

CHAPTER – II : TAXES ON SALES, TRADE ETC.

2.1 Results of audit

Test check of the records relating to assessments and refund of sales tax in various commercial taxes circles, conducted during the year 2005-06, revealed under assessment of tax of Rs 30.32 crore in 460 cases which broadly fall under the following categories:

| (Rupees in crore) | | | |
|-------------------|---|--------------|--------------|
| Sl. No. | Categories | No. of cases | Amount |
| 1 | Non/short levy of tax | 113 | 7.20 |
| 2 | Irregular allowance of exemption from tax | 92 | 6.04 |
| 3 | Non-levy of penalty | 26 | 3.85 |
| 4 | Irregular allowance of concessional rate of tax | 26 | 4.25 |
| 5 | Non/short levy of additional tax and surcharge | 45 | 0.94 |
| 6 | Application of incorrect of rates of tax | 25 | 0.41 |
| 7 | Short levy due to incorrect determination of turnover | 98 | 7.06 |
| 8 | Non-levy of penalty for excess collection of tax/mistake in computation | 10 | 0.12 |
| 9 | Other cases | 25 | 0.45 |
| | Total | 460 | 30.32 |

During the year 2005-06, the department concerned accepted under assessment etc. of Rs 12.29 crore involved in 58 cases, out of which 24 cases involving Rs 1.54 crore were pointed out during 2005-06 and rest during the earlier years. Of this, the department recovered Rs 1.25 crore .

A few illustrative cases involving tax effect of Rs 16.59 crore are discussed in the following paragraphs:

2.2 Suppression of purchase/sales turnover

Under the provisions of Bihar Finance Act, 1981 (BF Act), read with Central Sales Tax Act, 1956 (CST Act) if the prescribed authority has reason to believe that the dealer has concealed, omitted or failed to disclose wilfully the particulars of turnover or has furnished incorrect particulars of such turnover, the said authority shall assess or reassess the amount of tax due from the dealer in respect of such turnover and shall direct the dealer to pay, besides the tax assessed on escaped turnover, penalty not exceeding three times but not less than an amount equivalent to the amount of tax on the escaped turnover.

In 14 commercial taxes circles¹, it was noticed between December 2004 and January 2006 that 24 dealers purchased /sold goods valued at Rs 508.71 crore during the assessment years 1999-2000 to 2003-04, as shown in the purchase/sale, road permit statements and utilisation statements of declaration form 'C' and 'F' etc., while they had accounted for goods valued at Rs 472.79 crore only in their trading accounts and returns etc. thereby suppressing purchase/sale of goods of Rs 35.92 crore. The assessing authorities (AAs) while finalising assessments between January 2003 and June 2005, however, failed to detect suppression of purchase / sales which resulted in short levy of tax of Rs 4.37 crore including additional tax, surcharge and minimum leviable penalty. Of these, a few illustrative cases are given below:

| (Rupees in lakh) | | | | | | | | | |
|------------------|-------------------------------|--|-----------------------|----------------------------|---|---------------------------------|------------------|------------------------|--------|
| Sl. No. | Name of circle/no. of dealers | Period of assessment/ month/year of assessment | Commodity | Rate applicable (Per cent) | Actual purchase/ purchase accounted for | Actual sale/ sale accounted for | Amount concealed | Amount of tax/ penalty | Total |
| 1 | Samastipur (1) | 2000-01 and 2001-02 7/2003 and 7/2004 | Jute bag | 10 | - | 5,782.79 5,071.94 | 710.85 | 71.09 71.09 | 142.18 |
| 2 | Patna Special (3) | 2001-02 and 2002-03 2/2004 and 6/2005 | Superior kerosene oil | 6 | 27,984.49 27,008.76 | 4,426.20 3,574.39 | 1,827.54 | 49.70 46.99 | 96.69 |
| | | | Cement | 11 | | | | | |
| | | | Iron and steel | 4 | | | | | |
| 3 | Hajipur (5) | 2000-01 to 2003-04 between 1/2004 and 10/2004 | Country liquor | 25 | 3,096.99 2,676.18 | 596.09 562.32 | 454.58 | 40.12 37.29 | 77.41 |
| | | | Concrete sleeper | 10 | | | | | |
| | | | Coir mattress | 12 | | | | | |
| | | | GI pipe | 4 | | | | | |
| | | | PVC pipe | 8 | | | | | |
| 4 | Sasaram (1) | 2003-04 11/2004 | Country liquor | 25 | - | 488.56 431.60 | 56.96 | 16.45 14.95 | 31.40 |

¹ Begusarai, Bhagalpur, Danapur, Darbhanga, Hazipur, Jamui, Muzaffarpur, Patliputra, Patna North, Patna West, Patna Special, Samastipur, Sasaram and Teghra.

