

CHAPTER-VI

EXECUTIVE SUMMARY

Results of audit

We reported short levy, excess grant of refund, loss of revenue etc., amounting to ₹ 250.38 crore in 4,408 cases, on the basis of test check of the records relating to entertainment duty, electricity duty, state education cess, employment guarantee cess, tax on buildings (with larger residential premises), repair cess and profession tax conducted during the year 2011-12.

During the year 2011-12 as well as during earlier years, the concerned Departments accepted underassessment, short levy, etc. and recovered ₹ 198.99 crore in 1,516 cases of which 246 cases involving ₹ 25.22 crore related to 2011-12.

What we have highlighted in this Chapter

A. Entertainments Duty

Non-issuance of demand notices by concerned authorities resulted in non-recovery of Entertainment duty of ₹ 92.73 lakh.

(Paragraph 6.3.1)

Entertainment duty from permit room/beer bar with live orchestra was not recovered at ₹ 19 lakh.

(Paragraph 6.3.2)

In-action of concerned authorities resulted in non-recovery of Entertainment duty in case of dishonoured cheques at ₹ 32.24 lakh.

(Paragraph 6.3.3)

Non-issuance of demand notices of interest on late remittances of entertainment duty by various service providers of 'Direct to Home' (DTH) resulted in non-levy of penal interest of ₹ 78.25 lakh.

(Paragraph 6.3.4)

B. Electricity Duty and Tax on sale of Electricity

Failure of the department to check the returns in Form C submitted by the licencees resulted in short realisation of electricity duty of ₹ 18.99 lakh.

(Paragraph 6.5.1)

Non-levy of tax on sale of electricity to BARC residential premises, assuming such sales as being to Government resulted in non/short recovery of tax of ₹ 22.90 lakh.

(Paragraph 6.5.2)

C. Education Cess and Employment Guarantee Cess

The Department did not take any action to recover the Education Cess (EC) and Employment Guarantee Cess (EGC) at ₹ 77.36 lakh from the defaulters.

(Paragraph 6.7.1)

Non-initiation of proceedings in respect of dishonoured cheques resulted in non-realisation of revenue amounting to ₹ 16.92 lakh and interest thereon.

(Paragraph 6.7.2)

Municipal Corporations did not remit EC and EGC amounting to ₹ 92.73 crore relating to EC and EGC to the Government.

(Paragraph 6.7.3)

D. Tax on Buildings with Larger Residential Premises

Tax amounting to ₹ 89.19 lakh was not levied and recovered from 252 property owners by Brihanmumbai Municipal Corporation.

(Paragraph 6.9.1)

CHAPTER-VI : OTHER RECEIPTS

6.1 Results of audit

We reported short levy, excess grant of refund, loss of revenue etc., amounting to ₹ 250.38 crore in 4,408 cases as mentioned below, on the basis of test check of the records relating to entertainment duty, electricity duty, state education cess, employment guarantee cess, tax on buildings (with larger residential premises), repair cess and profession tax conducted during the year 2011-12:

| (₹ in crore) | | | |
|--------------|--|--------------|---------------|
| Sl. No. | Nature of receipts | No. of cases | Amount |
| 1 | Entertainment duty | 1,426 | 4.69 |
| 2 | Electricity duty, tax on sale of electricity and inspection fees | 1,009 | 11.71 |
| 3 | State Education CESS and Employment Guarantee Cess | 284 | 195.91 |
| 4 | Tax on buildings with larger residential premises | 219 | 1.49 |
| 5 | Profession tax | 1,447 | 0.75 |
| 6 | Repair cess | 7 | 24.91 |
| 7 | Non-Tax Receipts | 16 | 10.92 |
| | Total | 4,408 | 250.38 |

In response to our observations made in the local audit reports during the year 2011-12 as well as during earlier years, the concerned Departments accepted underassessment, short levy, etc. and recovered ₹ 198.99 crore in 1,516 cases of which 246 cases involving ₹ 25.22 crore related to 2011-12 and the rest to earlier years.

