

## OVERVIEW

This Report contains 33 paragraphs including one Performance Audit (PA) relating to non-levy / short levy of tax, interest, penalty, revenue foregone, etc., involving ₹ 357.41 crore. Some of the major findings are mentioned below:

### I General

The total revenue receipts of the Government for the year 2014-15 amounted to ₹ 56,997.88 crore against ₹ 48,946.85 crore in the previous year. Of this, 48.95 *per cent* was raised by the State through tax revenue (₹ 19,828.29 crore) and non-tax revenue (₹ 8,070.87 crore). The balance 51.05 *per cent* was received from the Government of India in the form of State's share of divisible Union taxes (₹ 16,181.22 crore) and Grants-in-aid (₹ 12,917.50 crore).

(Paragraph 1.1.1)

Test check of the records of assessment / collection of Value Added Tax including Sales Tax, Entry Tax, Professional Tax etc., Motor Vehicles Tax, Stamp Duty and Registration Fees, State Excise Duty, Mining Receipts during the year 2014-15 revealed under assessment / short-levy / loss of revenue and other observations amounting to ₹ 11,665.85 crore in 1,78,420 cases.

(Paragraph 1.9)

### II Value Added Tax, Central Sales Tax and Entry Tax etc.

Audit of “**System of assessment under Value Added Tax**” revealed the following:

- There was huge shortfall in tax audit during 2011-14 which led to non-assessment of dealers selected on the basis of the prescribed criteria.

(Paragraph 2.4.3.1)

- Fraud / Tax Evasion case reports involving value added tax of ₹ 9.24 crore had not been disposed of even though more than one year had passed from the date of receipt of those reports.

(Paragraph 2.4.5.1)

- Action for imposition of penalty of ₹ 2.83 crore through provisional assessments under Odisha Value Added Tax Act was not initiated against 2,830 dealers who did not file monthly returns.

(Paragraph 2.4.6.1)

Audit of “**Levy and Collection of Entertainment Tax from Cable Television and Direct to Home Broadcasting Service Operators**” revealed the following:

- Failure to obtain information from the Department of Posts led to continuation of cable television operators without registration.

(Paragraph 2.5.3.1)

- Lack of Departmental coordination led to continuation of services by two Direct to Home (DTH) Broadcasting Service operators without getting themselves registered.

**(Paragraph 2.5.3.2)**

- Less payment of tax due to understatement of gross receipts / erroneous calculation remained undetected.

**(Paragraph 2.5.4.2)**

Value added tax and penalty of ₹ 5.58 crore was short levied against a dealer due to application of lower rate of tax.

**(Paragraph 2.7.1)**

Due to allowance of irregular deductions towards labour and service charges from the gross receipts of two works contractors, value added tax of ₹ 4.84 crore was short levied. Besides, penalty was also leviable.

**(Paragraph 2.7.3)**

Action for levy of penalty under Odisha Value Added Tax Act was not initiated against 5,510 dealers for non-submission of Certified Annual Audited Accounts and against 21,140 dealers for non-submission of Statement of Closing Stock in trade.

**(Paragraph 2.7.6)**

There was short levy of central sales tax of ₹ 1.53 crore against a dealer due to irregular acceptance of tampered declarations in Form 'C'.

**(Paragraph 2.8.2)**

Entry tax and penalty of ₹ 3.90 crore was not levied by the assessing authority against a dealer due to misclassification of scheduled goods as non-scheduled goods.

**(Paragraph 2.9.1)**

Due to misclassification of 'minor minerals' as non-scheduled goods under the Odisha Entry Tax Act, tax and penalty of ₹ 2.55 crore was not levied.

**(Paragraph 2.9.2)**

### **III State Excise Duty and Fees**

Differential State Excise Duty of ₹ 2.52 crore on annual closing stock of India Made Foreign Liquor (IMFL) of 2013-14 sold during 2014-15, was not realised from Odisha State Beverage Corporation (OSBC).

**(Paragraph 3.5.1)**

Fine of ₹ 34.07 lakh on expired IMFL was not levied against a distillery.

**(Paragraph 3.5.2)**

Extra hour operation charges, overtime fees and establishment cost amounting to ₹ 35.35 lakh were not realised from different distilleries / breweries.

**(Paragraphs 3.5.3 and 3.5.4)**

Licence fee and application fee of ₹ 16 lakh was not realised from five sugar factories for trading of molasses.

**(Paragraph 3.5.5)**

Differential Excise Adhesive Label fee of ₹ 15.86 lakh was not realised from the bottling unit of a sugar factory.

**(Paragraph 3.5.6)**

#### **IV Stamp Duty and Registration Fee**

Stamp Duty and Registration Fee of ₹ 84.75 lakh was short realised on sale certificates registered and endorsed by the District Sub Registrars / Sub Registrars.

**(Paragraph 4.5.1)**

There was short realisation of Stamp Duty and Registration Fee amounting to ₹ 24.47 lakh due to misclassification of 20 instruments of conveyance as cancellation deeds.

**(Paragraph 4.5.2)**

Stamp Duty and Registration Fee of ₹ 10.51 lakh was short realised due to under valuation of property.

**(Paragraph 4.5.3)**

Stamp Duty and Registration Fee of ₹ 2.25 crore was short realised due to registration of 40 documents under General Power of Attorney instead of conveyance deeds.

**(Paragraph 4.5.4)**

#### **V Motor Vehicles Tax**

Motor Vehicle tax and additional tax of ₹ 53.23 crore including penalty was not realised / short realised in respect of 18,695 vehicles under different categories.

**(Paragraphs 5.5.1.1 and 5.5.1.2)**

Vehicle Check Reports in respect of 176 vehicles carrying load beyond permissible limit were not disposed of resulting in non-realisation of compounding fee of ₹ 13.64 lakh.

**(Paragraph 5.5.3)**

Penalty of ₹ 18.63 lakh was not realised / short realised in 60 cases for belated payment of tax and additional tax.

**(Paragraph 5.5.4)**

#### **VI Mining Receipts**

Performance Audit of “**Implementation of the Integrated Mines and Minerals Management System (i3MS)**” revealed the following:

- As against 43,464 e-Permits issued in Joda mining circle for 188.60 million tonnes of iron and manganese ore, e-Passes for only 19,053 permits for transportation of 88.39 million tonnes were available in the database indicating inadequate end to end tracking of transportation of minerals.

**(Paragraph 6.4.11.1)**

- Minerals to the tune of 47,835.32 tonnes valued at ₹ 6.99 crore was transported through e-Passes in excess of the quantity permitted in 175 e-Permits issued to a lessee thereby defeating the objective of i3MS to restrict illegal transportation of minerals without permit.

**(Paragraph 6.4.11.2)**

- Gaps in e-Pass serial numbers found in database were fraught with the risk of loss of royalty of ₹ 12.14 crore.

**(Paragraph 6.4.11.3)**

- Cross check of weighbridge data with the system data revealed discrepancy in transportation of 2,32,778 tonnes of bauxite valued at ₹ 633.37 crore by a lessee resulting in potential revenue loss to the Government.

**(Paragraph 6.4.11.7)**

- Partial capture of data for several important fields and lack of validation controls over several key fields / parameters affected the reliability of the database.

**(Paragraph 6.4.12.1)**

- Due to absence of exit management plan and non-imparting of training to State Government officials as envisaged in the Memorandum of Understanding, the Department continued to be dependent on the vendor / software developer.

**(Paragraph 6.4.16.1)**

Royalty of ₹ 32.53 crore was short levied on 71.38 lakh tonnes of bauxite.

**(Paragraph 6.6.1)**