(Rupees in lakh)

| Sl. No. | Name of circle/no. of dealers | Period of assessment/month/year of assessment | Commodity | Rate applicable (Per cent) | Actual purchase/purchase accounted for | Actual sale/sale accounted for | Amount concealed | Amount of tax/penalty | Total |
|---------|-------------------------------|---|------------------------------|----------------------------|--|--------------------------------|------------------|-----------------------|-------|
| 5 | Patliputra (3) | 1999-2000 to 2003-04 between 1/2003 and 11/2004 | Washing machine | 16 | 1,421.15 | 2,248.13 | 66.69 | 10.88 | 20.76 |
| | | | Confectionary goods | 8 | 1,362.82 | 2,239.77 | | 9.88 | |
| | | | Edible oil | 9 | | | | | |
| 6 | Muzaffarpur (1) | 2001-02 and 2002-03 1/2004 and 10/2004 | Kesar | 8 | 168.03 | - | 93.62 | 9.49 | 18.13 |
| | | | Corrugated boxes and bottles | 8 | 74.41 | | | 8.64 | |

After these were pointed out between December 2004 and January 2006, the AA of Patna Special Circle raised demand for Rs 38.47 lakh in one case and in remaining cases the AAs stated that the cases would be reviewed. Further reply has not been received (October 2006).

The cases were reported to Government between June 2005 and May 2006; reply has not been received (October 2006).

2.3 Allowance of excess deduction on account of export sales

CST Act provides that no tax shall be payable on sale of goods which have taken place in course of export beyond the customs frontiers of Indian territory. The Commissioner, Commercial Taxes (CCT) Bihar issued instructions in June and August 1991 that in case of any claim of exemption on export sales, the same should invariably be supported by bill of export and all AAs incharge should cross verify the records with the Customs Department to detect escaped turnover, if any.

2.3.1 Cross verification of assessment records in four commercial taxes circles² with the records maintained in Customs Department revealed between September 2005 and January 2006 that four dealers dealing in different commodities³ disclosed sales turnover of Rs 255.19 crore, on account of export sales made to Nepal in their returns for the assessment years 1999-2000 to 2001-02. The AAs allowed exemption at the time of finalising assessments between February 2004 and March 2005 against the actual value of goods of Rs 252.43 crore as shown in the records of Customs Department. Thus, failure of the AAs to cross verify the records with the Customs Department in accordance with CCT's instructions resulted in irregular allowance of deduction from taxable turnover on account of export sales of Rs 2.76 crore. This resulted in short levy of tax of Rs 1.04 crore including additional tax, surcharge and penalty.

2.3.2 In Hajipur circle, it was noticed in June 2005 that in one case, export sale of goods valued at Rs 95.57 lakh during the years 2000-01 and 2001-02, was

² Bagaha, Kishanganj, Patna City West and Patna Special.

³ Bags, cycles, medicines and petroleum products.

not supported by prescribed documentary evidence like bill of export granted by Customs Department. The AA while finalising the assessment in October 2004, however, exempted the turnover from levy of tax. This resulted in under assessment of tax amounting to Rs 13.79 lakh including additional tax and surcharge.

After this was pointed out, the department stated that the claim was allowed on the basis of payment received from consignee and proof of despatch. The reply is not tenable as bill of export was mandatory for allowing exemption in case of export sales.

The cases were reported to department/Government between April and May 2006; reply has not been received (October 2006).

2.4 Short levy of additional tax

Under the provisions of BF Act and notification issued thereunder, every dealer is required to pay additional tax at the rate of one *per cent* (except liquor on which additional tax of two *per cent* is leviable) on the gross turnover and surcharge thereon unless specifically exempted from levy of additional tax.

In six commercial taxes circles⁴, it was noticed between November 2004 and January 2006, in case of nine dealers dealing in various goods⁵ and assessed between August 2003 and March 2005 that additional tax was levied on turnover of Rs 394.13 crore instead of the correct amount of Rs 448.18 crore for the assessment years 1999-2000 to 2002-03. This resulted in short levy of additional tax of Rs 1 crore including surcharge.