A few audit observations involving ₹ 97.21 crore are included in the succeeding paragraphs.

SECTION A ENTERTAINMENTS DUTY

6.2 Audit observations

During scrutiny of records in the offices of the Dy. Collectors(DCs)/Resident Deputy Collectors(RDCs)/Taluka Magistrates(TMs)/Entertainment Duty Officers(EDOs), we noticed cases of non-observance of provisions of the Acts and Rules as mentioned in the succeeding paragraphs in this section. These cases are illustrative and are based on a test check carried out by us. The Government may evolve a suitable mechanism so that mistakes can be avoided, detected and corrected.

6.3 Non-compliance of provisions of Act/Rules

The Bombay Entertainments Duty Act, 1923 (BED Act), provides for –

- (i) levy and collection of entertainment duty (ED) from entertainment providers*
- (ii) levy of penalties in cases of non/late remittance*

We noticed that the concerned authorities do not observe some of the provisions of the BED Act in cases mentioned in the paragraphs.

6.3.1 Non/short recovery of ED from cable operators

Two¹ DC, seven² RDCs and eight³ TMs

Under section 3(4) of the BED Act, ED was payable by the cable operators at flat rate of ₹ 45, ₹ 30 or ₹ 15 per television set per month with effect from June 2006 depending on whether the area is a Municipal Corporation (MC), 'A' and 'B' class municipality or other area. These cable operators are required to file monthly returns in Form 'E' along with the payment of ED with the Collector. ED is payable on or before the 10th of the subsequent month to which it relates. Interest at the rate of 18 per cent per annum for the first 30 days and 24 per cent thereafter is also to be levied in case of default in payment.

During the test check of Recovery Register of 17 units between December 2009 and January 2012, we noticed that ED amounting to ₹ 92.73 lakh was not paid by 290 registered cable operators during various periods between 2006-07 and

2010-11. These cable operators had also not submitted the returns in Form 'E'. The concerned officers had neither kept track on non-receipts of returns in Form 'E' nor reviewed the Recovery Register. Due to this, no demand notices for recovery

¹ Mumbai Zone X, Mumbai Zone XI.

² Akola, Amravati, Gadchiroli, Gondia, Mumbai Zone III, Solapur, Yavatmal.

³ Karjat (Raigad), Khamgaon (Buldhana), Mumbai Zone I (Andheri), Mumbai Zone VI (Borivali), Mumbai Zone VIA (Borivali), Mumbai Zone IX (Kurla at Mulund), Mumbai Zone XI (Kurla at Mulund), Telhara (Akola).

of ED from cable operators were made by the concerned DCs, RDCs and TMs. This resulted in non-recovery of ED aggregating to ₹ 92.73 lakh from 290 cable operators. Besides, interest at the prescribed rates was also leviable.

After we pointed out the cases, the Department accepted the observation and communicated recovery of ₹ 28.47 lakh from 92 cable operators between December 2009 and December 2011. Report on recovery of the balance amount is awaited.

We reported the matter to the Government in May 2012; their reply has not been received (January 2013).

6.3.2 Non-recovery of ED from permit room/beer bar with live orchestra

TMs - Zone VII, Borivali and Zone-IX Kurla at Mulund, Mumbai

Under the provisions of section 22 of BED Act, read with order dated 17 September 2010 issued by the Revenue and Forest Department, ED is recoverable at the rate of ₹ 50,000 per month from permit room/beer bar with live orchestra located in Municipal Corporation Areas (MC) with effect from 20 January 2010.

During the test check of live orchestra recovery register pertaining to two offices between August 2011 and January 2012, we noticed that ED amounting to ₹ 19

lakh was not recovered from nine permit rooms/beer bars with live orchestra during the year 2010-11. This resulted in non-realisation of ED aggregating to ₹ 19 lakh. Further interest at the prescribed rate was also leviable.

