

**Report of the
Comptroller and Auditor General of India
on
Revenue Sector**

for the year ended 31 March 2013

Government of Jharkhand
Report No. 5 of the year 2013

TABLE OF CONTENTS

	Paragraph	Page
Preface		v
Overview		vii- x
CHAPTER – I: GENERAL		
Executive summary		1
Trend of receipts	1.1	3
Variation between budget estimates and actuals	1.2	6
Cost of collection	1.3	6
Analysis of arrears of revenue	1.4	7
Refunds	1.5	8
Response of the Departments/Government towards Audit	1.6	9
Evaluation of clearances of Audit observations- Registration Department	1.7	12
Audit planning	1.8	13
Impact of audit	1.9	14
CHAPTER – II: TAXES ON SALES, TRADE ETC.		
Executive summary		17
Tax administration	2.1	19
Trend of receipts	2.2	19
Cost of collection	2.3	20
Working of Internal Audit Wing	2.4	20
Analysis of arrears of revenue	2.5	20
Arrears in assessment	2.6	21
Analysis of collection	2.7	21
Impact of Audit	2.8	22
Audit observations	2.9	24
Results of cross-verification	2.10	24
Irregularities in determination of turnover	2.11	26
Application of incorrect rate of tax under JVAT Act	2.12	30
Non-levy of interest	2.13	32
Irregularities in grant of Input Tax Credit (ITC)	2.14	34
Irregularities in compliance to the Central Sales Tax Act	2.15	35
Non-imposition of penalty for excess collection of tax	2.16	38
Incorrect allowance of deduction from gross turnover	2.17	39
Mistakes in computation of tax	2.18	39

CHAPTER – III: STATE EXCISE		
Executive summary		41
Tax administration	3.1	43
Trend of receipts	3.2	43
Analysis of arrears of revenue	3.3	44
Cost of collection	3.4	45
Working of Internal Audit Wing	3.5	45
Impact of Audit	3.6	45
Non-observance/compliance of the provisions of Acts/Rules	3.7	47
Non/delayed settlement of retail excise shops	3.8	47
CHAPTER – IV: TAXES ON VEHICLES		
Executive summary		49
Tax administration	4.1	51
Trend of receipts	4.2	51
Cost of collection	4.3	52
Working of Internal Audit Wing	4.4	52
Analysis of arrears of revenue	4.5	52
Impact of Audit	4.6	53
Non-observance/compliance of the provisions of Acts/Rules	4.7	55
Non-collection of taxes on vehicles	4.8	55
Non-levy of one time tax on personalised vehicles	4.9	57
Non-realisation of interest due to delay in deposit of revenue collected by banks	4.10	58
Non-renewal of authorisation of National Permit	4.11	59
Non-levy of taxes from the date of possession of vehicles	4.12	60
Non-realisation of trade tax	4.13	61
Non-issue of certificate of registration in Smart Card	4.14	62
Short levy of tax due to incorrect determination of seating capacity	4.15	63
CHAPTER – V: LAND REVENUE		
Executive summary		65
Tax administration	5.1	67
Trend of receipts	5.2	67
Working of Internal Audit Wing	5.3	68
Analysis of arrears of revenue	5.4	68
Impact of Audit	5.5	69

Audit observations	5.6	71
Non-observance of the provisions of Acts/Rules	5.7	71
Non-realisation/short computation of <i>salami</i> and capitalised value	5.8	71
Short levy of <i>salami</i> and rent for lease hold property	5.9	73
CHAPTER – VI: OTHER TAX RECEIPTS		
Executive summary		75
A. STAMPS AND REGISTRATION FEES		
Tax administration	6.1	77
Trend of receipts	6.2	77
Cost of collection	6.3	77
Analysis of arrears of revenue	6.4	78
Impact of Audit	6.5	78
Non-observance of provisions of Acts/Rules	6.6	80
Levy and collection of Stamp duty and Registration fees on lease agreements of immovable properties and Development Agreements (A paragraph)	6.7	80
B. TAXES AND DUTIES ON ELECTRICITY		
Tax administration	6.8	90
Impact of Audit	6.9	90
Levy and Collection of Electricity Duty in Jharkhand (A review)	6.10	92
Computation mistake	6.11	117
CHAPTER – VII: MINING RECEIPTS		
Executive summary		119
Tax administration	7.1	121
Trend of receipts	7.2	121
Working of Internal Audit Wing	7.3	122
Analysis of arrears of revenue	7.4	122
Impact of audit	7.5	122
Non-observance of the provisions of Acts/Rules	7.6	125
Short levy of royalty due to application of incorrect rate	7.7	125
Short levy of royalty due to downgrading of coal	7.8	126
Short levy of royalty due to suppression of dispatch	7.9	127
Incorrect adjustment of royalty	7.10	128
Appendices		131-149