

OVERVIEW

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This Report contains 10 paragraphs, one Detailed Compliance Audit on “Levy and Collection of penalty/fine after implementation of e-challan through electronic devices” and one Compliance Audit on “Transitional Credits”. Some of the major findings in this report are summarised below:

1. General

The total receipts of the Government of Bihar for the year 2020-21 amounted to ₹ 1,28,294.13 crore, of which revenue raised by the State Government from its own sources was ₹ 36,543.01 crore (28.48 *per cent*). The share of receipts from the Government of India amounting to ₹ 91,751.12 crore (71.52 *per cent* of the total receipts) comprised State’s share of divisible Union taxes of ₹ 59,987.24 crore (46.76 *per cent* of the total receipts) and grants-in-aid of ₹ 31,763.88 crore (24.76 *per cent* of the total receipts).

(Paragraph 1.1)

Arrears of revenue as on 31 March 2021 on taxes on sales, trade *etc.*, taxes on goods and passengers, taxes and duties on electricity, taxes on vehicles, other taxes and duties on commodities and services, land revenue, state excise, stamps duty and registration fee and non-ferrous mining and metallurgical industries amounted to ₹ 3,180.63 crore, of which ₹ 1,056.31 crore was outstanding for more than five years.

(Paragraph 1.2)

The Public Accounts Committee (PAC) discussed 64 selected paragraphs pertaining to the Audit Reports for the years 2009-10 to 2018-19 and issued recommendations on 52 paragraphs relating to Commercial Taxes Department, Prohibition, Excise and Registration Department, Revenue and Land Reforms Department, Transport Department and Mines and Geology Department as incorporated in aforesaid Reports. However, no action taken report has been received from these departments on PAC recommendations (March 2022).

(Paragraph 1.3)

Audit observations included in 2,899 Inspection Reports (IRs) (24,332 audit observations) involving potential revenue of as much as ₹ 29,868.12 crore were outstanding at the end of March 2021 whereas the total revenue collection of the State was ₹ 36,543.01 crore. Even the first replies, required to be received from the heads of offices within four weeks of receipt of the IRs, were not received in respect of 1,201 IRs (10,385 audit observations) involving potential revenue of as much as ₹ 18,614.56 crore, issued from 2007-08 onwards.

(Paragraph 1.4.1)

Audit observed underassessment/short levy/loss of revenue aggregating to ₹ 486.29 crore in 669 cases. The departments concerned accepted (between April 2020 and March 2021) underassessment and other deficiencies of ₹ 187.28 crore in 679 cases, which were pointed out during previous years. The departments reported (between April 2020 and March 2021) recovery of ₹ 9.69 crore in 164 cases.

(Paragraph 1.5)

2. Taxes on Vehicles

Detailed compliance audit on “Levy and Collection of penalty/fine after implementation of e-challan through electronic devices”

An amount of ₹ 6.27 crore realised through e-challan by Hand Held Devices was not remitted to the Government account. Remittance of ₹ 7.03 crore in Government account could not be verified due to non-maintenance of account/cash book for amount collected through Hand Held Devices.

(Paragraph 2.3.6)

A total of 3,061 Challans worth ₹ 1.97 crore were irregularly modified and fines unpaid were reduced by ₹ 90.96 lakh.

(Paragraph 2.3.7)

Even after realisation of fines worth ₹ 0.71 lakh through manual money receipts by ESI, the said amount was not remitted to the Government account.

(Paragraph 2.3.8)

71,274 e-challans for ₹ 24.17 crore were issued to defaulting vehicle owners/drivers but neither any action was initiated against them nor any efforts were made for seizure of vehicles or documents.

(Paragraph 2.3.9)

At Rajauli check-post in Nawada, user IDs for five taxation officials were issued but only one user ID was recorded in check-post register. No register/record for daily shift-wise collection of revenue and its remittance into Government account was maintained.

(Paragraph 2.3.11)

Receipts from fine on vehicles for ₹ 9.33 crore were remitted under the improper head which deprived the Road Safety Council of its share of Road Safety Cess Fund amounting to ₹ 93.30 lakh.

(Paragraph 2.3.12)

A total of 191 e-challans worth ₹ 5.06 lakh were issued through Hand Held Devices without identity of the user which resulted in non-verification of its remittance into Government account.

(Paragraph 2.3.13)

Only 11.86 *per cent* of the total amount realised was digitally transferred to designated banks in eight districts.

(Paragraph 2.3.14)

3. Commercial Taxes

Compliance Audit on “Transitional Credits”

The proper officer did not initiate any action to recover ₹ 15.95 crore due for recovery.

(Paragraph 3.3.6.1)

Two taxpayers of two circles incorrectly claimed TDS of ₹ 1.69 crore as transitional Input Tax Credit (ITC) in GST TRAN-1.

(Paragraph 3.3.6.2)

Three taxpayers of two circles claimed excess transitional ITC of ₹ 35.31 lakh in GST TRAN-1 in comparison to the last return of VAT.

(Paragraph 3.3.6.3)

Three taxpayers of two circles incorrectly claimed transitional ITC of ₹ 1.58 crore in GST TRAN-1 on closing stock.

(Paragraph 3.3.6.4)

Four taxpayers of three circles incorrectly claimed transitional ITC of ₹ 57.31 lakh in GST TRAN-1.

(Paragraph 3.3.6.6)

Legacy Issues

The Assessing Authorities did not levy tax of ₹ 94.63 lakh on the closing stock on discontinuance of business.

(Paragraph 3.4.1)

The Assessing Authorities failed to detect suppression of turnover of ₹ 3.51 crore which resulted in under-assessment of tax of ₹ 1.18 crore including leviable penalty and interest.

(Paragraph 3.4.2)

The Assessing Authorities did not levy entry tax while doing assessment which resulted in short realisation of entry tax of ₹ 45.21 lakh including leviable interest.

(Paragraph 3.4.3)

The Assessing Authorities failed to detect Irregular/excess claim of ITC of ₹ 1.39 crore which resulted in under-assessment of tax of ₹ 6.68 crore including leviable penalty and interest.

(Paragraph 3.4.4)

The Assessing Authorities failed to detect the application of incorrect rate of tax which resulted in short levy of tax of ₹ 2.12 crore including interest.

(Paragraph 3.4.5)

4. Revenue and Land Reforms

Application of incorrect calculation method resulted in short levy of solatium of ₹ 2.22 crore leading to short payment to 17 land owners.

(Paragraph 4.3.1)

The incorrect calculation of additional compensation of ₹ 8.60 crore leading to short payment to the land owners.

(Paragraph 4.3.2)

Cess of ₹ 63.15 lakh as a percentage on the capitalised value of the annual rent for 25 years of the land under acquisition, was not levied.

(Paragraph 4.3.3)

5. Stamps and Registration fees

Five Registering Authorities failed to detect undervaluation of land in nine instruments executed during June 2016 to August 2021 which resulted in short realisation of Stamp duty and Registration fee of ₹ 2.08 crore.

(Paragraph 5.3)

Failure of the Registering Officer to detect misclassification of mining lease of stone resulted in short realisation of stamp duty and registration fee of ₹ 6.95 crore.

(Paragraph 5.4)