After we pointed out the cases, the Department accepted the observation and TM, Borivali stated that the recovery would be effected and TM, Kurla at Mulund communicated recovery of ₹ 10 lakh against six cases between January and February 2012.

We reported the matter to the Government in March 2012; their reply has not been received (January 2013).

6.3.3 Non-recovery of ED in case of dishonoured cheques

DCs Zone-V and Zone-VII Mumbai; TMs Zones I, III, IV and VIIA, Mumbai

As per the provisions of BED Act, ED can either be paid in cash or through cheque. Further, if the ED paid through cheque is dishonoured by the collecting bank for any reasons whatsoever, Department has to recover in cash, the amount involved immediately along with interest from the defaulters and also initiate action under the provisions of Section 138 of Negotiable Instrument Act (Amended), 1988 (NI Act).

During the test check of the records of six offices, between October 2010 and October 2011, we noticed from the cheque/ dishonoured cheque register that in 82 cases, cheques issued by cable

operators for payment of ED amounting to ₹ 32.24 lakh were dishonoured by concerned banks during various periods between 2009-10 and 2010-11. These amounts were to be recovered in cash along with interest. The concerned DCs

and TMs neither took any action to recover the amount from the defaulters nor initiated proceedings as contemplated under the NI Act. This resulted in non-realisation of ED amounting to ₹ 32.24 lakh and interest thereon.

After we pointed out the cases between October 2010 and November 2011, DCs, Zone V and VII, Mumbai and TM, Zone-VIIA recovered an amount of ₹ 7.17 lakh from 27 defaulters between October 2010 and February 2012. A report on balance recovery is awaited.

We reported the matter to the Government in March 2012; their reply has not been received (January 2013).

6.3.4 Non-levy of penal interest on various service providers of Direct to Home (DTH)

DC DTH Mumbai City

As per the provisions of GR ENT 1006/A.SI. No. 188/T-1 dated 4 September 2008 issued by Revenue and Forest Department, Government of Maharashtra, the proprietor of authorised service provider has to remit entertainment duty into the Government account on or before 10th of every month. Where a proprietor fails to pay the amount of duty within the prescribed period, he shall be liable to pay to the Government, in addition to the amount of duty, a penal interest at the rate of 18 *per cent* per annum for the first 30 days and at the rate of 24 *per cent* per annum thereafter on the amount of duty from the date such amount became or becomes payable till the amount and interest is fully paid.

During the scrutiny of monthly statement of ED along with Bill cum Cheque Register during December 2011, we noticed that Department had not levied the penal interest on the delayed payment of ED amounting to ₹ 78.25 lakh ranging from one to 162 days during various periods between 2006-07 and 2010-11 from six⁴ service providers. The Department had neither levied nor demanded interest which resulted in non-levy of penal interest

amounting to ₹ 78.25 lakh.

After we pointed out the matter in December 2011, the Department accepted the observation and stated that the demand notices would be issued to concerned service providers and recovery of interest would be made. Report on the recovery is awaited.

We reported the matter to the Government in May 2012; their reply has not been received (January 2013).

⁴ Dish TV, Reliance Big TV Ltd., Bharat Business Channel Ltd. (Videocon), Bharat Tele Media Ltd. (Airtel), Sun Direct TV (P) Ltd., Tata Sky Ltd.

6.3.5 Non-reconciliation of balances between Personal Ledger Account (PLA) and Bank Scroll

DC (Exemption), Mumbai

As per para 589 of Maharashtra Treasury Manual (MTM) and Rule 515 of Maharashtra Treasury Rules, 1968 (MTR), Treasury Officers are required to obtain certificates of balances at the end of each year from the administrators of PLA and also the balances shown in the PLA cash book to be reconciled with the treasury records at the end of each month. Differences if any are required to be reconciled with the treasury figures and the certificate are to be submitted to the Accountant General (Accounts and Entitlement)-I Mumbai for confirmation of the balances.