After this was pointed out, the AAs in two cases of Ara and one case of Patna special circle raised demand for Rs 26.46 lakh while in other cases, it was stated that the cases would be reviewed. Further reply has not been received (October 2006).

The cases were reported to Government between March 2005 and May 2006; reply has not been received (October 2006).

2.5 Application of incorrect rate of tax

Under the provisions of BF Act, Government may, from time to time, by notification, specify the rates of tax on any class or description of goods.

In three commercial taxes circles, it was noticed between February and October 2005 that five dealers sold goods valued at Rs 25.61 crore during the assessment years 2000-01 to 2003-04. The AAs while finalising the assessments between March 2004 and March 2005 levied tax at incorrect rates. This resulted in short levy of tax of Rs 1.35 crore including additional tax and surcharge as detailed below:

⁴ Ara, Patliputra, Patna Special, Patna West, Sitamarhi and Teghra.

⁵ Country liquor, Dabur products, electrical goods, IMFL, milk products, motor parts, petroleum products and rectified spirit.

(Rupees in crore)

| Sl. No. | Name of circle No. of dealers | Name of commodity | Assessment year Month/year of assessment | Value of goods | Rate of tax (per cent) | | Short levy of tax (including additional tax and surcharge) |
|--------------|----------------------------------|---------------------------------|---|----------------|------------------------|--------|--|
| | | | | | Leviable | Levied | |
| 1 | Patliputra (2) | Edible oil | 2003-04 10/ 2004 | 13.85 | 9 | 4 | 1.26 |
| | | Mosquito repellent | 2002-03 11/ 2004 | 7.57 | 8 | | |
| 2 | Hajipur (2) | Coir mattress and three wheeler | 2000-01 and 2001-02 03/2004 and 10/ 2004 | 3.74 | 12 | 10 | 0.08 |
| 3 | Teghra (1) | Milk powder | 2000-01 03/ 2005 | 0.45 | 10 | 8 | 0.01 |
| Total | | | | 25.61 | | | 1.35 |

After this was pointed out, the AA Patliputra Circle in one case raised demand of Rs 1.05 crore while in other cases, it was stated that the cases would be reviewed. Further reply has not been received (October 2006).

The cases were reported to Government between August 2005 and April 2006; reply has not been received (October 2006).

2.6 Non/short levy of penalty for delayed/non payment of admitted tax

Under the provisions of BF Act, if a registered dealer fails to make payment of the tax as shown in the statement/return, the AA shall impose penalty of not less than two and a half *per cent* but not exceeding five *per cent* of the amount of tax for each of the first three months or part thereof following the due date and thereafter not less than five *per cent* but not exceeding 10 *per cent* for each subsequent month or part thereof.

In seven commercial taxes circles,⁶ it was noticed between August 2004 and February 2006 from the assessment records that in 10 cases admitted tax of Rs 34.03 crore pertaining to the assessment years 1999-2000 to 2002-03 was either not deposited or deposited belatedly on which minimum penalty of Rs 1.01 crore was leviable. The AA, Special Circle Patna while finalising assessment of one dealer, however, levied penalty of Rs 9.98 lakh against Rs 53.55 lakh leviable. In remaining cases the AAs did not levy any penalty. This resulted in non/short levy of penalty of Rs 90.90 lakh.

After this was pointed out, AA, Biharsharif raised demand of Rs 10.24 lakh in one case, while in other cases, it was stated that the cases would be examined. Further reply has not been received (October 2006).

The cases were reported to Government between August 2005 and April 2006; reply has not been received (October 2006).

2.7 Non levy of penalty for suppression of turnover

Under the provisions of BF Act, if the prescribed authority in course of any proceeding or otherwise is satisfied that the dealer has concealed any sales or

⁶ Begusarai, Biharsarif, Muzaffarpur, Patna North, Patna Special, Patna South and Teghra.

purchases or any particulars thereof with a view to reduce the amount of tax payable by him or has furnished incorrect particulars of his sales or purchases, the prescribed authority shall direct the dealer to pay, besides the tax assessed on escaped turnover, penalty not exceeding three times but not less than an amount equivalent to the amount of tax on the escaped turnover.

In three commercial taxes circles⁷, it was noticed between December 2004 and January 2006 from the assessment records of three dealers that the AAs, while finalising the assessments between December 2003 and December 2004, detected suppression of sales turnover of Rs 21.09 crore which was not disclosed in the prescribed returns furnished by the dealers for the assessment years 2001-02 and 2002-03. The AAs levied tax of Rs 2.20 crore on suppressed value of sales, but failed to levy minimum penalty of Rs 2.20 crore.

