

OVERVIEW

This Report contains 27 paragraphs including one review involving underassessment/short levy/loss of revenue etc. of Rs.402.36 crore. Some of the major findings are mentioned below:

I. General

The total receipts of the Government for the year 2004-05 were Rs.8,562.63 crore. The revenue receipts of Rs.8,027.52 crore consisted of Rs.7,106.13 crore from taxes and Rs.921.39 crore from non tax revenue. The Government of NCT of Delhi received Rs.535.11 crore as grants in aid in lieu of share in central taxes and duties.

(Paragraph 1.1)

Test check of records of sales tax, state excise/entertainment tax, motor vehicles tax, stamp duty and other department receipts conducted during the year 2004-05 revealed underassessment/short levy/loss of revenue etc. amounting to Rs.671.70 crore in 1,545 cases. During the course of the year 2004-05, the concerned departments accepted underassessment, non recovery etc. of Rs.204.50 crore which had been pointed out in audit during 2004-05 and earlier years. Of these, the department recovered Rs.15.36 lakh in eight cases and raised additional demands of Rs.38.52 crore during the year 2004-05.

(Paragraph 1.10)

A total of 580 inspection reports, issued up to 31 March 2005, containing 4,354 audit observations involving Rs.930.98 crore were outstanding as on 30 June 2005 for want of response or final action by the concerned departments.

(Paragraph 1.11)

II. Sales Tax

A review on “**Levy of sales tax in respect of inter state sales**” revealed as under:

- Grant of incorrect exemption and concessional rate of tax resulted in short realisation of Government revenue of Rs.11.74 crore.

(Paragraphs 2.2.8, 2.2.9 & 2.2.10)

- Grant of incorrect exemption from tax on transfer of goods to places other than those declared in registration certificates resulted in short realisation of tax of Rs.14.55 crore.

(Paragraph 2.2.14)

- Grant of exemption on invalid F forms resulted in short realisation of tax of Rs.9.45 crore.

(Paragraph 2.2.19)

- Incorrect grant of exemption on inter state sale of Rs.568.36 crore was allowed though there was no proof of movement of goods resulting in loss of Government revenue of Rs.91.61 crore.

(Paragraph 2.2.21)

- The internal audit structures were weak and ineffective and afforded no assurance as to whether the provisions of the rules or departmental instructions were being adhered to by the various assessing authorities. The internal audit wing of the department had never conducted any cross verification of statutory forms relating to inter state sales which would have revealed the discrepancies and lacunae which had resulted in loss of revenue to the public exchequer.

(Paragraph 2.2.7)

Incorrect grant of exemption of Rs.55.06 crore on 31 fake H forms resulted in short levy of tax of Rs.25.96 crore.

(Paragraph 2.3)

Incorrect application of rate of tax resulted in short levy of tax amounting to Rs.3.88 crore. In addition interest of Rs.1.63 crore and penalty of Rs.6.89 crore were also leviable.

(Paragraph 2.4)

Irregular grant of excess exemption on tax paid goods resulted in short levy of tax amounting to Rs.91.98 lakh inclusive of interest.

(Paragraph 2.6)

Grant of exemption on statutory forms beyond the prescribed limit resulted in non levy of tax amounting to Rs.15.34 crore inclusive of interest.

(Paragraph 2.8)

Irregular grant of exemption on transit sale to a dealer resulted in short levy of tax of Rs.2.08 crore inclusive of interest.

(Paragraph 2.9)

Short accountal of purchase/sale/stock resulted in under assessment of tax amounting to Rs.6.55 crore inclusive of interest and penalty.

(Paragraph 2.11)

Non levy of tax on sale of tradable licenses resulted in non levy of tax of Rs.79.85 lakh inclusive of interest.

(Paragraph 2.14)

III. State Excise, Entertainment and Luxury Tax

Failure of the Excise department to procure 41,499 cases of country liquor short supplied by a supplier at his risk and cost in accordance with the terms of the license resulted in revenue loss of Rs.1.16 crore.

(Paragraph 3.3)

Reduction in excise element while fixing retail price of country liquor instead of passing on the marginally higher cost of Rupee 1 per bottle to the consumer resulted in loss of state excise of Rs.3.44 crore.

(Paragraph 3.4)

Failure of the Commissioner of Entertainment and Luxury Tax to effectively pursue recovery certificates issued against defaulting cable operators resulted in non realisation of government dues of Rs.68.54 lakh.

(Paragraph 3.6)

IV. Motor Vehicle Tax and Stamp Duty

The department failed to recover revenue of Rs.17 lakh from the owners of private vehicles being irregularly operated as commercial vehicle in contravention of provisions of the Motor Vehicles Act, 1988.

(Paragraph 4.2)

Loss of revenue of Rs.3.24 crore due to short levy of stamp duty on land/properties registered at sub registrar offices in Delhi.

(Paragraph 4.3)

V. Non Tax Receipts

Failure to take into account penal interest due to government under terms of orders sanctioning loans to public sector organisation while converting interest due into fresh loan resulted in non recovery of interest receipts of Rs.165.14 crore.

(Paragraph 5.2)

Failure of the Delhi Electricity Regulatory Commission to deposit its receipts into government account within the financial year to which it pertained resulted in depriving the government of its legitimate dues.

(Paragraph 5.3)

Failure of the Industries department to execute a lease agreement while leasing out space to MMTC coupled with its inability to seriously and actively pursue its rental dues resulted in non recovery of lease rent of Rs.3.78 crore.

(Paragraph 5.4)

Failure of the Forest department to enforce terms of permission granted to private parties to fell trees stipulating replantation of trees in lieu of those permitted to be felled or to recover the cost of the replantation resulted in non recovery of government dues of Rs.1.84 crore.

(Paragraph 5.5)