

OVERVIEW

This Report contains 27 paragraphs including two reviews relating to non/short levy/loss of tax involving Rs 520.78 crore. Some of the major findings are mentioned below:

I. General

The total receipts of Government of Jharkhand for the year 2005-06 were Rs 8,463.88 crore against Rs 6,660.51 crore during 2004-05. The revenue raised by the State Government amounted to Rs 4,184.57 crore comprising tax revenue of Rs 2,758.04 crore and non tax revenue of Rs 1,426.53 crore. The receipts from Government of India were Rs 4,279.31 crore (State's share of divisible Union taxes: Rs 3,175.89 crore and grants in aid: Rs 1,103.42 crore). Thus, the State Government could raise only 49 *per cent* of total revenue. Taxes on sales, trade etc. (Rs 2,212.03 crore) and non ferrous mining and metallurgical industries (Rs 1,013.15 crore) were the major source of tax and non tax revenue respectively during the year 2005-06.

[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 2005-06 was notably higher than the all India average percentage for the year 2004-05.

[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 2005-06 revealed under assessment/short levy/loss of revenue amounting to Rs 1,423.21 crore in 23,919 cases. During the year 2005-06, the concerned departments accepted under assessments etc of Rs 453.43 crore involved in 14,997 cases of which 13,967 cases involving Rs 327.85 crore had been pointed out in audit during 2005-06 and the rest in earlier years.

[Paragraph 1.10]

The number of inspection reports and audit observations issued upto December 2005, but not settled by June 2006, stood at 3,787 and 19,045 respectively involving Rs 3,708.56 crore. In respect of 1,125 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 1.12]

II. Taxes on sales, trade etc.

A Review on “**Working of Commercial Taxes Department in respect of sales tax receipts**” revealed as under:

- Cross verification of data of sales/purchases reflected in income tax returns of 23 dealers with their sales tax returns revealed suppression of turnover of Rs 38.64 crore and consequent short levy of tax of Rs 22.46 crore including penalty.

[Paragraph 2.2.11.1]

- Cross verification of data of sales/despatch of stone chips, dust and ballasts reflected in returns furnished to Mining Department by eight dealers with their sales tax returns revealed suppression of turnover of Rs 8.65 crore and consequent short levy of tax of Rs 3.58 crore including penalty.

[Paragraph 2.2.11.2]

- Cross verification of data of sales collected from Principal Director of Commercial Audit, Ranchi with the sales tax records of two manufacturing dealers revealed suppression of Rs 258.43 crore and consequent short levy of tax of Rs 96.21 crore including penalty.

[Paragraph 2.2.11.3]

- Cross verification of data of sales/despatch of iron ore and stone chips reflected in mining returns by seven dealers with their sales tax returns revealed suppression of turnover of Rs 160.64 crore and consequent non levy of penalty of Rs 53.42 crore on estimated tax.

[Paragraph 2.2.12]

- Cross verification of annual audited accounts and declaration forms utilised by 76 dealers of 17 commercial taxes circles with their trading accounts/returns revealed suppression of Rs 371.92 crore and consequent short levy of tax of Rs 139.54 crore including penalty.

[Paragraph 2.2.13]

- In case of two dealers incorrect determination of gross turnover resulted in short levy of tax of Rs 6.30 crore.

[Paragraph 2.2.19.2]

- In case of four dealers dealing in supply of animal fodder and one dealer dealing in iron and steel of two commercial taxes circles, non adherence to the provisions of the Act and departmental instructions resulted in cases becoming barred by limitation of time and loss of government revenue of Rs 6.71 crore.

[Paragraph 2.2.22.1 and 2.2.22.2]

III. State excise

Due to non observance of terms and conditions of tender notices and letter of grant by the grantees and non initiation of corrective measures by the department, Government sustained loss of revenue amounting to Rs 3.54 crore.

[Paragraph 3.2.2 to 3.2.5]

Import fee is leviable on import of country spirit. Instead of importing country spirit (CS), the department allowed the grantees of exclusive privilege for wholesale supply of CS to import rectified spirit, not leviable to import fee. The entire rectified spirit imported was used for manufacture of CS. The undue benefit to grantees deprived Government of revenue of Rs 4.56 crore.

[Paragraph 3.2.6]

In 10 excise districts, non settlement of 640 retail excise shops and failure of the department to run them departmentally resulted in loss of revenue of Rs 14.82 crore.

[Paragraph 3.3]

IV. Taxes on vehicles

In 13 district transport offices, 719 motor vehicle owners discontinued payment of tax in the offices where they were originally registered. This resulted in non levy of tax of Rs 2.66 crore besides penalty of Rs 5.32 crore.

[Paragraph 4.2]

In five district transport offices, collecting banks transferred collected revenue into Government account after delay ranging between one month and 12 months. This resulted in loss of interest of Rs 3.58 crore for delayed transfer of Government revenue.

[Paragraph 4.3]

In seven district transport offices, 44 dealers of motor vehicles had not deposited requisite trade tax in respect of 1,05,476 vehicles. The department did not raise any demand on the defaulters which resulted in non levy of tax of Rs 66.99 lakh besides penalty of Rs 37.30 lakh.

[Paragraph 4.4]

V. Land Revenue

In one revenue anchal, cess of Rs 38.66 lakh was short levied.

[Paragraph 5.2]

VI. Other Tax Receipts

Cross verification of data of scheduled goods imported from West Bengal with the records of a dealer of tobacco products revealed suppression of turnover of Rs 3.72 crore which resulted in underassessment of tax of Rs 64.40 lakh including penalty.

[Paragraph 6.2.1.3]

Jharkhand Tax on Entry of Goods into Local Areas for Consumption, Use or Sale therein (Amendment) Act, 2001 was struck down by Hon'ble Jharkhand High Court due to non obtaining assent of the President of India by Government. Government had to forego revenue of Rs 46.85 crore.

[Paragraph 6.2.2]

In one commercial taxes circle, an assessee engaged in mining activities as well as generation of electrical energy for mining and domestic purposes consumed 16.54 crore units of electrical energy in washing of coal. But the department levied duty at incorrect rate. This resulted in short levy of duty amounting to Rs 2.15 crore.

[Paragraph 6.3.1]

VII. Mineral Concession, Fees and Royalties

In one district mining office, four lessees of coal and sand used 24,326.27 acres of leased area for mining operation. But the department levied surface rent at agricultural rate instead of commercial rate. This resulted in short levy of surface rent amounting to Rs 23.98 crore.

[Paragraph 7.2]

Failure of assessing officers to classify coal correctly as per grade notified by coal controller resulted in non/short levy of royalty of Rs 7.57 crore.

[Paragraph 7.3]

VIII. Other Non Tax Receipts

A review on “**Police Receipts**” revealed as under:

- Demand of Rs 36.03 crore, representing GRP cost, was not raised against Railway.

[Paragraph 8.2.10]

- Demand of Rs 1.28 crore was not raised against offices of State/Central Government/ banks/other organisations.

[Paragraph 8.2.11]

In one divisional forest office, non initiation of any action to stop illegal utilisation of forest land, by Central Coal Field Limited, resulted in non raising of demand of Rs 1.10 crore.

[Paragraph 8.3]

In one waterways division, 8,187.69 crore gallons of water were supplied to Jharkhand State Electricity Board and Public Health Engineering Department during 2001-02 and 2002-03 but demand of Rs 36.84 crore was neither raised nor realised.

[Paragraph 8.5]