The cases were reported to department/Government between March 2005 and April 2006; reply has not been received (October 2006).

2.8 Non levy of penalty for excess collection of tax

Under the provisions of the BF Act, no registered dealer shall collect from any person any tax on sale of goods in excess of tax liability. In the event of any contravention of the provision of the Act, the prescribed authority shall direct the dealer to pay, by way of penalty, a sum equal to twice the amount of tax so collected.

In Patliputra circle, it was noticed in November 2005 that a dealer collected tax in excess of his tax liability by Rs 6.25 lakh during the assessment year 2001-02. The AA, while finalising the assessment in September 2003 did not levy any penalty. This resulted in non levy of penalty of Rs 12.49 lakh.

The case was reported to department/Government in April 2006; reply has not been received (October 2006).

2.9 Non/short levy of purchase tax

Under the provisions of BF Act, every dealer who purchases goods on which no sales tax is payable and consumes such goods in the manufacture of other goods for sale, shall be liable to pay tax on the purchase price of such goods at the rate at which it would have been leviable on the sale price of such goods.

In three commercial taxes circles⁸, it was noticed between April and August 2005 from the assessment records that four dealers purchased goods⁹ valued at Rs 4.68 crore during the assessment years 2000-01 to 2003-04 from places within the State. These goods were purchased without payment of sales tax and consumed in manufacture of other goods¹⁰ and thus, were liable to levy of purchase tax of Rs 27.86 lakh. The AAs while finalising assessments between August 2003 and October 2004 did not levy purchase tax except in one case under AA Buxar in which purchase tax of Rs 0.47 lakh against Rs 1.86 lakh was levied. This resulted in non/short levy of purchase tax of Rs 27.39 lakh.

⁷ Patliputra, Patna Special and Patna South.

⁸ Buxar, Muzaffarpur and Raxaul.

⁹ Paper label, paddy, slack wax, spices and tin container.

¹⁰ Paraffin, residue wax and rice.

The cases were reported to department/Government between January and April 2006; reply has not been received (October 2006).

2.10 Under assessment of CST

Under the CST Act, a dealer who claims exemption/concessional rate of tax on account of interstate sale or transfer of goods to his agent, principal or any other place of his business in other State, is required to produce the details of such interstate sale or such transfer of goods in declaration form C or F, as the case may be, duly authenticated by the recipient. Otherwise, tax is leviable at twice the rate prescribed in case of declared goods and at the rate of 10 per cent or at the rate leviable under the State Act, whichever is higher, in the case of goods other than declared goods. Government of Bihar by issuing a notification in May 1996, granted exemption to industrial units under industrial incentive scheme (IIS), from levy of sales tax on interstate sale of manufactured goods. It was judicially held¹¹ by the Hon'ble Supreme Court that while granting exemption from levy of sales tax on interstate sales, there is an obligation to produce C forms. Additional tax and other taxes leviable under the State Act are also leviable on interstate sales under the CST Act.

2.10.1 In Aurangabad and Danapur circles, it was noticed between October 2004 and September 2005 that two manufacturing units under IIS, claimed exemption on interstate sale of goods¹² of Rs 27.73 crore made during the assessment years 2000-01 and 2001-02. The AAs while finalising the assessment in March 2003 and March 2004 allowed the exemption though the transactions were not supported by declaration in form 'C'. This resulted in under assessment of tax of Rs 2.34 crore.

The cases were reported to department/Government between March 2005 and January 2006; reply has not been received (October 2006).

2.10.2 In 11 commercial taxes circles, it was noticed that 23 dealers claimed exemption/concessional rate from levy of tax on account of interstate sales of Rs 25.96 crore during the assessment years 2000-01 to 2003-04. The AAs while finalising assessments either did not levy tax or levied tax at concessional rates, though such sales were not supported by declaration forms in C and F. This resulted in under assessment of tax of Rs 1.68 crore including additional tax and surcharge as detailed below:

| (Rupees in lakh) | | | | | | |
|------------------|-------------------------------|--|---------------------------------------|--|---------------------------------|------------------|
| Sl. No. | Name of circle/No. of dealers | Assessment years/ Month/year of assessment | Commodity | Sale not supported by declaration form | Rate leviable levied (Per cent) | Tax short levied |
| 1 | <u>Katihar</u> (1) | <u>2000-01</u> 03/2005 | Jute bags | 520.99 | <u>10</u> 3 | 36.47 |
| 2 | <u>Sitamarhi</u> (1) | <u>2002-03</u> 02/2005 | Rectified spirit and denatured spirit | 122.94 | <u>25 +1+ SC</u> 4 | 31.30 |
| 3 | <u>Madhepura</u> (5) | <u>2002-03 and 2003-04</u> 12/2003 to 03/2005 | Jute | 381.54 | <u>6</u> NIL | 22.87 |

