

OVERVIEW

This Report contains 11 paragraphs including two reviews involving underassessment/short payment/loss of revenue etc. of Rs. 945.52 crore. Some of the major findings are mentioned below:

I. General

The total receipts of the State during the year 2007-08 amounted to Rs. 14,912.38 crore, of which the revenue raised by the State Government was Rs. 13,599.50 crore and receipts from the Government of India were Rs. 1,312.88 crore. The revenue raised constituted 91 *per cent* of the total receipts of the State.

(Paragraph 1.1)

Test check of the records of the departments of trade and taxes, state excise, entertainment, transport, registration etc. conducted during the year 2007-08, revealed underassessment/short payment/loss of revenue etc. aggregating Rs. 1,051.67 crore in 898 cases. During the course of the year 2007-08, the departments concerned accepted underassessments and other deficiencies of Rs. 28.17 crore in 38 cases. Of these, the department raised additional demands of Rs. 9.14 crore and recovered Rs. 18.41 lakh in 6 cases during the year 2007-08.

(Paragraph 1.8)

At the end of June 2008, 2,645 audit observations involving Rs. 1,758.51 crore relating to 206 inspection reports issued upto March 2008 remained outstanding.

(Paragraph 1.9)

II. Sales Tax/Value Added Tax

A review of “**Performance appraisal of exemption of central sales tax on account of branch transfer/consignment sale**” revealed the following:

- Non-compliance of instructions for ascertaining the genuineness and correctness of ‘F’ forms submitted by the dealers in support of exemption of tax on account of branch transfer/consignment sale through cross verification of transactions from the concerned states, led to non-realisation of revenue of Rs. 20.17 crore.

(Paragraph 2.2.7)

- Failure of the department to levy the tax for non-submission of ‘F’ forms by the dealers within the stipulated period resulted in non-realisation of revenue of Rs. 730.74 crore.

(Paragraph 2.2.9.1)

- Incorrect exemption of tax on branch transfer/consignment sale of Rs. 215.77 crore on incomplete forms resulted in loss of revenue of Rs. 25.53 crore.

(Paragraph 2.2.9.2)

- Incorrect exemption of tax on invalid 'F' forms resulted in short realisation of tax of Rs. 11.63 crore.

(Paragraph 2.2.9.3)

- Failure of the department to levy tax, interest and penalty against the dealers whose 'F' forms were found not to have been issued by the sales tax offices of the concerned states resulted in non-realisation of revenue of Rs. 5.41 crore.

(Paragraph 2.2.10)

Irregular claim of exemption/concessional rate of tax without furnishing proper statutory forms resulted in short payment of tax of Rs. 129.65 crore including interest of Rs. 12.82 crore and penalty of Rs. 44.08 crore.

(Paragraph 2.3)

Short accounting of sale and purchase resulted in short payment of tax of Rs. 13.04 crore including interest of Rs. 1.78 crore and penalty of Rs. 5.63 crore.

(Paragraph 2.4)

Incorrect claim of exemption of tax on high sea sales without furnishing evidence resulted in short payment of tax of Rs. 1.62 crore including interest of Rs. 22.40 lakh and penalty of Rs. 77.70 lakh.

(Paragraph 2.5)

Incorrect application of rate of tax resulted in short payment of tax of Rs. 1.52 crore including interest of Rs. 20.96 lakh and penalty of Rs. 72.74 lakh.

(Paragraph 2.6)

Incorrect claim of tax credit on opening stock without furnishing details and certificate duly signed by Chartered Accountant where credit exceeded Rs. 1 lakh, resulted in short payment of tax of Rs. 56.90 lakh including interest of Rs. 10.24 lakh and penalty of Rs. 23.33 lakh.

(Paragraph 2.7)

Short payment of tax of Rs. 30.96 lakh including interest of Rs. 4.08 lakh and penalty of Rs. 15.23 lakh due to calculation mistakes/less payment of tax.

(Paragraph 2.8)

III. OTHER TAX RECEIPTS

TRANSPORT DEPARTMENT

A review of “**Information technology audit of the Department of Transport**” revealed the following:

- The department did not prepare an IT strategy or an IT plan leading to adhoc IT implementations. The department also did not have adequate documentation, password policy, disaster recovery plan and business continuity plan.

(Paragraph 3.2.5.1)

- Disparate IT applications resulted in sub optimal benefits from the use of Smart Card technology.

(Paragraph 3.2.5.2)

- The objective of optical memory strip on smart card mooted to dispense with all paper based files related to registration of vehicles was not achieved.

(Paragraph 3.2.5.3)

- The contracts with the vendors were not managed properly leading to undue advantages to the vendors apart from burdening the citizen to the extent of Rs. 30.61 crore and non-recovery of dues of Rs. 2.18 crore.

(Paragraphs 3.2.6 and 3.2.8.1)

- Deficient application controls rendered the data unreliable.

(Paragraph 3.2.7.2)

- Failure to implement timely change led to short recovery of the permit fee of Rs 26.65 lakh.

(Paragraph 3.2.7.4)

- The department had deficient controls on the issue of fancy numbers and re-issue of the cancelled driving licences.

(Paragraphs 3.2.7.5 and 3.2.8.3)

Failure of the Transport Department to enforce the mandatory provision for renewal of registration of private vehicles after the expiry of 15 years resulted in loss of revenue of Rs. 15.69 crore.

(Paragraph 3.3)