

## OVERVIEW

This Report contains 35 paragraphs relating to non/short levy of taxes/ duties interest and penalty etc., loss of revenue, irregular exemption and other irregularities. It also contains a performance audit on “Receipts under State Excise” and the results of an audit on the topic titled “Evasion of Stamp Duty and Registration Fee on immovable properties with special emphasis on Development Agreements”. The above cases involve monetary implication of ₹ 1,161.79 crore. From the date of issuing the paragraphs and the performance audit till finalisation of this Report, *i.e.* about six months, the concerned Departments have reported acceptance of cases involving ₹ 29.32 crore, of which, ₹ 5.45 crore had been recovered. Some of the major findings are mentioned below:

### I. GENERAL

- The total receipts of the State for the year 2012-13 were ₹ 30,690.98 crore against ₹ 27,455.39 crore in the previous year. Of this, 35 per cent was raised by the Government through tax revenue (₹ 8,250.21 crore) and non-tax revenue (₹ 2,473.59 crore). The balance 65 per cent was received from the Government of India in the form of State’s share of net proceeds of divisible Union taxes (₹ 10,601.26 crore) and grants-in-aid (₹ 9,365.92 crore).

(Paragraph 1.1)

- Failure of senior officials to ensure timely replies and accountability resulted in non-settlement of 3,211 paragraphs involving revenue implication of ₹ 1,299.15 crore at the end of June 2013.

(Paragraph 1.2.1)

- During the year 2012-13, five Audit Committee meetings in respect of Environment & Forests, State Excise, Taxation and Transport Departments were held in which 223 paragraphs were settled.

(Paragraph 1.2.2)

- A limited verification of the action taken by the Departments on the recommendations of Audit indicated that though Audit had offered a number of recommendations to the State Excise Department in 2005-06, they were yet to implement the recommendations.

(Paragraph 1.3.2.2)

## II. TAXES ON SALES, TRADE ETC.

Excess allowance of remission to industrial unit resulted in non-realisation of tax and interest of ₹ 11.76 crore.

**(Paragraph 2.12)**

Completion of assessment without conducting cross verification of declaration form led to short levy of tax of ₹ 2.88 crore, on which interest of ₹ 2.33 crore was additionally leviable.

**(Paragraph 2.13)**

Allowance of exemption without verification of information with other State despite instructions of the CT resulted in non-levy of tax of ₹ 1.84 crore, including interest.

**(Paragraph 2.14)**

Assessment of sale price of coal at rates lower than those applicable at the source of coal in Meghalaya resulted in short levy of tax of ₹ 1.64 crore, including interest.

**(Paragraph 2.15)**

Concealment of purchase turnover resulted in short payment of tax of ₹ 1.48 crore, including interest.

**(Paragraph 2.16)**

Non-detection of concealment of turnover due to non-verification of utilisation of declaration forms resulted in evasion of tax of ₹ 1.16 crore, including interest.

**(Paragraph 2.19)**

Double adjustment of treasury *challans* resulted in excess benefit awarded to the dealer coupled with short realisation of tax of ₹ 78.40 lakh, including interest.

**(Paragraph 2.21)**

Non-scrutiny of returns resulted in non-detection of short payment of entry tax of ₹ 1.19 crore.

**(Paragraph 2.36)**

Failure of the assessing officer to take cognisance of the purchase turnover of a dealer resulted in short levy of entry tax of ₹ 94.37 lakh.

**(Paragraph 2.37)**

### **III. Motor Vehicle Tax**

Non/short realisation of Fancy Number Registration Fee of ₹ 9.07 lakh.

**(Paragraph 3.10)**

Non-raising of demands of motor vehicle tax including fine of ₹ 8.61 lakh.

**(Paragraph 3.11)**

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

**Audit of the “Evasion of Stamp Duty and Registration Fee on immovable properties with special emphasis on Development Agreement” revealed the following:**

Non-execution of conveyance deeds between landowners and developers resulted in foregoing of revenue of ₹ 7.30 crore.

**(Paragraph 4.2.7.1)**

Non-realisation of Registration Fee on fishery and ferry leases of ₹ 2.80 crore.

**(Paragraph 4.2.7.2)**

Non-registration of deeds of allotment of Government lands resulted in non-realisation of Registration Fee of ₹ 30.76 lakh.

**(Paragraph 4.2.7.3)**

### **V. State Excise**

**A performance audit on “Receipts under State Excise” revealed the following:**

Cross verification of records revealed that 9.45 lakh bulk litre extra neutral alcohol was dispatched by the distilleries located outside the State to the bottling units of Assam against permits which were not issued by the Commissioner of Excise, Assam. The aforesaid volume of extra neutral alcohol was capable of producing India made foreign liquor involving revenue of ₹ 21.80 crore which was lost by the Government.

**(Paragraph 5.8.1.2)**

## *Overview*

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The Government of Assam is yet to prescribe the norm for production of India made foreign liquor from extra neutral alcohol which is 3.93 bulk litre extra neutral alcohol for each case of India made foreign liquor. Taking that as base, there was short production of 5.87 lakh cases involving revenue of ₹ 80.79 crore.

**(Paragraph 5.8.2)**

There were variations in the spirit content of IMFL brands against the prescribed standards. Audit scrutiny revealed that the percentage ranged between 70.7 and 73.3 degree proof against the standard of 75 degree proof.

**(Paragraph 5.8.3)**

In the absence of a system of re-verification of ex-bond price from the MRP printed on the labels, Department could not detect misclassification of brands resulting in loss of revenue of ₹ 238.34 crore.

**(Paragraph 5.8.4.1)**

Test check of 45 bonded warehouses indicated that they were availing bond limit of ₹ 138.80 crore against security deposit of only ₹ 5,000 in each case. Audit also detected flouting of hypothecation of stock made by them to the Government.

**(Paragraph 5.10.1)**

Audit noted that the information on closing stock furnished by some bonded warehouses to the Commissioner of Excise, Assam were not reliable as there were wide variations on closing stock as furnished to the other statutory authorities and banks for the same period.

**(Paragraph 5.10.2.3)**

Cross verification of records of Commissioner of Excise, Assam with the concerned States revealed that 141.77 lakh bulk litre out of 393.31 lakh bulk litre India made foreign liquor/Beer stated to have been exported by the licensees of Assam were not received by the concerned States leading to loss of revenue of ₹ 75.99 crore on account of Excise Duty only.

**(Paragraph 5.11.1.1)**

Unlike India made foreign liquor, there is no system of chemical examination of Country Spirit consignments though both are for human consumption.

**(Paragraph 5.12)**

Absence of a system of recording the details of vehicles carrying extra neutral alcohol/India made foreign liquor/Beer entering Assam through the entry points at

Boxirhat and Srirampur denied the Department the option of cross verification of figures reported by the licensees through their returns.

**(Paragraph 5.13.2)**

The penal action contained in the Assam Excise Act and Rules enacted in 1910 and 1945 respectively has not been reviewed for many years. The penal rate prescribed is abysmally low when compared to the Excise Duty at the present rate. There is also no provision for payment of interest for delayed payments. Therefore, there is a need to review the existing penal provisions.

**(Paragraph 5.14.1)**