

OVERVIEW

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This Report contains 28 paragraphs including two performance audits and one long paragraph relating to non/short levy/loss of tax/duty having financial implication of ₹ 992.05 crore, out of which ₹ 830.09 crore is recoverable and remaining amount of ₹ 161.96 crore was avoidable notional loss to the Government. The audit observations of ₹ 530.66 crore including notional loss have been accepted by the Government/Departments. Some of the major findings are mentioned in the following paragraphs.

I. General

The total receipts of the Government of Jharkhand for the year 2013-14 were ₹ 26,136.79 crore against ₹ 24,769.55 crore during 2012-13. The revenue raised by the State Government amounted to ₹ 13,132.50 crore comprising tax revenue of ₹ 9,379.79 crore and non-tax revenue of ₹ 3,752.71 crore. The receipts from the Government of India were ₹ 13,004.29 crore (State's share of divisible Union taxes: ₹ 8,939.32 crore and grants-in-aid: ₹ 4,064.97 crore). Thus, the State Government could raise only 50 *per cent* of the total revenue. Taxes on Sales, Trade etc. (₹ 7,305.08 crore) and Non-ferrous Mining and Metallurgical Industries (₹ 3,230.22 crore) were the major source of tax and non-tax revenue respectively during 2013-14.

(Paragraph 1.1)

The number of Inspection Reports (IRs) and audit observations issued upto December 2013, but not settled by June 2014, stood at 977 and 8,127 respectively involving ₹ 12,704.36 crore. In respect of 203 IRs, issued upto December 2013, even the first replies had not been received though these were required to be furnished within one month of the date of issue of the Report.

(Paragraph 1.6.1)

Test check of the records of 125 units relating to Taxes on Sales, Trade etc., State Excise, Land Revenue, Taxes on Vehicles, Stamps and Registration Fees, Taxes and Duties on Electricity and Mining Receipts conducted during 2013-14, revealed underassessment/short levy/loss of revenue aggregating ₹ 2,313.83 crore in 20,230 cases. During the course of the year, the concerned Departments accepted under-assessment and other deficiencies of ₹ 542.57 crore involved in 16,296 cases and effected recovery of ₹ 8.53 crore in 378 cases in 2013-14.

(Paragraph 1.10)

II. Taxes on Sales, Trade etc.

A performance audit of “**Assessment, levy and collection of tax on works/supplies contracts**” revealed the following:

- The tax collection increased during 2008-09 to 2012-13 but the Department could have ensured more revenue collections by bringing more contractors under the tax net by utilising TDS details available in the assessment records to detect the unregistered contractors, by instituting a system of exchange of inter-departmental data, by conducting regular market surveys and by cross verification of data/records with other departments. We cross-verified the TDS details of various organisations and found tax

evasion of ₹ 12.57 crore from 21 unregistered works contractors during 2006-07 to 2012-13.

(Paragraph 2.3.10)

- Cross verification of the data collected from public works divisions, undertaking units, municipal bodies and the assessment records of big contractors with the assessment records of the 175 contractors/sub-contractors led to detection of suppression of turnover of ₹ 735.69 crore between 2006-07 and 2012-13 and consequent under assessment of tax of ₹ 257.87 crore including penalty/interest of ₹ 165.45 crore.

(Paragraph 2.3.11)

- Allowance of inadmissible exemptions from gross turnover by the assessing authorities in case of 72 contractors for the period 2006-07 to 2011-12 resulted in under assessment of tax of ₹ 28.86 crore.

(Paragraph 2.3.13)

- Incorrect determination of taxable turnover by ₹ 132.02 crore of six contractors for the period 2008-09 to 2010-11 resulted in under assessment of tax of ₹ 15.43 crore.

(Paragraph 2.3.14)

- Misutilisation of declaration Form 'C' by five contractors during the period 2007-08 to 2010-11 resulted in short levy of tax of ₹ 53.91 crore including penalty of ₹ 32.34 crore.

(Paragraph 2.3.18)

- Application of incorrect rate of tax by the assessing authorities in case of 48 contractors for the period 2006 -07 to 2010 -11 resulted in short levy of tax of ₹ 34.96 crore.

(Paragraph 2.3.19)

- Absence of a mechanism for monitoring of TDS collection and their remittances to the treasury resulted in non/short deposit of TDS of ₹ 3.02 crore including penalty of ₹ 1.51 crore by two contractors during 2009-10.

(Paragraph 2.3.22.1)

- Incorrect allowance of adjustment of TDS from the VAT payable by the assessing authorities in case of three contractors resulted in excess adjustment of TDS of ₹ 19.13 lakh for the period 2008-09 and 2009-10.

(Paragraph 2.3.22.2)

Irregularities in determination of sales/purchase turnover of 31 dealers registered in 14 Commercial Taxes Circles by the assessing authorities resulted in under assessment of tax and penalty of ₹ 196.46 crore during 2007-08 to 2010-11.

