Inspector Stamps

[https://docs.google.com/document/d/1zTOMb5yySeGWhMD3X79VpVhqSMLsXQoN/edit?usp=share\\_link&ouid=110906634059032703493&rtpof=true&sd=true](https://docs.google.com/document/d/1zTOMb5yySeGWhMD3X79VpVhqSMLsXQoN/edit?usp=share_link&ouid=110906634059032703493&rtpof=true&sd=true)

**Detail of Annexure is given in below mentioned Google Drive Link (Link D) Deficiencies of taxes pointed out by Chief Inspector Stamps**

[https://docs.google.com/document/d/1WHF4e5W2NOfVAxc2UTE3F4kAate7nDPQ/edit?usp=share\\_link&oid=110629610265143097343&rtpof=true&sd=true](https://docs.google.com/document/d/1WHF4e5W2NOfVAxc2UTE3F4kAate7nDPQ/edit?usp=share_link&oid=110629610265143097343&rtpof=true&sd=true)

**[Annex-15]**

**5.7.4.1 (g) Non-imposition/recovery of tawan and penalties on illegal possession of state land of Rs. 1,085.683 million**

Sr. No.	Name of Formation	Period of Audit	PDP No.	Nature of recovery	Amount (Rs.)
1	DC, Chakwal	2020-21	2022-0000000646_F00002	Recovery of <i>tawan</i> and interest from illegal occupants	544,700,000
2	Deputy Commissioner Khanewal	2020-21	2022-0000000831_F00008	Non-recovery of <i>tawan</i> and interest from illegal occupants of state land	73,625,000
3	DC, Chiniot	2020-21	2022-0000000500_F00002	Recovery of <i>tawan</i> and interest from illegal occupants	37,889,000
4	DC, Bhakkar	2020-21	2022-0000000828_F00005	Non recovery of Rent land under temporary cultivation lease scheme within prohibited zone & charagah of Rs. 2.101 mi	2,101,000
5	DC, Chakwal	2020-21	2022-0000000646_F00003	Non recovery of demolition cost from illegal occupants	0
6	Sardar Kaura Khan Trust	2019-21	2022-0000002760_F00004	Non recovery of lease rent from Government owned institutes in violation of Supermen Court of Pakistan	144,832,000
7	Sardar Kaura Khan Trust	2019-21	2022-0000002760_F00005	Loss to Trust Rs. 50,560,790 due to non-recovery of lease money from Lessees of Agriculture Land	50,560,790

Sr. No.	Name of Formation	Period of Audit	PDP No.	Nature of recovery	Amount (Rs.)
8	Deputy Commissioner Muzaffargarh	2020-21	2022-0000000830_F00002	Non-recovery of Tawan and interest from illegal occupants of state land amounting to Rs. 168.075 million	168,075,000
9	Commissioner Rawalpindi	2020-21	2022-0000000839_F00007	Non-imposition of penalties on state land grabbers- Rs. 53.33 million approx.	53,330,000
10	Chief Scientist Agronomic Research Institute Faisalabad	2019-20	2022-0000005880_F00001	Non-recovery of pending government share from pattadars- Rs. 10.57 million	10,570,000
<b>Total</b>					<b>1,085,682,790</b>

**[Annex-16 A]**

**5.7.4.1 (i) Non-retrieval/ resumption of state land 67,274.42 acres under illegal occupation**

Sr.no	Name of Formation	PDP No	Title	Land area in acre
1	Senior Member, Board of Revenue	2022-0000006030_F00053	Non-retrieval of 45,236.96 acres of land from encroachers.	45,236.96
2	Senior Member, Board of Revenue	2022-0000006030_F00055	Non-finalization of land resumption proceeding in 68 cases of sale of land under private treaty.	59.586
3	Senior Member, Board of Revenue	2022-0000006030_F00056	Non-retrieval of encroached ex-evacuee land measuring 21,280 Kanal by person without lawful authority	2660
4	Senior Member, Board of Revenue	2022-0000006030_F00059	Non-resumption of land sold under private treaty.	57.875
5	Senior Member, Board of Revenue	2022-0000006030_F00061	Non-resumption or sale of state land after expiry of lease of state land to packages limited	0

6	Senior Member, Board of Revenue	2022- 0000006030_F00062	Non-retrieval of state land under illegal occupation of journalist housing society measuring 2738 acre	2738
<b>TOTAL</b>				<b>50,752.42</b>

