

## OVERVIEW

This report contains 50 paragraphs including two reviews relating to non/short levy of taxes, duties, interest and penalty etc., involving Rs. 218.15 crore. Some of the major findings are mentioned below:

### **I. General**

The total receipts of the State Government for the year 2008-09 were Rs. 20,712.79 crore. Revenue raised by Government during the year was Rs. 16,934.10 crore, comprising tax revenue of Rs. 11,150.19 crore and non-tax revenue of Rs. 5,783.91 crore. The State Government also received Rs. 2,084.01 crore as State's share of divisible Union taxes and Rs. 1,694.68 crore as grants in aid from Government of India.

**(Paragraph 1.1.1)**

Tax revenue in the year 2008-09 showed an increase of 13 *per cent* over 2007-08. Sales tax receipts of Rs. 6,435.63 crore amounted to 58 *per cent* of the tax revenue collected during the year 2008-09.

**(Paragraph 1.1.2)**

There was increase of 10 *per cent* in non-tax revenue during the year 2008-09 over 2007-08.

**(Paragraph 1.1.3)**

Arrears of revenue at the end of the year 2008-09, as reported by some of the departments were Rs. 1,357.06 crore. Of this, Rs. 860.10 crore was recoverable from various dealers on account of sales tax/VAT.

**(Paragraph 1.6)**

4,494 inspection reports issued upto December 2008 containing 9,227 audit observations with money value of Rs. 3,223.30 crore were outstanding for want of final replies from the departments as on 30 June 2009.

**(Paragraph 1.11)**

Test check of records of the taxes on sales, trade etc., taxes on vehicles, state excise, stamp duty and registration fees, land revenue and other departmental receipts conducted during year 2008-09 revealed under assessments, short/non-levy, loss of revenue etc. amounting to Rs. 295.59 crore in 2,021 cases. The departments accepted under assessment of Rs. 5.46 crore in 562 cases pointed out in 2008-09 and earlier years and recovered Rs. 2.46 crore.

**(Paragraph 1.16)**

### **II. Taxes on Sales, Trade etc.**

Incorrect levy of concessional rate without prescribed declaration in C forms resulted in short levy of tax of Rs. 40.96 lakh.

**(Paragraph 2.3.1)**

Utilisation of input tax credit of Rs. 22.84 lakh towards output tax liability on account of sale of non-exempted goods resulted in short levy of tax Rs. 22.84 lakh.

**(Paragraph 2.3.7)**

Non-inclusion of central excise duty in the sales turnover in the self assessment return filed by the dealer resulted in under assessment of tax of Rs. 60.72 lakh.

**(Paragraph 2.5.1)**

Excess availment of input tax credit on branch transfer of goods by a dealer resulted in short levy of tax of Rs. 30 lakh.

**(Paragraph 2.5.2.1)**

### **III. Taxes on Vehicles**

Special road tax/motor vehicle tax amounting to Rs. 2.84 crore was paid short/not paid by State Roadways/private transport companies during 2006-07 and 2007-08.

**(Paragraph 3.3.1)**

Special road tax/token tax of Rs. 73.99 lakh including interest and penalty from owners of tourist buses during 2007-08 was not realised.

**(Paragraph 3.3.2)**

Incorrect application of rates resulted in short levy of motor vehicle tax of Rs. 69.30 lakh.

**(Paragraph 3.3.3)**

Non-levy of interest and penalty on delayed payment of special road tax by State Transport Corporations resulted in loss of Rs. 2.07 crore.

**(Paragraph 3.3.6)**

### **IV. State Excise**

Failure to achieve/enforce the norms for yield of spirit from molasses deprived the Government of excise duty of Rs. 10.59 crore during 2006-07 and 2007-08.

**(Paragraph 4.3.1)**

Non-raising of demand resulted in non-realisation of cost of establishment charges of Rs. 10.57 lakh.

**(Paragraph 4.3.2)**

### **V. Stamp Duty and Registration Fees**

Incorrect remission of registration fee under the Registration Act, 1908 resulted in loss of revenue of Rs. 30.09 crore.

**(Paragraph 5.3.1 )**

Stamp duty and registration fee amounting to Rs. 1.72 crore was levied short on sale deeds executed for sale of commercial/residential/agricultural property and built up houses due to undervaluation.

**(Paragraph 5.3.2)**

Non-execution of the conveyance deeds by the allottees of plots and flats resulted in blockage of revenue of Rs. 2.60 crore.

**(Paragraph 5.5)**

## VI. Other Tax Receipts

A review of **Internal control in the Land Revenue Department for recovery of dues treated as arrears of land revenue** revealed the following:

- No effective control mechanism was in place for monitoring and reconciliation of the revenue recovery certificates sent to other districts/States.

(Paragraph 6.2.7)

- Internal control mechanism prescribed for recovery and reporting was deficient leading to huge variations between the number and amount of revenue recovery certificates sent by the collectors and accounted by the Tehsildars.

(Paragraph 6.2.8)

- Absence of internal control for periodical review of recovery of dues, coupled with inaction resulted in poor recovery, which ranged between 1.61 and 5.45 *per cent* during the review period. 82.61 to 92.15 *per cent* cases were pending for recovery with the department.

(Paragraph 6.2.9)

- Non-compliance of the provisions relating to service/collection charges resulted in non-realisation of Rs. 82.10 lakh revenue to the State Government besides departure from prescribed instructions.

(Paragraph 6.2.11)

- Non-compliance of provisions of the Punjab Land Revenue Act, 1887 regarding the writ of demand resulted in delay from seven to 36 months for initiating the recovery process.

(Paragraph 6.2.14)

Non-raising of demands of penal rent from unauthorised occupants of Government agricultural land resulted in loss of revenue of Rs. 1.62 crore.

(Paragraph 6.4)

Failure on the part of the Chief Electrical Inspector to verify the correctness of levy and collection of electricity duty resulted in non-demand/recovery of differential electricity duty of Rs. 25.46 crore.

(Paragraph 6.5)

## VII. Non-Tax Receipts

A review of **Receipts of Urban Development and Town Planning Department** revealed the following:

- Failure on the part of Chief Town Planner to demand the licence/permission fee against the services rendered by the department resulted in loss of revenue of Rs. 46.02 crore.

(Paragraph 7.2.9)

- Failure on the part of the Chief Town Planner, Punjab to recover the conversion charges resulted in irregular retention of Government receipts of Rs. 15.08 crore by Greater Mohali Area Development Authority.

(Paragraph 7.2.11)

- Due to inaction on the part of the Chief Town Planner, planning charges of Rs. 34.73 crore remained to be realised.

**(Paragraph 7.2.12)**

Guarantee fee amounting to Rs. 24.07 crore was not deposited in the Government account by Punjab State Industrial Development Corporation and Punjab Financial Corporation between November 2000 and October 2006.

**(Paragraph 7.4)**

Failure on the part of the Directorate of Lotteries to approach the Government for the fixation of the quantum of deduction towards the establishment cost resulted in non-deduction of the establishment cost of Rs. 7.36 crore

**(Paragraph 7.6)**

Capitation fee of Rs. 4.25 crore was not collected in advance from the Government of Uttarakhand for the training imparted to their police personnel between April 2006 and February 2007.

**(Paragraph 7.7)**