During the scrutiny of the PLA cash book and the scrolls furnished by the Reserve Bank of India in the office of the DC in February 2012, we noticed that the balances shown in the cash book and bank scrolls as of March 2011, the difference of ₹ 11.90 lakh was noticed

(₹ 18,85,93,533.50 – ₹ 18,74,03,480.73= ₹ 11,90,052.77). Despite a similar observation being pointed out in the Audit Report 2008-09, the irregularity continues to persist. Non-reconciliation may lead to misappropriation.

After we pointed out the case, in March 2012, the Department accepted to reconcile the accounts.

We reported the matter to the Government in May 2012; their reply has not been received (January 2013).

6.3.6 Non-forfeiture of Security Deposits

DC (Exemption), Mumbai

During test check of the PLA and cash book of DC, in February 2012, we noticed that security deposits of ₹ 15.66 lakh collected from 18 organisers for the events organised between April 2010 and March 2011 are still lying in PLA, outside the Consolidated Fund of the State. Despite the failure on the part of

As per the provisions under Rule 14 of the Bombay Entertainment Duty Rules, 1958, every organiser shall pay security deposit to the prescribed officer as that officer may decide. If a organiser fails to submit returns under Rule 16 or 21 within ten days of the date of the performance of the entertainment or such extended period not exceeding one month, the prescribed officer may, after giving the organiser a weeks notice, forfeit the security deposit.

the organisers to fulfill the prescribed conditions, the DC had neither kept track of non-receipt of the returns nor issued notices for forfeiture of security deposits which resulted in non-forfeiture of security deposit aggregating to ₹ 15.66 lakh from 18 organisers. It may be mentioned here that since the organisers of entertainment had not approached the Department for refund of security deposit in excess of the ED payable, there is room for doubt that the

ED actually payable would have been in excess of the security deposit collected by the Department.

Similar observation was made in paragraph 6.2.19 of the Report of Comptroller and Auditor General of India (Revenue Receipts) for the year ended 31 March 2009 wherein it was also recommended that a mechanism may be evolved to ensure that the accounts are submitted by the organisers of special events on time so as to assess the correct amount of ED payable, enhancing the amount of security deposit and having a provision for penalty in case of non-submission of accounts. Action taken in this regard by the Government has not been received till date.

After we pointed out the cases in March 2012, the Department accepted the observation and stated that necessary action would be taken for the forfeiture of the security deposits and credit the same into the Government Account. Their reply is awaited.

This clearly indicates that the control mechanism was weak, as action was not taken till it was pointed by us.

The matter was brought to the notice of the Government (June 2012); their reply is awaited (January 2013).

SECTION B

ELECTRICITY DUTY, TAX ON SALE OF ELECTRICITY

6.4 Audit observations

During scrutiny of records in the offices of the Chief Engineer (Electrical), Public Works Department, Mumbai and Electrical Inspectors at various places in the state, we noticed cases of non-observance of provisions of the Acts and Rules as mentioned in the succeeding paragraphs in this chapter. These cases are illustrative and are based on a test check carried out by us. The Government may evolve a suitable mechanism so that mistakes can be avoided, detected and corrected.

6.5 Non-compliance of provisions of Act/Rules

The Bombay Electricity Duty Act, 1958, and the Maharashtra Tax on Sale of Electricity Act, 1963, and rules made thereunder provide for levy and collection of electricity duty and tax on sale of electricity respectively. The concerned authorities did not monitor the returns correctly to detect the short payment and levy the rates of duty as well as tax on sale of electricity as mentioned in the succeeding paragraphs.

6.5.1 Non/short recovery of Electricity Duty

Electrical Inspector (Duty), Mumbai Central and Thane

Under the provision of the Bombay Electricity Duty Act 1958, every licensee which supplies electricity to consumers is required to collect electricity duty from the consumers and credit it to the Government on or before the last date of succeeding month to the month in which the bills are raised. Further as per Notification issued by Industries, Energy and Labour Department dated 30 January 2010, with effect from the billing month of February 2010, the rates of electricity duty for residential, commercial and industrial use was revised to 15 per cent, 17 per cent and 9 per cent of the consumption charges respectively.

