

OVERVIEW

This Report contains 29 paragraphs including two reviews relating to non/short levy/loss of tax involving Rs 508.13 crore. Some of the major findings are mentioned below:

I. General

The total receipts of Government of Jharkhand for the year 2004-05 were Rs 6,660.51 crore against Rs 5,637.77 crore during 2003-04. The revenue raised by the State Government amounted to Rs 3,435.24 crore comprising tax revenue of Rs 2,382.79 crore and non tax revenue of Rs 1,052.45 crore. The receipts from Government of India were Rs 3,225.27 crore (State's share of divisible Union taxes: Rs 2,366.40 crore and grants in aid: Rs 858.87 crore). Thus, the State Government could raise only 52 *per cent* of total revenue. Taxes on sales, trade etc. (Rs 1,881.53 crore) and non ferrous mining and metallurgical industries (Rs 937.41 crore) were the major source of tax and non tax revenue respectively during the year 2004-05.

[Paragraph 1.1, 1.1.1, 1.1.2 and 1.1.3]

The percentage of cost of collection in respect of state excise and stamps and registration fees during the year 2004-05 was notably higher than the all India average percentage for the year 2003-04.

[Paragraph 1.4]

Test check of records of commercial taxes, state excise, taxes on vehicles, land revenue, non ferrous mining and metallurgical industries and other departmental offices conducted during the year 2004-05 revealed under assessment/short levy/loss of revenue amounting to Rs 1,100.08 crore in 31,114 cases. During the year 2004-05, the concerned departments accepted under assessments etc of Rs 417.09 crore involved in 10,559 cases of which 8,884 cases involving Rs 171.36 crore had been pointed out in audit during 2004-05 and the rest in earlier years.

[Paragraph 1.10]

The number of inspection reports and audit observations issued upto December 2004 but not settled by June 2005 stood at 3,713 and 17,937 respectively involving Rs 2,935.29 crore. In respect of 1,284 inspection reports issued between 1980-81 and 2002-03, even the first replies have not been received though these were required to be furnished within one month of their receipt.

[Paragraph 1.11]

II. Taxes on sales, trade etc.

Cross verification of data regarding receipt/purchase of goods collected from Andhra Pradesh, Uttar Pradesh, West Bengal, Delhi, Karnataka, Maharashtra and Tamil Nadu with the records of 65 dealers in 14 commercial taxes circles of the State revealed suppression of sales/purchases, use of unauthorised forms

and the dealers carrying the business without getting themselves registered with the department resulting in short levy/evasion of tax amounting to Rs 6.77 crore including penalty.

[Paragraph 2.2]

In seven commercial taxes circles, suppression of sales/purchase turnover of Rs 147.19 crore by 24 dealers resulted in short levy of tax amounting to Rs 19.07 crore including penalty of Rs 9.12 crore.

[Paragraph 2.3]

In one commercial taxes circle, in the case of two dealers, incorrect allowance of exemption on account of transit sale without transfer of documents of title of goods effected during the movement of goods resulted in incorrect allowance of exemption amounting to Rs 9.41 crore including additional tax and surcharge.

[Paragraph 2.4]

In one commercial taxes circle, incorrect determination of gross turnover by the assessing officer in case of a dealer resulted in short levy of tax amounting to Rs 7.05 crore.

[Paragraph 2.5]

In three commercial taxes circles, in case of six dealers, incorrect allowance of concessional rate of tax on inter State sales valued at Rs 25.45 crore not supported by prescribed declaration forms resulted in short levy of tax of Rs 1.57 crore.

[Paragraph 2.6]

III. State excise

In 12 excise districts, non settlement of 227 retail excise shops and failure of the department to run them departmentally resulted in loss of revenue of Rs 24.31 crore.

[Paragraph 3.2]

IV. Taxes on vehicles

A review, **Working of Motor Vehicles Department** revealed as under:

- Taxes amounting to Rs 22.43 crore from 2,432 defaulter vehicles were not collected.
- Non/short realisation of trade tax of Rs 90.73 lakh from 45 dealers.

[Paragraph 4.2.9]

- Loss of interest of Rs 2.36 crore due to delay in transfer of revenue by collecting banks.

[Paragraph 4.2.14]

- Loss of interest of Rs 74.77 lakh due to non initiation of certificate proceedings.

[Paragraph 4.2.15]

V. Land Revenue

In one revenue district, there was loss of revenue of Rs 178.58 crore in shape of *salami*, penal rent and interest during the period from 1999-2000 to 2003-04 due to non renewal of leasehold property.

[Paragraph 5.2]

VI. Other Tax Receipts

A review, **Entry of Goods into Local Areas** revealed as under:

- Cross verification of records of commercial taxes circles with the data of scheduled goods collected from outside the State revealed that 58 dealers of scheduled goods were neither registered nor had they paid entry tax of Rs 23.68 crore on entry of goods into the State. Department failed to conduct proper market survey to bring them in tax net.

[Paragraph 6.2.6]

- Cross verification of records of three commercial taxes circles with the data collected from Office of the Principal Director, Commercial Audit, Central Excise Department and green road permits issued to the dealer revealed that three dealers of coal (imported) and iron and steel neither paid entry tax amounting to Rs 94.70 crore nor was it levied by the department.

[Paragraph 6.2.7]

- Two dealers failed to deposit the entry tax due (in form of admitted tax) on import value of coal (imported), on due dates. Minimum penalty amounting to Rs 44.70 crore though leviable was not levied.

[Paragraph 6.2.8]

- Government suffered loss of entry tax of Rs 6.09 crore due to delay in notifying rates of scheduled goods.

[Paragraph 6.2.9]

- Non adherence to the internal control measures resulted in short levy of tax amounting to Rs 11.45 crore including penalty of Rs 8.59 crore on suppressed turnover.

[Paragraph 6.2.10]

In the office of District Sub Registrar, Ranchi, additional stamp duty amounting to Rs 55.69 lakh was not levied on 270 documents valued at Rs 7.96 crore executed during 2002-03 and 2003-04.

[Paragraph 6.3]

In one commercial taxes circle, in case of a licensee, electricity duty was short levied by Rs 1.48 crore due to application of incorrect rate of duty.

[Paragraph 6.7]

In one commercial taxes circle, in case of a licensee, penalty amounting to Rs 9.69 crore was not levied for non payment of surcharge on due date.

[Paragraph 6.8]

VII. Mineral Concession, Fees and Royalties

In one district mining office, 2.84 lakh MT deshale reject coal was despatched between March 1999 and February 2002 without realising royalty of Rs 1.42 crore.

[Paragraph 7.3]

VIII. Other Non Tax Receipts

Non disposal of seized timber/*katha* in 77 cases during the year 2003-04 in four forest divisions resulted in blockage of revenue of Rs 35.90 lakh due to non obtaining of permission from the court.

[Paragraph 8.2]

Non completion of *khesras* and *khatiani* etc. required for assessments of water rates recoverable from beneficiaries, resulted in non raising of demand of revenue amounting to Rs 16.49 lakh.

[Paragraph 8.4]