

Overview

This Report contains 35 paragraphs including two performance audits relating to non/short levy of tax, interest etc. involving ₹ 893.61 crore. Some of the major findings are mentioned below:

I. General

Total receipts of the Government of Bihar for the year 2010-11 were ₹ 44,532.32 crore. The revenue raised by the State Government amounted to ₹ 10,855.38 crore comprising tax revenue of ₹ 9,869.85 crore and non-tax revenue of ₹ 985.53 crore. The receipts from the Government of India were ₹ 33,676.94 crore (States' share of divisible Union taxes: ₹ 23,978.38 crore and grants-in-aid: ₹ 9,698.56 crore). Thus, the State Government's own contribution to tax revenue was only 24 *per cent* of total revenue.

(Paragraph 1.1.1)

The number of inspection reports (IRs) and paragraphs issued up to December 2010 but not settled by June 2011 stood at 4,259 and 22,364 respectively involving ₹ 10,404.30 crore. We are yet to receive even first replies for 1,671 IRs though these were required to be furnished within one month of their receipt.

(Paragraph 1.2.1)

We conducted test check of the records of commercial taxes, State excise, taxes on vehicles, land revenue, non-ferrous mining and metallurgical industries and other departmental offices during the year 2010-11 and observed underassessment /short levy/loss of revenue of ₹ 1,978.35 crore in 1,858 cases. During the year 2010-11, the concerned departments accepted underassessments and other deficiencies of ₹ 80.26 crore involved in 232 cases.

(Paragraph 1.5.1)

II. Commercial Taxes

A performance audit on '**Utilisation of declaration forms in inter-state trade and commerce**' indicated the following deficiencies.

There was no prescribed mechanism for issuance of declaration forms from the Commissionerate to the circles. There was also absence of provision for physical verification of stock of forms.

(Paragraphs 2.2.8.1 and 2.2.9)

There was no provision to check the utilisation of declaration forms from the information available on the TINXSYS website before allowing exemptions/concessions. Further, the provisions of scrutiny did not prescribe for checking of utilisation of declaration forms with the purchase/receipts shown in the returns.

(Paragraph 2.2.11 and 2.2.13)

No declaration forms were sent for verification by the Headquarters IB wing of the Commercial Taxes Department during the years 2006-07 to 2009-10, though this work was entrusted to the wing.

(Paragraph 2.2.12.2)

Four dealers availed exemption/concession of ₹ 1.57 crore on the basis of seven fake declaration forms issued by dealers of other states during the period 2006-10, though these forms were not issued from the concerned circles of that State.

(Paragraph 2.2.14.1)

Twelve dealers had availed/were allowed exemption/concession of ₹ 9.10 crore on the strength of 28 declaration forms during 2006-10. But on cross-verification we observed that these declarations were issued for ₹ 5.30 crore. Thus, exemption of ₹ 3.80 crore was irregular.

(Paragraph 2.2.14.2)

Nine dealers availed exemption/concession of ₹ 9.34 crore on the basis of 26 declaration forms issued by the dealer of the State during 2006-09, though these forms were actually issued to another dealer either by the concerned circle or dealer.

(Paragraph 2.2.14.3)

In 23 commercial taxes circles, suppression of sales/purchase turnover of ₹ 614.29 crore by 50 dealers resulted in underassessment of tax of ₹ 123.20 crore including leviable penalty.

(Paragraph 2.4)

Non-detection of application of incorrect rates of tax in 17 commercial taxes circles resulted in short levy of tax of ₹ 57.68 crore including interest and leviable penalty.

(Paragraph 2.5)

Irregular claim of ITC by the dealers in eight commercial taxes circles resulted in excess allowance of ITC of ₹ 40.26 crore including leviable penalty.

(Paragraph 2.6)

Suppression of import/purchase of scheduled goods of ₹ 814.41 crore by 13 dealers registered in six commercial taxes circles resulted in short levy of interest tax of ₹ 512.04 crore including leviable penalty and interest.

(Paragraph 2.21)

III. Taxes on motor vehicles

A performance audit on ‘**Computerisation of Transport Department in Bihar**’ indicated the following deficiencies:

In the eight test checked District Transport Offices (DTOs), the *VAHAN* and *SARATHI* softwares were implemented with delays ranging between three and 27 months.

(Paragraph 3.2.6)

The security policy was inadequate and made the computer system vulnerable to misuse / manipulations or unauthorised addition/deletion of data.

(Paragraph 3.2.11.1)

Inadequacy of input controls and validation checks resulted in duplication of engine number and chassis number, registration of two or more vehicles under the same insurance cover note, capturing of irrelevant period of tax payment and exhibiting wrong seating capacity rendering the database unreliable.

(Paragraph 3.2.14)

The amount of tax generated by the *VAHAN* software was not in accordance with the existing business rules.

(Paragraph 3.2.15.3)

In 32 DTOs, tax dues of ₹ 16.02 crore (including penalty) pertaining to 1,025 transport vehicles for the period between April 2001 and December 2010 were neither paid by the vehicle owners nor action was taken towards realisation of dues by the concerned DTOs.

(Paragraph 3.4)

In five DTOs, 10,530 transport vehicle driving licences were granted to ineligible persons which resulted in loss of revenue of ₹ 22.11 lakh and also involved road safety concerns.

(Paragraph 3.6)

IV. Other Tax Receipts

Due to non/delayed settlement of excise shops coupled with non-operation of shops by the Department/through BSBCL, the Government sustained a loss of ₹ 101.78 crore in the shape of licence fee.

(Paragraph 4.5)

Non-disposal of referred cases resulted in blocking of Government revenue of ₹ 61.44 lakh.

(Paragraph 4.6)

V. Non-Tax Receipts

In nine district mining offices, 420 brick kilns were operated during the brick season 2009-10 without/partial payment of the consolidated royalty which resulted in non/short levy of royalty of ₹ 1.89 crore besides simple interest of ₹ 35.63 lakh.

(Paragraph 5.3.1)

In two irrigation divisions, *khatiani* for 1,27,839.97 acre of *khariif* and 1,10,991.12 acre of *rabi* crops land irrigated during 2008-10 were not prepared by the divisions. This resulted in non-raising of demand and non-collection of water rates of ₹ 1.96 crore.

(Paragraph 5.6)

In four Road divisions, land use charges from six companies for laying of Optical Fibre Cables and electricity lines were not realised which resulted in non-realisation of land use charges of ₹ 62.89 lakh.

(Paragraph 5.7)