***[Annex-16 B]***

***5.7.4.1 (i) Non-retrieval/ resumption of state land measuring***

***67,274.42 acres under illegal occupation***

<b>Sr.No</b>	<b>Name of Formtion</b>	<b>Title of Para</b>	<b>Area(Acers)</b>	<b>Remarks</b>
1	Senior Member, Board of Revenue	Non resumption of state land for 16522 acres from Government Departments on breach of Statement of Condition Para ID- 2022- 0000006030_F00063	16522 acres	
<b>Sr.No</b>	<b>Name of Formtion</b>	<b>Title of Para</b>	<b>Area(Acers)</b>	<b>Remarks</b>
1	Secretary to Govt. of the Punjab, Agriculture Department	Mismanagement of state owned land	10739.01	land was occupied by illegal pattadars.
			401.87	Department failed to cultivate an area
			555.63	land was encroached by the land grabbers for a long time
2	Central Jail, Bahawalpur	Loss to Government due to illegal encroachment of Land -Rs. 35 million		
3	University of Agriculture Faisalabad	Illegal occupation/ encroachment of Agricultural land-Rs.359.25 million	147	
	Director, Agronomic Research Institute, Faisalabad		26	



Sr.No	Name of Formtion	Title of Para	Area(Acers)	Remarks
4	DPO Vehari Deputy Inspector General of Police (Investigation) Lahore	Encroachment of government property- Rs. 469.16 million		96 shops situated in Arif Bazar, Burewala 03 kanal, 09 marla and 113 sq. ft.
5	Oil Seeds Research Station, Khanpur	Illegal occupation of 45.25 acres land	45.25	
6	Livestock Farm Jugaitpeer, Bahawalpur	Illegal occupation of livestock farm land-Rs. 37.50 million		Square No.13 of Block No.156 Cholistan Development Authority/ Board of Revenue in 1982.
	AD Agriculture Ext Sahiwal	leased out Punjab, Seed Corporation 120,750,000	350	
7	GLF Jogaitpeer, Bahawalpur	Encroachment and illegal occupation on government land	25	
8	LES, Fazilpur, Rajanpur		480	
9	LES, Darkhana, Khanewal		43	
10	LES Shah Jewana, Jhang		428	
11	LES Shergarh, Okara		33	
12	LES Rakh Ghulaman, Bhakkar		54	
13	LES, Khizerabad, Sargodha		8	
14	LES, Allahdad, Khanewal		1319	
15	FWSE, 205/TDA, Bhakkar		5	
16	R&D Rakh Khairwala, Layyah		28	

Sr.No	Name of Formtion	Title of Para	Area(Acers)	Remarks
17	LES, Jahangirabad, Khanewal		1787	
18	LES, Chak Katora, Bahawalpur		14	
19	LES Qadirabad, Sahiwal		3.5	Residential
20	Superintendent Central Jail Bahawalpur	Loss due to non cultivation of inhabited agriculture land -Rs. 833,385	3	
21	Superintendent Central Jail Bahawalpur	Loss due to non-cultivation of wheat crop-Rs. 2.370 million	27	
<b>Total</b>			<b>16,522</b>	

**Previous Audit Paras Not Followed-up**

S. No	Name of Formation	Subject of Para
1	GAR Colony Branch Bhakkar 2019-20	Non assessment of penalty and <i>tawan</i> on from encroachers approximately Rs. 1,856. 885 Millions.
2	GAR Colony Branch Bhakkar 2019-20	Non realization of rent of state or Nazul Land Rs. 1,209.357 Million.
3	GAR Colony Branch Bhakkar 2019-20	Non recovery of <i>tawan</i> from illegal occupants Rs. 652.024 Million.
4	GAR Colony Branch Bhakkar 2019-20	Non recovery of lease rent from the tenants within prohibited zone for Rs. 191.500 million and non-retrieval of state land after cancelation of Propriety Rights Issued Fraudulently.
5	GAR Colony Branch Bhakkar 2019-20	Fraudulent and ambiguous allotment of land and loss to government exchequer for Rs. 170,037,500.
6	GAR Colony Branch Bhakkar 2019-20	Non-Realization of condonation fee on conversion of land into residential or commercial of Rs. 42,403,736 and non-production of assessment or survey.
7	GAR Colony Branch Faisalabad. 2019-20	Non Assessment or Realization of the Value of Abandoned Paths, Passages, Watercourses, Ponds Or Nazul Land Falling within the Private Housing Schemes or Persons Rs. 9,449.600 millions(Apporx)