During test check of the returns furnished by the dealers of three licensees, between November 2011 and December 2011, we noticed that as per the returns for the periods July 2010 to September 2010 two licensees⁵ had paid electricity duty of ₹ 370.61 lakh for the said period as against ₹ 380.65 lakh payable.

Failure of the Department to check the returns furnished by the dealers submitted by the licensees resulted in short realisation of electricity duty of ₹ 10.04 lakh as shown below:

(₹ in lakh)

| Sr. No. | Category of Consumption | Total Consumption Charges (Rs) | Rate of Electricity Duty (%) | Electricity Duty payable | Electricity Duty paid as per C form | Difference |
|--------------|--|--------------------------------|------------------------------|--------------------------|-------------------------------------|--------------|
| 1 | Dy. Executive Engineer, Gadkari Sub Division MSEDCL July to September 2010 | | | | | |
| | Residential | 833.63 | 15 | 125.04 | 124.89 | 0.15 |
| | Commercial | 490.94 | 17 | 83.46 | 77.17 | 6.29 |
| 2 | Dy. Executive Engineer, Kharghar Sub Division MSEDCL July to September 2010 | | | | | |
| | Residential | 761.53 | 15 | 114.23 | 113.10 | 1.13 |
| | Commercial | 332.24 | 17 | 56.48 | 54.07 | 2.41 |
| | Industrial | 15.97 | 9 | 1.44 | 1.38 | 0.06 |
| Total | | 2,434.31 | | 380.65 | 370.61 | 10.04 |

In another case M/s. Tata Power Company Limited has claimed exemption from payment of electricity duty on supply of electricity to the residential premises of Bhabha Atomic Research Centre (BARC) during 2010-11. The electricity duty payable at the rate of 15 per cent on consumption charges of ₹ 59.64 lakh worked out to ₹ 8.95 lakh.

After we pointed out these cases between December 2011 and January 2012, the Department stated that matter would be verified.

The matter was brought to the notice of the Government (June 2012); their reply is awaited (January 2013).

⁵ Dy. Executive Engineer, Gadkari Sub Division, Maharashtra State Electricity Distribution Co. Ltd. (MSEDCL) and Dy. Executive Engineer, Kharghar, Sub Division, MSEDCL.

6.5.2 Non/short recovery of tax on sale of electricity

(a) During scrutiny of return furnished by the dealers along with recovery register of the Electrical Inspector (Duty), Mumbai Central Inspection Division in December 2011, we noticed that during the year 2010-11 Tata Power Co. had not levied tax on sale of electricity to Bhabha Atomic Research Centre (BARC) residential premises, assuming such sales as being to Government. This was not admissible as BARC residences do not fall under the meaning of Government. The non levy of tax on sale of 14,91,045 units of electricity at ₹ 0.15 per unit works out to ₹ 2.24 lakh.

The tax on sale of electricity supplied to BARC residences was also not levied during the earlier years.

(b) Scrutiny of returns furnished by the dealers in the Office of the Electrical Inspector (Duty), Thane revealed that five consumers had paid tax on sale of electricity aggregating ₹ 70.29 lakh as against tax payable at ₹ 90.95 lakh at the rate of eight paise per unit on 11,36,89,241 units. This resulted in short recovery of tax on sale of electricity of ₹ 20.66 lakh. Failure of the Electrical Inspectors to check the details of Form 'C' in respect of these consumers resulted in short recovery of ₹ 20.66 lakh.

Under the provisions of Sections 6 and 9 of the Maharashtra Tax on Sale of Electricity Act, 1963, every bulk licensee shall pay tax on or before last date of the succeeding calendar month in respect of all his sales of energy in bulk during month. In case of failure to pay the tax on sale of electricity collected by the due date, interest at the rate of 18 per cent per annum for first three months and at 24 per cent per annum thereafter is chargeable on the amount of tax for remaining unpaid till the date of payment. The rates of tax payable was revised with effect from 1st May 2008 vide notification dated 15th May 2008 issued by the Industries, Energy and Labour Department.

