

## Overview

This Report contains 47 paragraphs including four reviews on Compounding Schemes in Commercial Taxes Department, Utilisation of declaration forms in interstate trade, Levy and Collection of Stamp Duty and Registration Fee and Computerisation of Motor Vehicle Department and paragraphs relating to non/short levy/loss of tax involving ₹ 1,622.36 crore. Some of the major findings are mentioned below:

### I. General

- Total revenue receipts of the State Government for the year 2010-11 amounted to ₹ 30,990.95 crore against ₹ 26,109.40 crore for the previous year. 76 per cent of this was raised by the State through tax revenue (₹ 21,721.69 crore) and non-tax revenue (₹ 1,930.79 crore). The balance 24 per cent was receipt from the Government of India as State's share of divisible Union taxes (₹ 5,141.85 crore) and grants-in-aid (₹ 2,196.62 crore).

(Paragraph 1.1.1)

- As on 30 June 2011, 2581 Inspection Reports (IRs) in respect of various departments containing 18,604 observations involving money value of ₹ 1522.81 crore were outstanding. The number of outstanding audit observations increased by 24 per cent compared to the previous year.

(Paragraph 1.3.1)

### II. Tax on sales, trade etc.

A review on “**Compounding Schemes in Commercial Taxes Department**” revealed the following:

- Incorrect grant of permission to pay compounded tax to works contractors resulted in loss of revenue of ₹ 6.92 crore.

(Paragraph 2.11.7.1)

- Application of incorrect rate led to short levy of ₹ 7.14 crore.

(Paragraph 2.11.7.2)

- Non-forfeiture of illegal collection of tax by work contractors resulted in loss of revenue of ₹ 15.60 crore.

(Paragraph 2.11.7.5)

A review on “**Utilisation of declaration forms in inter-state trade**” revealed the following:

- Cross verification of C Form declarations revealed purchase effected through bogus forms, understatement of purchase etc. amounting to ₹ 1.25 crore with tax effect of ₹ 43.41 lakh.

(Paragraph 2.12.10)

- Concessional rate was allowed for Inter-state sale without production of C forms, tax effect of which worked out to ₹ 92.91 crore.

(Paragraph 2.12.11)

- Exemption was allowed for Inter-state transfer without production of F forms which resulted in short levy of ₹ 123.38 crore.

(Paragraph 2.12.12)

- Concession was allowed on defective C forms which resulted in short levy of ₹ 109.55 crore.

(Paragraph 2.12.13)

- Exemption was allowed on defective F forms involving tax effect of ₹ 15.13 crore.

(Paragraph 2.12.14)

### Value Added Tax

- Allowance of incorrect concession to a joint sector undertaking resulted in short remittance of tax and interest of ₹ 7.78 crore.

(Paragraph 2.14.1)

- Short levy due to incorrect allowance of IPT/Special rebate on stock transfer worked out to ₹ 6.52 crore.

(Paragraph 2.14.2.1)

### Sales Tax

- Incorrect allowance of concessional rate of tax led to short levy of tax and interest of ₹ 45.30 crore.

(Paragraph 2.14.16)

- Illegal collection of tax amounting to ₹ 1.89 crore was not forfeited from an oil company.

(Paragraph 2.14.17)

- Short/non-levy of tax on turnover that escaped assessment worked out to ₹ 2.38 crore.

(Paragraph 2.14.18 & 2.14.19)

## III. Taxes on Agricultural Income

- Short/non-levy of tax and interest on income that escaped assessment was ₹ 7.04 crore.

(Paragraph 3.8.1)

- Irregular adjustment of loss resulted in escapement of income having potential tax effect of ₹ 36.40 lakh.

(Paragraph 3.8.2)

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

A review on “Levy and collection of Stamp Duty and Registration Fees” revealed the following:

- Revenue realisable in 12.03 lakh pending undervaluation cases was ₹ 286.32 crore.

**(Paragraph 4.6.10.3)**

- Lack of a mechanism to enforce the provisions of the Kerala Stamp Act resulted in revenue loss of stamp duty and registration fee of ₹ 23.46 crore.

**(Paragraph 4.6.11.1)**

- Undervaluation of documents executed by builders led to short levy of stamp duty and registration fee of ₹ 21.69 crore.

**(Paragraph 4.6.12)**

- Short/non-remittance of stamp duty on bonds was ₹ 19.62 crore.

**(Paragraph 4.6.13)**

Defalcation of receipts led to non-remittance of revenue of ₹ 33,929.

**(Paragraph 4.8.1)**

Undervaluation of properties in four cases led to short levy of Stamp duty and registration fee of ₹ 24.81 lakh.

**(Paragraph 4.8.2)**

#### **V. Taxes on Vehicles**

A review on “Computerisation in the Motor Vehicles Department” revealed the following:

- Creation of multiple records for vehicles and licences in the data base has resulted in redundancy of data which adversely affected the reliability of information.

**(Paragraph 5.6.14)**

- Vehicle particulars and driving licence particulars were not captured correctly in the National Register.

**(Paragraph 5.6.15)**

- The online services envisaged in the computer project to reduce the rush in the offices were not made fully operational.

**(Paragraph 5.6.17)**

- Smart card prescribed by the Government of India for the issue of registration certificate and driving licences was not implemented.

**(Paragraph 5.6.22)**

Short levy of one time tax while reclassifying 258 transport vehicles as non-transport vehicles worked out to ₹ 45.14 lakh.

**(Paragraph 5.8.1)**

Permit fee for educational institution buses was short levied by ₹ 42.43 lakh.

**(Paragraph 5.8.2)**

## **VI. Land Revenue and Building Tax**

- Luxury tax of ₹ 1.69 crore was not levied on 2975 residential buildings.

**(Paragraph 6.7.1)**

- Non assessment of building tax on 295 buildings resulted in non-levy of tax of ₹ 93.88 lakh.

**(Paragraph 6.7.2)**

- A building under the possession of a contractor who built it on BOT basis was exempted from building tax of ₹ 42.01 lakh treating it as a building owned by the Municipality.

**(Paragraph 6.7.4)**

## **VII. Other Tax Receipts**

### **A – Electricity Duty**

- Electricity duty and other levies amounting to ₹ 938.14 crore collected by KSEB was not remitted to Government. KSEB was liable to pay interest of ₹ 168.91 crore.

**(Paragraph 7.5)**

- Thrissur Municipal Corporation paid only ₹ 2.84 crore as duty against ₹ 4.15 crore. Interest payable on delayed payment worked out to ₹ 19.28 lakh.

**(Paragraph 7.7)**

### **B – Luxury Tax**

- Application of incorrect rate of tax resulted in short levy of tax of ₹ 5.11 lakh.

**(Paragraph 7.8)**

## **VIII. Non-Tax Receipts**

### **A – Police Department**

- Belated submission of police verification reports in passport applications resulted in loss of incentive of ₹ 6.63 crore.

**(Paragraph 8.5)**

### **B – Forest Receipts**

- Interest of ₹ 3.07 crore was not levied on belated payment of lease rent.

**(Paragraph 8.6)**