

OVERVIEW

This Report contains 31 paragraphs relating to non/short levy of taxes, royalty, fees, rent, interest and penalty etc., loss of revenue, irregular exemption and other irregularities. It also contains a performance audit on “Efficiency and effectiveness of Scrutiny and Assessment under AVAT and CST Acts”. Some of the major findings are mentioned below:

I. GENERAL

- The total receipts of the State for the year 2013-14 were ₹ 32,212.79 crore against ₹ 30,690.98 crore in the previous year. Of this, 36 *per cent* was raised by the Government through tax revenue (₹ 8,994.92 crore) and non-tax revenue (₹ 2,705.03 crore). The balance 64 *per cent* was received from the Government of India in the form of State’s share of net proceeds of divisible Union taxes (₹ 11,574.52 crore) and grants-in-aid (₹ 8,938.32 crore).
(Paragraph 1.1)
- 3,216 paragraphs involving revenue implication of ₹ 6,991.70 crore remained unsettled at the end of June 2014 as replies were not furnished by senior officials.
(Paragraph 1.6)
- During the year 2013-14, only three Audit Committee meetings in respect of Revenue, State Excise and Transport Departments were held in which 347 paragraphs were settled.
(Paragraph 1.6.2)

II. TAXES ON SALES, TRADE ETC.

A performance audit on “Efficiency and effectiveness of Scrutiny and Assessment under AVAT and CST Acts” revealed the following:

- Absence of a system for specifying/notifying the processes which do not amount to ‘manufacture’ in view of judicial pronouncements resulted in incorrect grant of exemption/remission under the Assam Industrial Exemption/ Remission Scheme amounting to ₹ 9.44 crore.

{Paragraph 2.3.7.5(I)}

- Due to non-verification of utilisation statement of declaration forms/delivery notes/annual, monthly returns/audit reports, the Assessing Authorities could not detect concealment of purchase/sales turnover leading to short levy of tax of ₹ 69.87 crore including interest.

(Paragraph 2.3.8.1&2)

- Incorrect application of rate of tax resulted in short levy of tax of ₹ 42.03 crore including interest. In some of the above cases, the mis-classification occurred despite clear guidelines issued by the CT way back in 2007.

(Paragraph 2.3.8.3)

- Non-initiation of best judgment assessments in cases of failure to submit return/pay admitted tax, resulted in non-realisation of revenue of ₹ 12.14 crore including interest.

(Paragraph 2.3.8.4)

- Despite clear provisions in the Assam Value Added Tax Act to verify the correctness of Input Tax Credit (ITC) claimed while scrutinising the returns, the Assessing Authorities could not detect irregular claim of ITC of ₹ 15.05 crore.

(Paragraph 2.3.8.8)

- Despite an industrial unit representing that the processes undertaken by it did not amount to ‘manufacture’, the Department did not initiate action to cancel the authorisation certificate granted to the unit. Consequently, there was undue benefit/remission of tax of ₹ 55.79 crore including interest. Besides, penalty of ₹ 69.32 crore was also leviable.

(Paragraph 2.3.8.11)

Other audit observations

Assam Entry Tax

- Concealment of import purchase turnover under the Assam Entry Tax Act led to non-realisation of tax of ₹ 107.01 lakh including interest.

(Paragraph 2.5)

- Non-levy of entry tax on purchase of tobacco products under the Assam Entry Tax Act led to non-realisation of tax of ₹ 21.17 lakh including interest.

(Paragraph 2.6)

- Application of lower rate of tax resulted in short realisation of tax of ₹ 19.68 lakh including interest.

(Paragraph 2.7)

Agricultural Income Tax

- Incorrect allowance of set off of loss resulted in non-realisation of tax of ₹ 2.32 crore including interest.

(Paragraph 2.11)

- Non-application of new methodology of assessment resulted in short levy of tax of ₹ 24.08 lakh including interest.

(Paragraph 2.12)

III. STATE EXCISE

- Excess allowance of godown wastage over and above the permissible limit led to non-realisation of revenue of ₹ 59.41 lakh.

(Paragraph 3.4)

- Three bonded warehouses, one retail 'Off' and three 'On'/bar licensees did not pay the annual licence fees resulting in non-realisation of licence fees of ₹ 29.50 lakh.

(Paragraph 3.5)

- Variation between the stock register and that found on physical verification conducted at the instance of Audit - evasion of revenue of ₹ 21.97 lakh.

(Paragraph 3.6)

- Non-monitoring of the duty involved in the stock of IMFL held by the bonded warehouses resulted in short realisation of licence fees of ₹ 18 lakh from three bonded warehouses.

(Paragraph 3.8)

- Stock of IMFL having revenue impact of ₹ 17.65 lakh was irregularly deducted from the closing stock while drawing the opening stock leading to short accounting of stock of IMFL.

(Paragraph 3.9)

IV. Environment and Forests

- Permits were issued to the contractors of National Hydro-electric Power Corporation for lifting minor minerals on realisation of royalty at lower rates resulting in short realisation of royalty of ₹ 22.89 crore.

(Paragraph 4.3)

- Failure to levy royalty at correct rates while issuing permits for extraction of minor minerals resulted in short realisation of value added tax of ₹ 2.06 crore.

(Paragraph 4.4)

- Non-detection of unauthorised extraction of stone/boulders by contractor resulted in non-realisation of revenue of ₹ 34.54 lakh; besides, penalty of ₹ 1.38 crore was additionally leviable for illegal extraction of minor minerals.

(Paragraph 4.5)

- Short realisation of revenue of ₹ 67.54 lakh due to application of pre-revised rates of royalty while issuing permits.

(Paragraph 4.6)

- Procurement of materials without availability of funds coupled with inordinate delay in settlement of the payments led to avoidable expenditure of ₹ 60.52 lakh on account of interest.

(Paragraph 4.7)

- Irregular reduction of extractable volume of *mahal* materials and amount payable after settlement of *mahal* resulted in loss of revenue of ₹ 9.17 lakh.

(Paragraph 4.13)

V. MINES AND MINERALS

- Short realisation of royalty of ₹ 40.06 crore due to non-detection of payment of royalty at lower rates by the Oil India Limited.

(Paragraph 5.4)

- Non-detection of short payment of royalty on crude oil by M/s OIL resulted in non-realisation of ₹ 27.03 lakh on which interest of ₹ 1.93 lakh was additionally leviable.

(Paragraph 5.5)