(Paragraph 2.4.1)

Incorrect determination of gross turnover of three dealers, registered in two Commercial Taxes Circles, by the assessing authorities resulted in under assessment of tax and penalty of ₹ 15.52 crore during 2008-09 to 2009-10.

(Paragraph 2.4.2)

In nine Commercial Taxes Circles, interest of ₹ 23.10 crore was not levied by the assessing authorities in case of 15 assesses during 2007-08 to 2010-11.

(Paragraph 2.5)

In Jamshedpur Commercial Taxes Circle, penalty of ₹ 6.64 crore was not levied by the assessing authority for misuse of declarations in Form 'C' by an assessee during 2007-08 to 2009-10.

(Paragraph 2.6.1)

In seven Commercial Taxes Circles, in case of 11 assesses, there was inadmissible allowance of Input Tax Credit of ₹ 1.06 crore by the assessing authorities during 2008-09 to 2010-11.

(Paragraph 2.7)

III. State Excise

A performance audit of “Levy and collection of excise receipts in Jharkhand” revealed the following:

- In five excise districts, Government was deprived from revenue on account of non-settlement of 82 excise shops of ₹ 24.88 crore during 2011-12 to 2012-13.

(Paragraph 3.3.8)

- In three excise districts, interest of ₹ 57.79 lakh on account of delay in deposit of licence fee within stipulated period, though leviable, was not levied by the Department in case of 59 licensees of 140 retail excise shops during 2012-13.

(Paragraph 3.3.9)

- The Government was deprived of licence fee of ₹ 137.08 crore during 2009-10 to 2012-13 in 11 excise districts on account of undue exemption from payment of licence fee as provided in new excise policy.

(Paragraph 3.3.10)

- In five excise districts, licensees of 263 retail excise shops did not lift minimum guaranteed quota which resulted in non-realisation of excise duty of ₹ 2.00 crore.

(Paragraph 3.3.11)

- Delay in institution of certificate proceedings for recovery of arrears, resulted in non-realisation of interest of ₹ 20.12 lakh.

(Paragraphs 3.3.17)

IV. Taxes on Vehicles

A long paragraph on “Deficiencies in VAHAN software” revealed the following:

- In eight Transport Offices, in case of 4,647 vehicles, tax of ₹ 2.30 crore was not realised due to acceptance of current tax without clearance of arrears for the period 2008-09 to 2012-13.

(Paragraph 4.4.1)

Tax and penalty of ₹ 18.75 crore due for the period between August 2010 and March 2014 from 4,868 vehicle owners pertaining to 16 Transport Offices was neither paid by the owners nor demanded by the Department.

(Paragraph 4.5)

In 14 Transport Offices, during 2011-12 to 2012-13, collecting banks remitted the tax revenue collected by them into the Government account after delay ranging between one and eleven months. But the interest of ₹ 9.20 crore payable on delayed remittance was not credited by the collecting banks.

(Paragraph 4.6)

In 16 Transport Offices, in case of 1,081 private vehicles whose tax validity expired between August 2008 and January 2014, one-time tax of ₹ 2.21 crore though leviable after expiry of tax validity, was not levied. Besides tax, penalty of ₹ 3.13 lakh was also leviable.

(Paragraph 4.7)

V. Other Tax Receipts

Land Revenue

GM *Khas/Kaishre Hind* land measuring 21.845 acres were transferred to Ministry of Railways by Giridih Additional Collector Office without payment of capitalised value of cess of ₹ 4.61 crore.

(Paragraph 5.4)

Gair Mazarua Khas land was settled with private educational institution without permission of the Government and without receipt of payment of ₹ 30.48 lakh towards *salami* and capitalised value of commercial rent.

(Paragraph 5.6)

Stamps and Registration Fees

Absence of a mechanism of inter-departmental exchange of data/information resulted in non-registration of leases executed between 2010-11 and 2012-13 by Road Construction Division, Municipal Council, Circle office etc. and consequent non-levy of Stamp duty and Registration fees of ₹ 1.33 crore.

(Paragraph 5.11)

Taxes and Duties on Electricity

Cross-verification of data collected from DVC with assessment records of three assesseees of two Commercial Taxes Circles revealed suppression of purchase of 9.90 crore units of electrical energy between 2004-05 and 2010-11 which resulted in non-levy of electricity duty and surcharge of ₹ 39.62 lakh besides penalty of ₹ 1.61 crore.

(Paragraph 5.16)

VI. Mining Receipts

Application of incorrect rate of royalty by five District Mining Officers on dispatch of 47.31 lakh MT of bauxite, coal and iron ore during 2011-12 to 2012-13 in case of 40 lessees resulted in short levy of royalty of ₹ 18.77 crore.

(Paragraph 6.4)

Penalty of ₹ 4.21 crore for illegal mining of 3.03 lakh cu.m of minor minerals during the period 2011-12 and 2012-13 was non/short levied in two District Mining Offices.

(Paragraph 6.6)