8	GAR Colony Branch Faisalabad. 2019-20	Non assessment of penalties on use of state land other than the purpose of allotment due to inaction or connivance approximately Rs. 5,377.332 Million.
9	GAR Colony Branch Faisalabad. 2019-20	Unauthorized construction of shops and commercial establishment on state land and non-recovery of rent thereof Rs. 2,443.028 Million.
10	GAR Colony Branch Faisalabad. 2019-20	Non-Realization of condonation fee on conversion of agriculture land into residential or commercial land of Rs. 1,547.521 and non-production of assessment or survey record
11	GAR Colony Branch Faisalabad. 2019-20	Non assessment of penalty on retrieval of land from encroachers approximately Rs. 1,483.438 Million
12	GAR Colony Branch Faisalabad. 2019-20	Unjustified assessment and short realization of penalties due to sale of land allotted for industrial purposes for rs. 1,110.863 million.
13	GAR Colony Branch Faisalabad. 2019-20	Non retrieval of land from encroachment/illegal occupants after cancelation of leases and non-recovery of rent or <i>tawan</i> Rs. 15,400,012.
14	GAR Colony Branch Muzzaffargarh 2019-20	Non assessment of penalty and <i>tawan</i> from encroachers - Rs. 3,986.427 Millions (Approx).
15	GAR Colony Branch Muzzaffargarh 2019-20	Unauthorized construction of shops and commercial establishment on state land the and non-recovery of rent thereof Rs. 140.348 Million.
16	GAR Colony Branch Muzzaffargarh 2019-20	Non-Realization of condonation fee on conversion of agriculture land into residential or commercial land of Rs. 100,624,633 and non-production of survey/assessment record
17	GAR Colony Branch Muzzaffargarh 2019-20	Non assessment of penalty on retrieval of land from encroachers approximately in millions
18	GAR Colony Branch Muzzaffargarh 2019-20	Non recovery of <i>tawan</i> imposed from illegal occupants Rs. 72,990,743 and non-assessment of penalty for illegal occupation of state land for Rs. 391,800,000.
19	GAR Colony Branch Sargodha. 2019-20	Non assessment of penalty and <i>tawan</i> from encroachers - Rs.1,856. 885 Millions (Approx)
20	GARColony Branch Sargodha. 2019-20	Non-realization of rent of state or Nazul Land Rs. 1,209.357 Million.
21	GARColony Branch Sargodha. 2019-20	Non-recovery of <i>tawan</i> from illegal occupants Rs. 652.024 Million.
22	GARColony Branch Sargodha. 2019-20	Non-Auction of state land - Rs. 651,348,765

23	GAR Colony Branch Sargodha. 2019-20	Non recovery of lease rent from the tenants within prohibited zone for Rs.191.500 million and non-retrieval of state land after cancelation of propriety rights issued fraudulently
24	GAR Colony Branch Sargodha. 2019-20	Fraudulent and ambiguous allotment of land and loss to government exchequer for Rs. 170,037,500
25	GAR Colony Branch Sargodha. 2019-20	Non-Realization of condonation fee on conversion of land into residential or commercial of Rs. 42,403,736 and non-production of assessment or survey
26	Punjab Land Commission, Lahore 2019-20	Loss due to Non Assessment of Tawan or Income Derived from Resume Land Rs 11,028,557,503
27	Punjab Land Commission, Lahore 2019-20	Short recovery of income derived from the state land Rs. 191,913,661
28	Punjab Land Commission, Lahore 2019-20	Unjustified Lease of Resumed Land and Non Recovery of Lease Rent for The Land Being Used For Mobile Towers Rs. 7,969,734
29	Punjab Land Commission, Lahore 2019-20	Non Recovery of the Price of Land Sold to TMA Attock. Rs. 5,280,000.
30	GAR Colony Branch Khanewal 2019-20	Non-assessment of condonation fee of Rs.14,636.415 million
31	General Assistant (Colonies), Bahawalpur 2019-20	Non-deposit of Rs.223.37 million on account of sale of state land.
32	General Assistant (Colonies), District Khanewal 2019-20	Non-recovery of <i>tawan</i> from illegal occupants - Rs.101.116 million
33	General Assistant (Colonies), District Khanewal 2019-20	Loss of Govt. revenue on account of condonation fee- Rs.56.168 million
34	General Assistant (Colonies), District Khanewal 2019-20	Non-assessment of penalty from encroachers of land - Rs.79.200 million
35	GAR, Bahawalpur and Khanewal 2019-20	Non-recovery of condonation fee - Rs.86.904 million
36	General Assistant (Colonies), District Khanewal 2019-20	Non-assessment of penalty and retrieval of land valuing Rs.4,125 million allotted to Punjab Seed Corporation
37	General Assistant (Colonies) District Khanewal and Bahawalpur 2019-20	Non-retrieval of land from encroachment of value Rs.27,106.980 million
38	General Assistant (Colonies), District Khanewal 2019-20	Un-due retention of state land of valuing Rs. 274.61 million without obtaining NOC and mutation