After we pointed out the cases, the Department accepted the observations and issued notices to the concerned consumers for making the payment. Further progress is awaited (January 2013).

SECTION C

EDUCATION CESS AND EMPLOYMENT GUARANTEE CESS

6.6 Audit observations

During scrutiny of records in the various ward offices in the Brihan Mumbai Municipal Corporation, we noticed cases of non-observance of provisions of the Act as mentioned in the succeeding paragraphs in this chapter. These cases are illustrative and are based on a test check carried out by us. The Government may evolve a suitable mechanism so that mistakes can be avoided, detected and corrected.

6.7 Non-compliance of provisions of Act/Rules

The Maharashtra Education Cess and Employment Guarantee Cess Act, 1962, (MECEGC Act) provides for levy and collection of education cess (EC) and employment guarantee cess (EGC) along with property tax by the Municipal Corporation/Councils. The concerned authorities in the Urban Development Department did not monitor the recovery of the cess(es) and its remittance into the Government account.

6.7.1 Non-recovery of EC and EGC

Assistant Assessor and Collector F/N Ward, P/N Ward and R/N Ward

During the test check of the records of three wards between March 2011 and June 2011, we noticed from Bill cum Collection Register, that EC and EGC aggregating to ₹ 77.36 lakh was not recovered from 48 property holders during various periods between 2007-08 and 2010-11. The concerned Department neither took any action to recover the amount from the defaulters nor initiated action as per the provisions of the Act/Rules. This resulted in non-recovery of EC and EGC amounting to ₹ 77.36 lakh.

As per the provision under sections 4 and 6(b) of the MECEGC Act, there shall be levied and collected EC and EGC along with property tax at the rates prescribed by the Government and credited to Government Account.

After we pointed out the cases between April 2011 and July 2011, Department accepted the observations and communicated recovery of ₹ 28 lakh in 15 cases between March 2011 and September 2011. A report on balance recovery is awaited.

We reported the matter to the Government in May 2012; their reply is awaited (January 2013).

6.7.2 Non-recovery of EC and EGC in case of dishonoured cheques

During the test check of cheque/ dishonoured cheque register of six offices⁶ between August

As per the provisions under sections 4 and 6(b) of the MECEGC Act, there shall be levied and collected the EC and EGC along with the property tax at the rates prescribed by the Government and credited to Government Account. As per provisions under Rule 100(b) of the Maharashtra Treasury Rules, 1968, in the event of the cheque being dishonoured by the collecting bank for any reasons whatsoever, the Department has to recover the dues in cash, the amount involved immediately along with interest from the defaulters and also initiate action under the provisions of section 138 of NI Act i.e. imprisonment up to two years and/or fine up to twice the amount of the cheque.

2010 and June 2011, we noticed that in 131 cases, cheques issued amounting to ₹ 16.92 lakh were dishonoured by concerned banks during various periods between 2007-08 and 2010-11. These amounts were to be recovered in cash

along with interest. The

concerned Department neither took any action to recover the amount from the defaulters nor initiated proceedings as contemplated under the NI Act. This resulted in non-realisation of revenue amounting to ₹ 16.92 lakh and interest thereon.

After we pointed out the cases between September 2010 and July 2011, the Department accepted the observation and communicated recovery of ₹ 7.60 lakh from 55 defaulters, between March 2011 and June 2012. A report on balance recovery is awaited.

We reported the matter to the Government in May 2012; their reply is awaited (January 2013).

A mechanism needs to be evolved at Government level to ensure that the watch is kept for timely assessment, levy and realisation of revenue by the Corporations.

⁶ Assessor and Collector Pune and Solapur Municipal Corporations; Assistant Assessor and Collector Brihan Mumbai and Pune Municipal Corporations.

