

OVERVIEW

This Report contains 61 paragraphs and one Performance Audit (PA) relating to non/short levy of tax, interest, penalty, revenue foregone, etc., involving ₹ 6,195.38 crore. Some of the major findings are mentioned below:

I General

The total revenue receipts of the Government for the year 2012-13 amounted to ₹ 43,936.91 crore against ₹ 40,267.02 crore in the previous year. Of this, 52.60 *per cent* was raised by the State through tax revenue (₹ 15,034.13 crore) and non-tax revenue (₹ 8,078.04 crore). The balance 47.40 *per cent* was received from the Government of India in the form of State's share of divisible Union taxes (₹ 13,965.01 crore) and Grants-in-aid (₹ 6,859.73 crore).

(Paragraph 1.1.1)

Test check of records of assessment/collection of Value Added Tax including Sales Tax, Entry Tax, Profession Tax etc., Motor Vehicles Tax, Stamp Duty and Registration Fees, State Excise Duty, Mining Receipts during the year 2012-13 revealed under assessment/short-levy/loss of revenue, and other observations amounting to ₹ 13,428.22 crore in 1,63,150 cases.

(Paragraph 1.5.1)

II Value Added Tax, Central Sales Tax, Entry Tax and Profession Tax

Audit on “Deduction of Tax at Source from works contractors” revealed the following:

TDS and penalty was not effected by the TDAs against the works contractors of 114 works involving payment of ₹ 1.02 crore.

(Paragraph 2.2.4.1(a))

TDS of ₹ 88.18 lakh was short deducted by 22 TDAs due to application of lower rate of tax and penalty of ₹ 1.76 crore was not imposed.

(Paragraph 2.2.4.1(b))

Tax, and penalty of ₹ 1.17 crore was not levied due to incorrect application of Standard Input Output Norm for production of sponge iron against a dealer.

(Paragraph 2.4.2)

Tax, penalty and interest of ₹ 2.31 crore was not levied treating “cotton yarn” as tax exempted goods.

(Paragraph 2.4.3)

Tax and penalty of ₹ 1.3 crore was not levied on Duty Entitlement Pass Book against one dealer.

(Paragraph 2.4.4)

Penalty of ₹ 15.96 crore was not imposed on 5542 dealers for non-submission of certified report on the audited accounts within the prescribed period.

(Paragraph 2.4.5)

Demanded Tax and penalty of ₹ 2.54 crore was not realised from two dealers.

(Paragraph 2.4.6)

Interest and penalty of ₹ 1.04 crore was not levied against 704 dealers towards delayed payment of tax.

(Paragraph 2.4.7)

Penalty of ₹ 4.40 crore was not levied against seven dealers for availment of concessional rate of tax without supporting declarations and production of books of accounts during assessment stage.

(Paragraph 2.5.4)

Tax and penalty of ₹ 2.53 crore was not levied against two dealers in two Ranges due to improper classification of goods.

(Paragraph 2.6.1)

Tax and penalty of ₹ 3.21 crore was not levied against a dealer due to treating imported scheduled goods as non-scheduled goods.

(Paragraph 2.6.2)

Tax and penalty of ₹ 1.55 crore was not levied against two dealers in one Circle and one Range due to application of incorrect rate of tax.

(Paragraph 2.6.3)

Penalty of ₹ 55.26 lakh was not levied in audit assessment against four dealers in three Circles and one Range.

(Paragraph 2.6.4)

III Motor Vehicles Tax

Motor Vehicles tax and additional tax of ₹ 83.01 crore including penalty was not /short-realised in respect of 37,098 vehicles under different categories.

(Paragraphs 3.3.1.1 and 3.3.1.2)

Compounding fee of ₹ 0.62 crore was not realised from 866 goods vehicles carrying extra load.

(Paragraph 3.3.3)

Penalty of ₹ 0.18 crore was non/short realised in 65 cases for belated payment of tax and additional tax.

(Paragraph 3.3.4)

Process Fee of ₹ 1.08 crore in respect of 1.08 lakh cases was not realised from the vehicle owners.

(Paragraph 3.4.1)

IV **Stamp Duty and Registration Fee**

Audit on “**Levy of Stamp Duty and Registration Fee on Development Agreements**” revealed the following:

Government sustained loss of revenue of ₹ 10.74 crore towards stamp duty and registration fee due to misclassification of documents as Development Agreement instead of conveyance.

