

CHAPTER-III : OTHER TAX RECEIPTS

3.1 Results of Audit

Test check of records in the offices dealing with the following revenue receipts during 2004-05 revealed loss of revenue due to non realisation of professional tax, short levy of interest, irregular allowance of transit loss etc. amounting to Rs.0.39 crore in 12 cases under the following categories:

(Rupees in crore)

Sl. No	Category	Number of cases	Amount
1.	Professional Tax	7	0.12
2..	Agricultural Income Tax	5	0.27
	Total	12	0.39

The Department accepted audit observations involving Rs.13.09 lakh in seven cases during 2004-05 and recovered Rs.0.25 lakh in one case for the year 2004-05 and Rs.2.17 lakh in three cases, which were pointed out prior to 2004-05.

A few illustrative cases highlighting important audit observations involving Rs.9.73 lakh are mentioned in the following paragraphs:

A. Professional Tax

3.2 Non realisation of professional tax

Under the Assam Professions, Trades, Callings and Employments Taxation Act, 1947, every person, who carries on a trade or a profession or calling, or who is in employment, within the State is liable to pay for each financial year a tax at the prescribed rates. Further, as per amendment effective from April 1992, if a non government employer or an enrolled person fails to pay tax within due date, he shall be liable to pay simple interest at the rate of two *per cent* of the amount due for each month or part thereof for the period for which the tax remains unpaid. The Commissioner of Taxes, Assam, issued instructions (April 1995, July 1997 and July 1998) to conduct intensive survey so as to bring all potential taxpayers in the tax net.

Cross verification by audit of the records of the Superintendent of Taxes, Tinsukia, with the records of the Central Excise Department (CED), Tinsukia revealed between July and September 2004 that 112 persons engaged as chartered accountants, insurance agents, air travel agents, consulting engineers, tour operators and works contractors, etc., paid service tax to the CED during the years between 1999-2000 and 2003-04 but their names were neither enrolled with the taxation authorities nor did they pay professional tax. Owing to non conducting of proper survey by the Department, 112 persons remained outside the tax net which resulted in non realisation of revenue of Rs.6.77 lakh including interest of Rs.2.52 lakh.

The matter was reported to the Department and the Government in November 2004; their replies have not been received (December 2005).

B. Agricultural Income Tax

3.3 Short levy of interest

Under provisions of the Assam Agricultural Income Tax Act, 1995 where in any financial year, an assessee had paid advance tax of less than 75 *per cent* of tax determined on regular assessment, simple interest at the rate of two *per cent* for each calendar month from first day of April of succeeding financial year in which the advance tax was payable upto the month prior to the month of regular assessment shall be payable by the assessee on the amount by which the advance tax paid falls short of the tax determined on regular assessments.

Test check of records of the Agricultural Income Tax Officer, Guwahati revealed in March/April 2004 that tax payable by an assessee for the assessment year 1999-2000 was assessed to Rs.14.58 lakh in August 2002, out of which only Rs.7.50 lakh was paid on 29 February 2000. The assessing officer computed interest of Rs.4.35 lakh for the period from April 1999 to July 2002 instead of Rs.7.31 lakh for delayed payment of assessed tax. This resulted in short levy of interest of Rs.2.96 lakh.

After this was pointed out, the Department rectified the assessment in May 2004 and raised the demand. Report on realisation had not been received (December 2005).

The matter was reported to the Government in June 2004; no reply has been received (December 2005).