

## OVERVIEW

This Report contains 34 paragraphs including two reviews relating to non/short levy of taxes, duties, interest and penalty involving Rs.247.14 crore. Some of the major findings are mentioned below:-

### I. General

**1.1** The total revenue receipts of the Government of Gujarat in 2004-05 were Rs.20,264.95 crore as against Rs.18,247.52 crore during 2003-04. The revenue raised by the State from taxes during 2004-05 was Rs.12,957.70 crore and from non-tax receipts was Rs.3,090.50 crore. State's share of divisible Union taxes and grants-in-aid from Government of India were Rs.2,219.30 crore and Rs.1,997.45 crore respectively. The main source of tax revenue during 2004-05 was Sales Tax (Rs.8,308.62 crore) and taxes and duties on Electricity (Rs.1,829.07 crore). The main receipts under non-tax revenue was from Non-ferrous Mining and Metallurgical Industries (Rs.1,422.42 crore).

The aggregate of the amount received by the State Government on account of the State's share of Union Taxes and Grants-in-aid increased by 11 *per cent* from Rs.3,802.13 crore in 2003-04 to Rs.4,216.75 crore in 2004-05. The amounts received from the Government of India to the total revenue receipts of the State remained the same at 21 *per cent* in 2004-05 as compared to 2003-04. Tax receipts of the State increased marginally (16 *per cent*) to Rs.12,957.70 crore in 2004-05 compared to Rs.11,173.43 crore in 2003-04.

*(Para 1.1)*

During the year 2004-05, 2,91,089 assessment cases were disposed of under various Acts, under the administrative control of Finance Department. Cases pending finalisation under various heads ranged between 29 and 88 *per cent* of total cases as on 31 March 2005.

*(Para 1.7)*

A test check of the records in the offices of Sales Tax, Land Revenue, State Excise, Motor Vehicles Tax, Stamp duty and Registration fees, Electricity Duty and other departmental offices conducted during 2004-05 revealed under assessment, short levy and loss of revenue of Rs.2,517.11 crore in 1,125 cases. During the year, the concerned departments accepted under assessments etc. of Rs.5.06 crore in 878 cases and recovered Rs.3.29 crore in 838 cases pointed out during 2004-05 and earlier years.

*(Para 1.11)*

## **II. Sales Tax**

A review on **Working of enforcement branch in Sales Tax Department** revealed the following:

- Irregularities in provisional assessments resulted in underassessment of Rs.5.87 crore.

*(Para 2.2.10)*

- Reconciliation of transit passes issued and that surrendered at inter state check posts is not regularly carried out.

*(Para 2.2.12)*

Under the Sales Tax Incentive Schemes, benefit of exemption of Rs.66.59 crore was granted to 73 dealers contrary to the provisions of the schemes.

*(Para 2.3)*

Set off of Rs.7.24 crore was granted to 103 dealers in violation of the provisions of the GST Rules.

*(Para 2.4)*

Irregular allowance of deduction from turnover and application of concessional rate resulted in short levy of central sales tax of Rs.5.77 crore from 25 dealers.

*(Para 2.7)*

Application of incorrect rate of tax resulted in short levy of tax of Rs.17.87 crore.

*(Para 2.9)*

Due to non existence of provision for levy of interest in the Bombay Sales of Motor Spirit Taxation Act, Government had to forgo interest of Rs.43.74 crore in seven assessments of four dealers.

*(Para 2.14.2)*

## **III. Land Revenue**

A review on **Recovery of dues treated as arrears of land revenue** revealed the following:

- Improper maintenance of registers lead to omissions in indexing and pursuing 233 cases involving recovery of Rs.338.69 crore.

*(Para 3.2.8)*

- Warrants of attachment of properties and auction proceedings in 79 cases involving recovery of Rs.84.41 crore were not initiated.

*(Para 3.2.12 & 3.2.13)*

Conversion tax of Rs.2.07 crore was levied short in 337 cases due to non levy of tax and application of incorrect rates.

*(Para 3.3)*

Correction of records of rights without registered deeds resulted in loss of revenue of Rs.1.23 crore.

*(Para 3.5)*

#### **IV. Taxes on Vehicles**

Demand notices for recovery of motor vehicle tax of Rs.15.65 crore were not issued to operators of 517 omni buses and 558 vehicles used for transport of goods.

*(Para 4.2)*

#### **V. Stamp Duty and Registration Fees**

Acceptance of time barred cases in appeal by CCRA resulted in loss of revenue of Rs.0.50 crore and postponement of recovery of stamp duty of Rs.5.47 crore.

*(Para 5.2)*

Stamp duty and registration fees of Rs.8.60 crore were short levied due to misclassification of 436 documents.

*(Para 5.3)*

Stamp duty and registration fees of Rs.5.46 crore were short levied on 73 documents comprising several distinct matters

*(Para 5.4)*

#### **VI. Other Tax and Non Tax Receipts**

Failure to raise demand resulted in non/short levy of royalty, dead rent, surface rent and interest to the extent of Rs.8.37 crore.

*(Para 6.4)*