

## OVERVIEW

This Report contains 42 paragraphs including two reviews relating to non/short levy/loss of tax involving Rs. 842.65 crore. Some of the major findings are mentioned below:

### I. General

The total receipts of the Government of Jharkhand for the year 2007-08 were Rs. 12,026.55 crore against Rs. 10,009.82 crore during 2006-07. The revenue raised by the State Government amounted to Rs. 5,074.95 crore comprising tax revenue of Rs. 3,473.55 crore and non-tax revenue of Rs. 1,601.40 crore. The receipts from the Government of India were Rs. 6,951.60 crore (State's share of divisible Union taxes: Rs. 5,109.83 crore and grants-in-aid: Rs. 1,841.77 crore). Thus, the State Government could raise only 42 per cent of the total revenue. Taxes on sales, trade etc. (Rs. 2,845.88 crore) and non-ferrous mining and metallurgical industries (Rs. 1,177.77 crore) were the major source of tax and non-tax revenue respectively during the year 2007-08.

(Paragraph 1.1)

Test check of the records of sales tax, land revenue, state excise, taxes on vehicles, stamp duty and registration fees, electricity duty, other tax receipts, forest receipts and other non-tax receipts conducted during the year 2007-08 revealed underassessment/short levy/loss of revenue amounting to Rs. 3,211.84 crore in 86,873 cases. During the year, the concerned departments accepted underassessment and other deficiencies of Rs. 464.81 crore involved in 69,792 cases of which 69,686 cases involving Rs. 426.97 crore were pointed out in audit during 2007-08 and the rest in earlier years.

(Paragraph 1.8)

The number of inspection reports and audit observations issued upto December 2007, but not settled by June 2008, stood at 3,645 and 18,957 respectively involving Rs. 5,812.93 crore. In respect of 661 inspection reports issued between 1984-85 and 2005-06, even the first replies have not been received though these were required to be furnished within one month of their receipt.

(Paragraph 1.9)

During the years 2002-03 to 2006-07, the department/Government accepted audit observations involving Rs. 1,060.43 crore of which only Rs. 418.06 crore had been recovered as on 31 March 2008.

(Paragraph 1.12)

### II. Taxes on sales, trade etc.

A review of "Evasion of Sales tax on goods received from outside/within the State" revealed as under:

- Cross verification of assessment records of 78 dealers in 16 commercial taxes circles with the information obtained from dealer/manufactures

located outside the state and with the documents filed by the dealers alongwith their returns revealed short levy of tax of Rs. 70.05 crore including penalty of Rs. 50.83 crore.

**(Paragraph 2.2.10)**

- In Jamshedpur commercial taxes circle, incorrect exemption of goods valued at Rs. 26.91 crore resulted in short levy of tax of Rs. 1.08 crore.

**(Paragraph 2.2.11)**

- In Chaibasa commercial taxes circle, non-detection by assessing authority of incorrect transfer of road permits by a manufacturer to a supplier for importing components of boilers valued at Rs. 9.15 crore resulted in non-levy of penalty of Rs. 2.49 crore.

**(Paragraph 2.2.12)**

- In 20 commercial taxes circles, cross verification of turnover returned by the dealers with data of payments received by contractors collected from Rural Engineering Organisation, Road Construction Division, Building Construction Division and Rural Development Special Division revealed non-registration of contractors, non-levy of penalty, less exhibition of turnover in sales tax returns and incorrect deductions. This resulted in concealment of turnover and consequent short levy of tax of Rs. 145.07 crore.

**(Paragraph 2.3)**

- In nine commercial taxes circles, suppression of sales turnover of Rs. 84.13 crore by 19 dealers resulted in short levy of tax amounting to Rs. 29.83 crore including penalty.

**(Paragraph 2.4)**

- In two commercial taxes circles, incorrect grant of exemption on intra state sale valued at Rs. 77.91 crore, not supported by prescribed declaration forms, resulted in short levy of tax of Rs. 14.04 crore.

**(Paragraph 2.5)**

- In four commercial taxes circles, in case of seven dealers, levy of tax at lower rate or incorrect grant of exemption on inter state sale of Rs. 51.19 crore resulted in short levy of tax of Rs. 3.05 crore.

**(Paragraph 2.6)**

- In one commercial taxes circle, irregular grant of exemption on export sale valued at Rs. 58.81 crore, not supported by prescribed declaration forms, resulted in non-levy of tax of Rs. 5.88 crore.

**(Paragraph 2.7)**

- In three commercial taxes circles, six assesseees were incorrectly allowed excess exemption of sales tax of Rs. 5.53 crore on sale of finished goods.

**(Paragraph 2.9)**

- In four commercial taxes circles, in case of four dealers, incorrect determination of gross turnover resulted in short levy of tax amounting to Rs. 3.78 crore.

**(Paragraph 2.10)**

- In two commercial taxes circles, application of incorrect rate of tax on sale of goods valued at Rs. 83.22 crore resulted in short levy of tax of Rs. 2.85 crore.