39	General Assistant (Colonies), District Khanewal 2019-20	Illegal retention and mis-use of state land of valuing Rs.218.971 million
40	General Assistant (Colonies), District Khanewal 2019-20	Illegal operation of petrol pump on state land of valuing Rs.76.865 million without obtaining NOC.
41	General Assistant (Colonies), District Khanewal- 2020-21	Excess allocation of land in violation of criteria valuing Rs. 647.251 million
42	General Assistant (Colonies), District Khanewal- 2020-21	Non auction of state land under illegal occupation and nonrealization of sales proceeds of land Rs.2,722.034 million

**[Annex-17]**

**5.7.4.1 (j) Non-Assessment/Collection of Penalty & Tawan on  
223,834.53 acre on retrieval of state land**

Sr.no	Name of Formation	PDP No	Period of Audit	Land area in acre
1	Senior Member Board of Revenue	2022-0000006030_F00052	2021-22	193,044.13
2	Senior Member Board of Revenue	2022-0000006030_F00054	2021-22	17,140
3	Senior Member Board of Revenue	2022-0000000503_F00003	2020-21	10735
4	Senior Member Board of Revenue	2022-0000000503_F00012	2020-21	0
5	Commissioner, Rawalpindi	2022-0000000839_F00008	2020-21	2133.1
6	DC, Chakwal	2022-0000000646_F00003	2020-21	782.3
<b>Total</b>				<b>223,834.53</b>

**5.7.4.1 (k) Violation of Ombudsman directives to curb mal governance through policy intervention**

Sr.	Description
1	Delay in deciding Partition Cases: Revenue Officers do not decide partition of land cases within the prescribed period. Sometimes, these cases linger on for years. Board of Revenue should ensure that such cases are adjudicated according to the schedule time.
2	Delay in deciding Appeals etc. Appeals in revenue matters are not timely decided by the Collectors (Deputy Commissioners, Additional Deputy Commissioners (Revenue), Assistant Commissioners etc.). As normally appeals against the demarcation proceedings or sanction of illegal mutations instituted before the Revenue Officers are kept pending till years in and years out on the grounds of ever rising administrative preoccupations of these officers. Therefore, the issue calls for immediate curative measures by the Board of Revenue / Government of the Punjab.
3	Acquisition of Land: The Land Acquisition Act, 1894 is a colonial legislation to the detriment of landowners. To safeguard the inherent rights of people, the said law has to be improved and where land is acquired for public purpose, the role of Land Acquisition Collector has to be made impartial in the overall interest of public justice. Senior Annual Report 2021 334 Member, Board of Revenue Punjab should look into the matter for appropriate action after taking into consideration the public needs and rights of the citizens.
4	Preparation of Musanna (Duplicate Copy) of the Mutation the Original of which has been misplaced or lost The matter was referred to the learned Senior Member, Board of Revenue for issuance of necessary directions to all the District Collectors in Punjab to follow instructions given in the Land Record Manual in similar cases.
5	The member (Judicial-V)/Chief Settlement Commissioner, Punjab, Board of Revenue, Punjab has been pleased to order: - Before implementation of a decree of Civil Court already issued wherein evacuee land is involved, the cases may be referred to the Chief Settlement Commissioner, Punjab for his information to proceed further in the matter. Further that in future no Register RL-II should be taken out of the office premises and produced before any court of law without ascertaining, its genuineness by the District Collector himself and prior approval of the Chief Settlement Commissioner