(Paragraph 4.2.2(a))

Due to registration of instrument as Collaboration Agreement instead of conveyance there was Short levy of SD and RF of ₹ 99.93 lakh.

(Paragraph 4.2.2(b))

Due to non-levy of Stamp Duty and Registration Fee as applicable to conveyance on Registration of Power of Attorney involving transfer of possession, there was Loss of revenue of ₹ 114.10 crore.

(Paragraph 4.2.3(a))

Due to non-levy of SD and RF on Agreement to Sell involving transfer of possession as conveyance there was short levy of ₹ 7.85 crore.

(Paragraph 4.2.3(b))

There was short fall in realisation of Stamp Duty & Registration fee amounting to ₹ 11.05 lakh due to non-inclusion of land development cost in the consideration money.

(Paragraph 4.4.1)

Under valuation of documents value, led to Short realisation of Government revenue of ₹ 69.63 lakh.

(Paragraph 4.4.2(b))

V **State Excise Duty and Fees**

Differential State Excise Duty of ₹ 2.15 crore on Annual closing stock of 2011-12 was not realised from OSBC.

(Paragraph 5.3.1)

Irregularities in settlement of IMFL OFF shops in Rayagada district led to revenue loss of ₹ 1.02 crore.

(Paragraph 5.3.4)

State Excise Duty of ₹ 72.45 lakh was blocked due to non-destruction of spoilt Beer in a brewery in Bolangir District.

(Paragraph 5.3.5)

State Excise Duty of ₹ 72.43 lakh was not raised on short lifting of MGQ of Country Spirit.

(Paragraph 5.3.6)

Depots were allowed to be operated by OSBC at Sambalpur, Balasore, Cuttack and Khurda without levy of Depot Licence Fee of ₹ 35 lakh.

(Paragraph 5.3.9)

Utilisation Fee of ₹ 11.21 lakh on short fall in utilisation of the MGQ of molasses was not realised from a distillery.

(Paragraph 5.3.11)

Molasses was allowed to be sold by four sugar factories without obtaining Trading Licence on payment of licence fee amounting to ₹ 12.80 lakh.

(Paragraph 5.3.12)

Transport Fee ₹ 37.22 lakh was not levied on Mohua Flower utilised by the licensees.

(Paragraph 5.3.17)

VI Mining Receipts

Performance Audit on “**Working of Steel & Mines Department**” and test check revealed the following:

- State specific Mineral Policy envisaging a long term strategy for conservation and development of minerals in the State was absent.
(Paragraph 6.2.8)
- Absence of specific time limit for processing and disposal of application for Prospecting Licence/Mining Lease/Renewal of Mining Lease and lapsed proposal of non operating mines at various levels resulted in delayed disposal of applications and consequent impact on revenue.
(Paragraphs 6.2.9.1 and 6.2.9.2)
- Grant of permission for operation of mines in violation of the Act/Rules led to irregular extraction of minerals.
(Paragraph 6.2.10.2)
- Irregular removal/storage of 47.42 lakh MT minerals valued at ₹ 552.50 crore remained undetected for a long period.
(Paragraph 6.2.11.1)
- Due to improper checking of permitted and despatched quantity of minerals, despatch of 37.23 lakh MT minerals valued at ₹ 75.16 crore in excess of the permitted quantity remained undetected.
(Paragraph 6.2.11.2)

- Due to incorrect assessment there was short levy of royalty of ₹ 273.23 crore.
(Paragraph 6.2.12.1)

- Absence of any time limit for disposal of seized mineral resulted in blocking of Government revenue.
(Paragraph 6.2.12.4)

The Department permitted irregular extraction and removal of 22.72 lakh MT iron and 439.7 MT manganese ore valued at ₹ 201.31 crore.

(Paragraph 6.4.1)

Royalty of ₹ 13.84 crore was not levied on 4.16 lakh MT low-grade Chromite fines and shown as loss during beneficiation.

(Paragraph 6.4.2)

Royalty of ₹ 9.12 crore was short assessed on 4.70 lakh MT minerals.

(Paragraph 6.4.3)

Interest of ₹ 5.92 crore was not levied on belated payment of royalty.

(Paragraph 6.4.4)

Royalty of ₹ 2.11 crore was short levied by the Department while computing royalty on steam coal.

(Paragraph 6.4.5)