**(Paragraph 2.12)**

### **III State excise**

A review of “**Levy and collection of State Excise Receipts**” revealed as under:

- Absence of provision for levy of import pass fee on rectified spirit deprived the Government of revenue of Rs. 2.39 crore.

**(Paragraph 3.2.7)**

- Non-institution of certificate cases in time against the defaulters by the department resulted in loss of interest of Rs. 1.15 crore.

**(Paragraph 3.2.8)**

- In nine excise districts, 18 licensees of excise retail shops did not lift the fixed minimum guaranteed quota of liquor during 2002-07 which resulted in loss of excise duty of Rs. 25.98 crore.

**(Paragraph 3.2.11)**

- In six excise districts, non-acceptance of surrender of licences, delays in renewal of licences, non-settlement of excise shops of Group-I and II and non-operation of these shops departmentally, resulted in loss of licence fee and excise duty of Rs. 58.29 crore.

**(Paragraph 3.2.12)**

- In four excise districts, non-renewal of licences of two grantees of exclusive privilege for wholesale supply of country spirit resulted in loss of licence fee of Rs. 53.08 lakh, besides non-forfeiture of security money of Rs. 35 lakh.

**(Paragraph 3.2.13)**

- In three excise zones, non-finalisation of tenders and non-renewal of licences for wholesale supply of spiced country spirit resulted in loss of licence fee of Rs. 23.25 lakh besides non-forfeiture of security money of Rs. 6 lakh.

**(Paragraph 3.2.14)**

- In one excise district, non-realisation of licence fee at correct rate from eight bars/restaurants resulted in short realisation of Rs. 24 lakh.

**(Paragraph 3.2.15)**

#### **IV Taxes on vehicles**

- In 17 district transport offices, neither did 5,661 vehicles owners pay tax and additional tax nor was it demanded by the department. This resulted in non-realisation of tax of Rs. 23.66 crore including penalty of Rs. 15.77 crore.

(Paragraph 4.2)

- In five district transport offices, collecting banks remitted the tax revenue collected by them into the Government account after delay ranging between one to 11 months. But the interest of Rs. 2.30 crore payable on delayed remittances was neither paid by the banks nor demanded by the department.

(Paragraph 4.3)

- In 14 district transport offices, owners of 1,216 trailers did not pay road tax and additional motor vehicle tax. This resulted in non-levy of tax of Rs. 58 lakh and penalty of Rs. 1.16 crore.

(Paragraph 4.4)

- In eight district transport offices, 46,031 certificates of registrations in the form of smart cards were issued without levying additional fee. This resulted in non-levy of additional fee of Rs. 92.06 lakh.

(Paragraph 4.5)

#### **V Land revenue**

- Non-renewal of 3,322 leases of *khas mahal* land, which expired between April 1924 and March 2006, resulted in loss of revenue of Rs. 585.94 crore in the shape of *salami*, penal rent and interest.

(Paragraph 5.2)

#### **VI Other tax receipts**

##### **Electricity duty**

- In one commercial taxes circle, an assessee, engaged in mining activities as well as generation of electrical energy for mining and domestic purposes, consumed 12.86 crore units of electrical energy in mining activity/washing of coal. But the department levied electricity duty at incorrect rate. This resulted in short levy of duty of Rs. 1.67 crore.

(Paragraph 6.3)

#### **VII Mineral concession, fees and royalties**

- Non-verification of monthly returns of lessees with the annual grade notification of coal, issued by the Coal Controller, resulted in short levy of royalty of Rs. 9.99 crore.

(Paragraph 7.2)

- Absence of a system for inter-departmental cross verification of information resulted in loss of revenue of Rs. 5.35 crore.

**(Paragraph 7.3)**

- In three mining districts, suppression of production of 4.56 lakh cubic feet stone by three lessees resulted in non-levy of royalty and penalty of Rs. 53.79 lakh.

**(Paragraph 7.4)**

- Three persons, not holding any lease/permit, extracted 11.10 lakh cubic feet stone boulders and chips. Price of mineral in addition to royalty of Rs. 68.60 lakh for illegal mining, though leviable was not levied.

**(Paragraph 7.6)**

### **VIII Other non-tax receipts**

- In Chaibasa Forest Circle, illicit felling of trees standing on 35,308.52 hectares of forest land by the offenders resulted in loss of revenue of Rs. 822.79 crore as royalty including sales tax of Rs. 95.43 crore.

**(Paragraph 8.2.1)**

- Non-production of weights and measure for verification by 12,547 users and non-initiation of action/inspection by Inspectors of weights and measures resulted in non-realisation of fee of Rs. 2.83 crore including additional fee and fine.

**(Paragraph 8.7)**

- Cross verification of weights verified by the department with the records of Central Excise Department revealed that 1,53,491 weights of different denominations were sold without verification and stamping. This resulted in loss of verification and stamping fee of Rs. 16.49 lakh.

**(Paragraph 8.8)**

- Non-raising of demand of water rates for 15,45,381 kilolitre water, drawn by an user agency resulted in non-realisation of water rates of Rs. 15.25 lakh.

**(Paragraph 8.10)**