Sr.	Description
6	<p>Following categories of complaints require immediate attention: - i) Complaints regarding correction of ownership records / entries in the LRMIS. ii) Complaints about delays in the process of updation of records, on one pretext or the other. iii) Complaints about non-cooperative attitude of the dealing staff posted in ARCs. Ombudsman Recommendations: i) For the first category of complaints, it is recommended that close liaison between ARC staff and Revenue Field Staff (Assistant Commissioner, Tehsildar, Patwari etc.) needs to be ensured so that least possible time is taken to rectify any mistake in the ownership record of a particular land holding. Complainant may not be made to move from pillar to post between ARC and revenue field staff to get his ownership record corrected which was digitalized wrongly due to some mistake on the part of revenue field staff or ARC staff as well.</p>
7	<p>ii) For the second category of complaints, it is recommended that staff posted in ARCs may be directed to take extra care and vigilance to update ownership records of land owners. In case of any disparity which might occur due to negligence of a staff, appropriate disciplinary action should be initiated against such wrongdoer.</p>
8	<p>iii) For the third category of complaints, it is recommended that SOPs viz-aviz Timelines to dispose of different kinds of matters; being dealt at ARCs, need to be devised, if not done so earlier, and put in place for strict compliance. Each client who comes in contact with ARC should know as to how long it would take to get his issue resolved and what kind of documents he would be required to present in this behalf. Information regarding SOPs, Timelines, and Required Documents (Check list) should be displayed prominently in all ARCs, inside and outside of the premises so that people are aware appropriately about their responsibilities as well</p>

Sr.	Description
9	General Recommendations in Partition Cases u/s 135 and 135-A of the Land Revenue Act, 1967 ombudsmen recommended that in cases of first category, issuance of specific policy directions along with monitoring mechanism is required to be established by the Senior Member Board of Revenue for observance of mandatory provisions of law by all the Revenue Officers throughout the province. In order to assess the actual status pertaining to the redressal of grievances of the aggrieved persons, a District-wise report should be prepared and submitted to this Office, indicating the number of cases of this category decided during the current calendar year. ii) In cases of second category, it is recommended that a monitoring mechanism should be evolved to evaluate the performance of such officers who are in the habit of prolonging the hearing of such cases without any plausible justification. SMBR may direct to prepare a District-wise list of such pending cases with the date of commencement of proceedings which will not only reflect the performance of Revenue Department on this account but also help identification of weak areas for taking remedial measures in the overall interest of public. Senior Member, Board of Revenue Punjab was sensitized in this behalf and recommended to take remedial measures, as detailed above, in the best public interest.

**[Annex-19]**

**5.7.4.3 a) Ineffective enforcement due to non-vacation of agriculture and residential Auqaf land from illegal occupants of Rs. 5,247.132 million**

Sr.No	Name	Type of Land	Area in Acres	Area in Marla	Marla rate	measurement	Value of Land
1	Haq Nawaz Trust	Residential	52k-11m-149	1051	187200	Marla	196747200
		Residential	10k-10m	210	216000	Marla	45360000
		Agriculture	86k-10m-75sq	1730	812500	kanal	70281250
			<b>acres 18.69</b>	2991			<b>312388450</b>
2	Mian Meer Shrine	Residential	199k-2m-19 sqft	3982	849600	Marla	3383107200
		Residential	83k-0-125 sq ft	1660	849600	Marla	1410336000



Sr.No	Name	Type of Land	Area in Acres	Area in Marla	Marla rate	measurement	Value of Land
			<b>Acers 35.3</b>	5642			<b>4793443200</b>
3	khanqa Allah Bukhsh Mouza Manik	Residential Adjacent Bahria Orchard	47k-2m	942	150000	Marla	141300000
			5.8875 Acre				<b>5,247,131,650</b>