¹¹ *State of Rajasthan Vs. Sarvottam Vegetables Products (1996) 101 STC 547 (SC).*

¹² *Iron and steel and vanaspati.*

(Rupees in lakh)

| Sl. No. | Name of circle/No. of dealers | Assessment years/ Month/year of assessment | Commodity | Sale not supported by declaration form | Rate leviable levied (Per cent) | Tax short levied |
|--------------|-------------------------------|--|-------------------------------------|--|---------------------------------|------------------|
| 4 | Patna Special (1) | 2001-02 03/2003 | Petroleum products | 248.84 | $\frac{15+1+SC}{4}$ | 19.43 |
| 5 | Forbisganj (4) | 2002-03 and 2003-04 08/2004 to 10/2004 | Jute | 478.05 | $\frac{6}{3}$ | 14.34 |
| 6 | Gaya (1) | 2000-01 and 2001-02 05/2003 and 06/2003 | Concrete sleeper | 175.50 | $\frac{10}{4}$ | 10.53 |
| 7 | Bagaha (1) | 2000-2001 | IMFL | 185.37 | $\frac{25+2+SC}{25+2}$ | 5.10 |
| 8 | Patliputra (4) | 2000-01 to 2002-03 04/2004 to 10/2004 | Car | 61.91 | $\frac{12+1+SC}{12}$ | 6.11 |
| | | | Refrigerator | 167.55 | $\frac{16+1+SC}{16}$ | |
| | | | Tyre and tube | 14.26 | $\frac{10}{NIL}$ | |
| 9 | Purnea (2) | 2000-01 and 2002-03 09/2004 and 03/2005 | Fruit juice, tomato juice and ingot | 61.77 | $\frac{10}{8}$ | 5.60 |
| 10 | Barh (2) | 2001-02 to 2003-04 12/2004 to 05/2005 | Pulses | 83.83 | $\frac{8}{NIL}$ | 6.71 |
| 11 | Darbhangha (1) | 2002-03 09/2004 | Atta, maida and suji | 93.76 | $\frac{10}{NIL}$ | 9.38 |
| Total | | | | 2,596.31 | | 167.84 |

The cases were reported to department/Government between October 2004 and April 2006; reply has not been received (October 2006).

2.11 Incorrect determination of turnover

2.11.1 Under the provisions of BF Act, taxable turnover of a dealer shall be determined after deducting from the gross turnover, the amount of tax actually collected and any other charges in the manner and to the extent as prescribed.

In Patna Special circle, it was noticed in September 2005 that the AA while computing the taxable turnover of a dealer for the assessment year 2002-03 in June 2005, deducted Rs 23.98 crore from the gross turnover on account of tax collected though deduction of Rs 22.87 crore was claimed by the dealer. Turnover of Rs 1.11 crore was therefore, deducted in excess from the gross turnover on account of tax element.

It was further noticed that the AA rejected the claim of the dealer for deduction of Rs 1.73 crore for the same assessment period on account of damage and shortage, but failed to include the amount in the taxable turnover.

Thus, excess allowance of deduction on account of tax element and damage/shortage resulted in short determination of taxable turnover by Rs 2.84 crore and consequent short levy of tax of Rs 37.79 lakh including additional tax and surcharge.

The case was reported to department/Government in May 2006; reply has not been received (October 2006).

2.11.2 Under the provisions of BF Act, gross turnover of a dealer shall be aggregate of sale prices received or receivable by a dealer including the gross amount received or receivable for execution of works contract or for the transfer of right to use any goods for any purpose during any given period and also includes the sale of goods made in the course of interstate trade or export.

2.11.2.1 In Patliputra circle, it was noticed in September 2005, that the AA while finalising the assessment of a dealer for the year 2001-02 in August 2003 though rejected the claim of exemption of Rs 1.61 crore, but while determining the gross turnover failed to include said amount. This resulted in short levy of tax of Rs 23.29 lakh including additional tax and surcharge.