6.7.3 Non-remittance of EC and EGC

As per the provisions under sections 4 and 6(b) of the MECEGC Act read with rule 4 of Education (Cess) Tax on Lands and Buildings (Collection and Refund) Rules, 1962, cess and penalty collected by the Municipal Corporations (MC) during any calendar week are required to be credited into the Government account before the expiry of the following week. If any MC defaults in payment of any sum under the Act, Government may, after holding such enquiry as it thinks fit, fix a period for the payment of such sum. The Act also empowers the Government to direct the banks/treasury in which the earnings of the MC are deposited, to pay such sum from the bank account to the Government. There is no provision in the Act to levy interest or penalty on delay in remittance of government revenue by the MC.

During the scrutiny of the Tax Collection Registers of four MCs⁷ between April 2010 and December 2011, we noticed that the MCs did not remit revenue amounting to ₹ 92.73 crore relating to EC and EGC which was collected during the years from 2007-08 to 2009-10. The Government also did not initiate any action either to fix a period for the payment of the dues or direct the bank to pay the amounts due from the accounts of the MCs.

After we pointed out the cases, Solapur MC remitted ₹ One crore into Government account between September 2010 and December 2010. Nagpur MC and Bhiwandi-Nizampur MC stated that the collected amount would be remitted to the Government account. In case of Brihan-Mumbai MC, it was stated that the Corporation had approached the Government for orders to adjust the amounts of cess against the grants due to them from the Government. The fact, however, remains that the amount collected on behalf of the Government was required to be remitted into Government Account and the adjustment of the cases against any dues is not provided in the Rules.

We reported the matter to the Government in May/June 2012; their reply is awaited (January 2013).

⁷ Bhiwandi-Nizampur, Brihan-Mumbai, Nagpur and Solapur Municipal Corporations.

SECTION-D TAX ON BUILDINGS WITH LARGER RESIDENTIAL PREMISES

6.8 Audit observations

During scrutiny of records in the various ward offices in the Brihan Mumbai Municipal Corporation, we noticed cases of non-observance of provisions of the Acts as mentioned in the succeeding paragraphs in this chapter. These cases are illustrative and are based on a test check carried out by us. The Government may evolve a suitable mechanism so that mistakes can be avoided, detected and corrected.

6.9 Non-compliance of provisions of Act/Rules

The Maharashtra Tax on Buildings (with Larger Residential Premises) (Re-enacted) Act, 1979, provides for levy and collection of tax with large residential premises. The concerned authorities in the Urban Development Department did not monitor the assessment of the tax, issue of demand notices and its collection as mentioned in the succeeding paragraph.

6.9.1 Non-levy of tax on building with larger residential premises

Various ward offices of the Brihan Mumbai Municipal Corporation, Mumbai

Under the provisions of the Maharashtra Tax on Buildings (with Larger Residential Premises) (Re-enacted) Act, 1979, tax is leviable at 10 per cent of rateable value on all buildings in Mumbai area with floor area exceeding 125 square metres and whose rateable value exceeds ₹ 1,500 with effect from 1 April 1974.

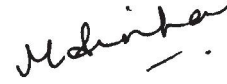
Our scrutiny of the bill cum recovery register during various periods between June 2010 and July 2011, revealed that tax amounting to ₹ 89.19 lakh was not levied and recovered from 252 property owners between 2007-08 and 2009-10. This resulted in non-realisation of Government revenue aggregating to ₹ 89.19 lakh.

After we pointed out the cases between July 2010 and July 2011, Department accepted the observations and communicated recovery of ₹ 8.45 lakh from 42 property owners between April 2010 and June 2012. Report on recovery of the balance amount is awaited.

We reported the matter to the Government in May 2012; their reply is awaited (January 2013).

A mechanism needs to be evolved at Government level to ensure that a watch is kept for timely assessment, levy and realisation of revenue by the Corporation.

Mumbai
The 5 March, 2013



(MALA SINHA)
Principal Accountant General(Audit)-I,
Maharashtra

Countersigned

New Delhi
The



(VINOD RAI)
Comptroller and Auditor General of India