## **List of Low Ranked Paras**

Sr.	Department	Organization	Para ID (AMIS)	PARA SUBJECT	Amount Rs.
1	Board of Revenue	Arazi Record Centre, Burewala	2022-0000000824_F00012	Up loading Proof of revenue received head wise not scanned while approving intiqal Cases pertaining to sub registrar office	-
2	Board of Revenue	Arazi Record Centre, Burewala	2022-0000000824_F00013	Defective approval of mutation cases due to non- Recovery of 236K Rs. 5,379,200 & non-incorporating	5,379,200
3	Board of Revenue	Arazi Record Centre, Burewala	2022-0000000824_F00014	Non-realization of Gain Tax 236-C from seller on Sale & Transfer of immovable Property on oral mutation Rs.1,535,010	1,535,010
4	Board of Revenue	Arazi Record Centre, Burewala	2022-0000000824_F00015	Non-Reconciliation of Revenue Figures with Treasury/DAO Vehari Rs.328,618,254	-
5	Board of Revenue	Arazi Record Centre, Burewala	2022-0000000824_F00016	Non conducting of internal audit for the period 2019-20 & 2020-21.	-
6	Board of Revenue	Sub Registrar, Pattoki	2022-0000000543_F00006	Non/Short Realization of Withholding Tax (236-K) From Purchasers of immovable Property Rs.1,700,710	1,700,710
7	Board of Revenue	Sub Registrar, Pattoki	2022-0000000543_F00007	Less-realization of withholding tax (236-C) from seller of immovable Property- Rs. 1,011,728	1,011,728
8	Board of Revenue	Sub Registrar, Pattoki	2022-0000000543_F00008	Non-Reconciliation of Revenue Figures with the Treasury office/DAO, Kasur	-
9	Board of Revenue	Sub Registrar, Pattoki	2022-0000000543_F00009	Non conducting of internal audit for the period 2019-20 & 2020-21	-
10	Board of Revenue	Sub Registrar, Samanabad Town, Lahore	2022-0000000492_F00005	Non/short realization of CVT due to under-valuation of urban immovable land - Rs. 35,000	35,000
11	Board of Revenue	Sub Registrar, Samanabad Town, Lahore	2022-0000000492_F00006	Non-realization of registration fee on redemption deeds - Rs.5148	20,790

Sr.	Department	Organization	Para ID (AMIS)	PARA SUBJECT	Amount Rs.
12	Board of Revenue	Sub Registrar, Samanabad Town, Lahore	2022-0000000492_F00007	Non-Reconciliation of Revenue Figure With The Treasury Office	-
13	Board of Revenue	Sub Registrar, Samanabad Town, Lahore	2022-0000000492_F00008	Non obtaining of NOC from Excise and Taxation Department while passing registry deeds	-
14	Board of Revenue	Sub Registrar, Samanabad Town, Lahore	2022-0000000492_F00009	Internal audit not conducted	-
15	Board of Revenue	Sub Registrar, Samanabad Town, Lahore	2022-0000000492_F00010	Public Service Issues	-
16	Board of Revenue	Sub-Register Allama Iqbal Town Lahore	2022-0000000492_F00006	Non reconciliation of revenue statement from Accountant General Punjab office/Treasury Office.	-
17	Board of Revenue	Sub Registrar, Samnabad Town Lahore	2022-0000005597_F00009	Non-reconciliation of revenue statement from /Treasury Office.	-
18	Board of Revenue	Sub Registrar, Samnabad Town Lahore	2022-0000005597_F00010	Non-attachment of maps of registered deeds in binding shape	-
19	Excise, Taxation & Narcotics Control Department	ETO Zone IV, Lahore	2021-0000000634_F000012	Non Maintenance of Demand Registers for Luxury House Tax.	-
20	Excise, Taxation & Narcotics Control Department	ETO, (Tie-up), Lahore	2022-0000005592_F00009	Non-collection of Taxes from of vehicles providing ride hailing services under Uber and careem etc.	-
21	Excise, Taxation & Narcotics Control Department	ETO, (Tie-up), Lahore	2022-0000005592_F00010	Non-Reconciliation of Revenue Figures statement with Treasury office	-
22	Excise, Taxation & Narcotics Control Department	ETO, (Tie-up), Lahore	2022-0000005592_F00011	Internal audit wing exist but no internal audit was conducted	-

Sr.	Department	Organization	Para ID (AMIS)	PARA SUBJECT	Amount Rs.
23	Excise, Taxation & Narcotics Control Department	ETO, (Tie-up), Lahore	2022-0000005592_F00012	Non-Delivery of number plates and smart cards	-
24	Punjab Revenue Authority	Punjab Revenue Authority, Lahore	2022-0000000878_F00037	Non-Reconciliation Of Revenue Figures.	-