2.11.2.2 Test check of records of Patliputra circle in September 2005 revealed that the AA while finalising the assessment in October 2004 for the year 2002-03 of a dealer dealing in milk products did not account for agricultural marketing fee of Rs 31 lakh in the gross turnover and determined gross turnover of Rs 61.06 crore instead of Rs 61.37 crore. This resulted in short levy of tax of Rs 3.76 lakh including additional tax and surcharge.

The above cases were reported to department/Government in April 2006; reply has not been received (October 2006).

2.12 Incorrect grant of exemption

Under the provisions of BF Act, read with BST Rules as amended from time to time, where any dealer claims that no tax is payable by him on any part of his gross turnover in respect of any goods by reason of transfer of goods by him to any other dealer or to his agent or principal as the case may be, for sale, the burden of proving the claim shall be on the dealer and for this purpose, alongwith other evidence, he shall furnish a declaration in the form IX D as prescribed by the department in February 2000.

In Ara and Samastipur circles, it was noticed in March and May 2005 that in two cases assessed in February 2002 and September 2004, exemption was allowed on stock transfer of goods valued at Rs 1.52 crore during 2000-01 though the claim was not supported by declaration in form IX D. Incorrect grant of exemption resulted in short levy of tax of Rs 16.90 lakh including additional tax and surcharge.

After this was pointed out, the AA in one case of Ara circle raised the demand of Rs 2.67 lakh while in other case the AA, Samastipur stated that the case will be reviewed. Further reply has not been received (October 2006).

The cases were reported to Government between July 2005 and January 2006; reply has not been received (October 2006).

2.13 Short levy of tax

Under the provisions of BF Act read with BST Rules, the State Government by issue of notification in June 1985 and July 2002 specified certain commodities for the purpose of levy of sales tax at multiple points of sale.

In five commercial taxes circles¹³, it was noticed between July 2005 and January 2006, that six dealers sold goods, covered under aforesaid notifications, valued at Rs19.48 crore during the assessment years 2000-01 to 2002-03. The AAs while finalising the assessments between February 2003 and April 2005 levied tax of Rs 45.79 lakh only instead of the correct amount of Rs 67.96 lakh. This resulted in short levy of tax of Rs 22.17 lakh.

The cases were reported to department/Government in June 2006; reply has not been received (October 2006).

2.14 Short levy of surcharge

Under the provisions of BF Act, every dealer whose gross turnover during a year exceeds Rs 10 lakh shall pay a surcharge at the rate of 10 *per cent* of tax (including additional tax) payable by him. The State Government in December 2000 exempted certain petroleum products from levy of surcharge on the second and subsequent points of sale.

In Hajipur circle, it was noticed in June 2005 that the AA while finalising the assessment of a dealer in March 2005 dealing in petroleum products determined the gross turnover at Rs 6 crore for the assessment year 2000-01 and incorrectly levied surcharge of Rs 0.03 lakh on tax of Rs 0.34 lakh instead of Rs 6.15 lakh leviable on the correct amount of tax of Rs 61.49 lakh¹⁴. This resulted in short levy of surcharge of Rs 6.12 lakh.

The case was reported to department/Government in April 2006; reply has not been received (October 2006).

2.15 Incorrect allowance of concessional rate of tax

Under the provisions of the BF Act, on sales of goods by a registered dealer to another registered dealer required directly for use in the manufacture or processing or for packing of any goods for sale, tax shall be levied at concessional rate. Corrugated box (CB) used for packing of goods was taxable at a concessional rate of three *per cent*, otherwise tax was leviable at the normal rate of nine *per cent*. The concessional rate of tax of CB was, however, withdrawn from January 1985.

In Barh circle, it was noticed in July 2005 from the assessment records of a dealer for the assessment year 2002-03 that the AA while finalising assessment in September 2004 incorrectly levied tax at concessional rate of three *per cent* on sale of CB valued at Rs 99.10 lakh instead of nine *per cent* though the grant of concessional rate was withdrawn way back in January 1985. This resulted in short levy of tax of Rs 6.61 lakh including additional tax and surcharge.

The case was reported to department/Government in April 2006; reply has not been received (October 2006).

¹³ Chapra, Darbhanga, Nawada, Patna Special and Purnea.

¹⁴ Calculated on the turnover from April 2000 to 14 December 2000 i.e. upto the date of issue of notification exempting the items.