

OVERVIEW

This Report contains 25 paragraphs including one review pointing out non-levy or short levy of tax, interest, penalty, etc., involving Rs.393.46 crore. Some of the major findings are mentioned below:

I. General

- The total revenue receipts of the State Government for the year 2003-2004 amounted to Rs.20,759.88 crore against Rs.16,168.76 crore for the previous year. 75 *per cent* of this was raised by the State through tax revenue (Rs.12,570.21 crore) and non-tax revenue (Rs.2,958.37 crore). The balance 25 per cent was received from the Government of India as State's share of divisible Union taxes (Rs.3,244.73 crore) and as grants-in-aid (Rs.1,986.57 crore).

(Paragraph 1.1)

- Test check of records of sales tax, state excise, taxes on motor vehicles, taxes on agricultural income, land revenue, stamps and registration fees, entry tax, professions tax, taxes and duties on electricity, other taxes and duties on commodities and services, forest receipts, mineral receipts and interest receipts conducted during the year 2003-2004, revealed under-assessments, non-levy and short levy of taxes, interest, penalty and other receipts, loss of revenue, etc. amounting to Rs.654.92 crore in 1,679 cases. During the year 2003-2004, the concerned Departments accepted under-assessments, non-levy and short levy, etc. of Rs.65.58 crore in 1,723 cases of which 1,548 cases (Rs.30.47 crore) had been pointed out in audit in earlier years. The Departments recovered Rs.14.17 crore during 2003-2004 at the instance of audit.

(Paragraph 1.9)

- 3,567 inspection reports issued up to December 2003 containing 6,914 observations involving revenue of Rs.904.56 crore were pending settlement at the end of June 2004.

(Paragraph 1.10)

II. Taxes on Sales, Trade, etc.

- Grant of incorrect exemptions and concessions in 44 cases resulted in short levy of tax of Rs.1.18 crore.

(Paragraph 2.2)

- Application of incorrect rate of tax in 117 cases resulted in short levy of Rs. 2.35 crore

(Paragraph 2.3.1)

- Turnover tax of Rs.4.35 crore was not levied or was levied short in 121 cases.

(Paragraph 2.3.2)

- Failure to forfeit the excess tax collected resulted in non-realisation of revenue amounting to Rs.0.86 crore in 22 cases.

(Paragraph 2.5)

- Non-levy of interest for delayed payment of tax amounted to Rs.2.79 crore in 65 cases.

(Paragraph 2.6.2, 2.6.3)

III. State Excise

- Permitting the Bar licence holders to sell beer without valid licence deprived the Government of revenue of Rs10.99 crore during 1998-2003.

(Paragraph 3.3)

- Failure to obtain the required security and delay in termination of leases for non payment of monthly rentals by arrack contractors during 2001-2002 resulted in non realisation of revenue of Rs.4.57 crore

(Paragraph 3.4.1)

IV. Land Revenue

- Demands for water rates amounting to Rs.1.78 crore were either not raised or were short raised by Tahsildars even after receipt of demand statements from the Irrigation officers in seven taluks.

(Paragraph 5.2)

V. Other Tax Receipts

- Deduction of inadmissible expenditure and exclusion of chargeable income in six cases in computing Agricultural income resulted in short levy of tax of Rs.64.12 lakh.

(Paragraph 6.2)

- Incorrect estimation of market value in four Sub-Registries resulted in short levy of stamp duty and registration fees of Rs.23.22 lakh.

(Paragraph 6.3)

- Non-levy/short levy of tax on entry of goods into local areas resulted in non-realisation of Rs.51.30 lakh in 26 cases.

(Paragraph 6.5)

- Education and health cesses of Rs. 47.86 crore collected by the local bodies till the end of March 2003 had not been remitted to Government.

(Paragraph 6.7)

VI. Non-tax Receipts

- A Review on **Interest Receipts** disclosed the following:
 - Non-fixation of terms and conditions of loans amounting to Rs.986.25 crore sanctioned in 191 cases to 66 loanees resulted in non-demanding of interest of Rs.283.18 crore for the period 1998-99 to 2002-2003.
 - In 52 cases of sanction of loans of Rs.89.68 crore pertaining 1998-99 to 2001-2002 though terms had been fixed, demands for interest of Rs.27.42 crore for the period 1998-99 to 2002-2003 had not been raised.

(Paragraph 7.2.7)

- In 15 cases of loans aggregating Rs.18.24 crore disbursed during 1998-99 to 2001-2002 to five loanees, lower rates of interest than applicable were prescribed leading to undercharging of interest of Rs.1.42 crore

(Paragraph 7.2.8)

- In respect of forest land leased to 11 lessees, Rs.58.90 lakh towards cost of protection and regeneration of safety zone and afforestation were not recovered.

(Paragraph 7.3)