

OVERVIEW

This Audit Report contains 21 paragraphs including two reviews involving tax effect of Rs.367.24 crore. Some of the major findings are mentioned below:

1. General

- The total receipt of the State Government for the year 2004-2005 was Rs.11,149.06 crore.

Revenue raised by the State Government during the year was Rs.9,984.64 crore comprising tax revenue of Rs.7,440.27 crore and non-tax revenue of Rs.2,544.37 crore. Receipts under taxes on sales, trade etc. (Rs.4,760.91 crore) and state excise (Rs.1,013.16 crore) constituted a major portion of receipts of tax revenue. Under non tax revenue, major receipt was from road transport (Rs.513.17 crore). The State also received Rs.619.26 crore as its share of net proceeds of divisible union taxes, which had increased by Rs.18.51 crore over the previous year. An amount of Rs.545.16 crore was received as grants in aid from Government of India.

(Paragraph 1.1)

- Arrears of revenue at the end of March 2005 as reported by the major departments were Rs.1,086.91 crore.

(Paragraph 1.7)

- Test check of records of departmental offices relating to taxes on Sales, Trade etc., Stamp Duty and Registration Fee, State Excise Duty, Passengers and Goods Tax, Taxes on Motor Vehicles, Agriculture (Purchase Tax and Crop Husbandry), Mines and Geology, Home (Police), Public Works (Building and Roads, Public Health and Irrigation), Forest, Finance (State Lotteries), Medical, Animal Husbandry, Food and Supply, Co-operation and Electricity Duty conducted during the year 2004-05, revealed under assessments, non levy and short levy of taxes, duties and losses of revenue amounting to Rs.464.90 crore in 34,209 cases. The departments concerned accepted under assessment etc. of Rs.382.54 crore of which Rs.382.21 crore pertained to the year 2004-05 and the rest to earlier years. An amount of Rs.13.21 crore in 368 cases had already been recovered.

(Paragraph 1.13)

- Inspection reports containing 7,931 audit observations with money value of Rs.1,120.42 crore (issued upto December 2004) were outstanding for want of final replies from the Departments at the end of June 2005.

(Paragraph 1.14)

2. Taxes on Sales, Trade etc.

A review on “Delay in disposal of remand and revision cases” inter-alia revealed the following:-

- **Number of appeal cases increased from 1,272 to 2,286 whereas remand cases increased from 684 to 1,623.**

(Paragraph 2.2.5 and 2.2.7)

- **129 cases were not found entered in the appeal registers maintained by the District Sales Tax Offices.**

(Paragraph 2.2.6)

- **Non fixation of time limit for completing reassessment of remand cases resulted in non finalisation of 369 cases and delayed finalisation of 154 cases involving an amount of Rs.21.69 crore.**

(Paragraph 2.2.7)

- **Penalty of Rs.87 crore though leviable was not levied in one case.**

(Paragraph 2.2.9)

- **Delay in deciding cases in revisions resulted in blockage of revenue of Rs.27.18 crore in 72 cases.**

(Paragraph 2.2.10)

- **In nine cases, notional sales tax liability of Rs.35 lakh was under assessed due to inadmissible deductions from gross turnover and due to application of incorrect rate of tax.**

(Paragraph 2.3)

- **Tax of Rs.13 lakh was under assessed due to incorrect deduction in two cases.**

(Paragraph 2.4)

- **Purchase tax of Rs.73 lakh was not levied in six cases.**

(Paragraph 2.5)

- **Tax of Rs.37 lakh was under assessed due to application of incorrect rate of tax in three cases.**

(Paragraph 2.6)

- **Excess rebate of Rs.14 lakh was allowed in one case resulting in under assessment of tax of Rs.14 lakh.**

(Paragraph 2.7)

3. Stamp Duty and Registration Fee

- **Misclassification of instruments of release deeds in 201 cases resulted in short levy of stamp duty of Rs.1.33 crore.**

(Paragraph 3.2)

- **Under valuation of property in 13 cases resulted in short levy of stamp duty and registration fees amounting to Rs.9 lakh.**

(Paragraph 3.5)

4. State Excise Duty

- **Licence fee of Rs.1.57 crore was short realised due to short lifting of country liquor/Indian Made Foreign Liquor.**

(Paragraph 4.2)

- **Government revenue was short realised due to non recovery of penalty amounting to Rs.85.61 lakh.**

(Paragraph 4.3)

- **Non imposition and recovery of fine on illicit liquor resulted in short realisation of Rs.18 lakh.**

(Paragraph 4.4)

- **Department failed to recover Rs.25.22 lakh from the original contractor subsequent to reauction of vends at lower auction value.**

(Paragraph 4.5)

5. Other Tax Receipts

- **Driving licence fee amounting to Rs.92 lakh for driving additional class of vehicles was not charged in 1,57,043 cases.**

(Paragraph 5.2.3)

- **Bid money was either short deposited or not deposited by 64 Transport Co-operative Societies plying buses on various link roads which resulted in short realisation of Rs.80 lakh.**

(Paragraph 5.2.4)

- **Token tax of Rs.86 lakh was neither demanded by the Department nor deposited by 480 Co-operative Transport Societies.**

(Paragraph 5.2.5)

- **Licence fee of Rs.33 lakh was short charged in 35,118 cases.**
(Paragraph 5.2.6)
- **Realisation of registration fee at lesser rates in 44,256 cases resulted in short realisation of Government revenue to the tune of Rs.34 lakh.**
(Paragraph 5.2.7)
- **Permit/countersignature fee of Rs.17.47 crore was short levied in 42,726 cases.**
(Paragraph 5.2.8)
- **Non/short realisation of penalty on late renewal of permits resulted in short realisation of Rs.10 lakh.**
(Paragraph 5.2.9)

6. Non Tax Receipts

A review on “Recovery of Water Rates from Canal Water” inter-alia revealed the following:-

- **Arrears of abiana accumulated to Rs.25.04 crore as on 31 March 2004.**
(Paragraph 6.2.6)
- **Non reconciliation between Irrigation and Revenue Department resulted in non realisation of demand of Rs.1.48 crore in eight divisions.**
(Paragraph 6.2.7)
- **Lack of co-ordination between Irrigation and Public Health Department resulted in accumulation of arrears of water charges of Rs.444 crore.**
(Paragraph 6.2.8)
- **Non/delayed payment of water charges bills resulted in non/short levy of surcharge of Rs.251.99 crore.**
(Paragraph 6.2.9)

Agriculture Department

- **Purchase tax and interest of Rs.29.64 lakh was not recovered from one Co-operative Sugar Mill.**

(Paragraph 6.3)

Co-operation Department

- **Dividend on State share capital amounting to Rs.42.70 lakh was not deposited by seven co-operative societies.**

(Paragraph 6.4.1)

- **Government share capital amounting to Rs.20.39 lakh was not realised.**

(Paragraph 6.4.2)