
OVERVIEW

This Report contains 26 paragraphs including two reviews relating to non/short levy/loss of tax involving Rs. 279.90 crore. Some of the major findings are mentioned below.

I. General

- Total revenue receipts of the State Government for the year 2006-07 amounted to Rs. 18,186.62 crore against Rs. 15,294.53 crore for the previous year. Seventy one *per cent* of this was raised by the State through tax revenue (Rs. 11,941.82 crore) and non-tax revenue (Rs. 937.57 crore). The balance 29 *per cent* was received from the Government of India as State's share of divisible Union taxes (Rs. 3,212.04 crore) and grants-in-aid (Rs. 2,095.19 crore).

(Paragraph 1.1)

- Test check of the records of the departments of commercial taxes, State excise, land revenue, motor vehicles, registration, forest, police, finance etc., conducted during 2006-07, revealed underassessments/short levy of revenue aggregating Rs. 593.46 crore in 1,448 cases. During the course of the year 2006-07, the departments concerned accepted underassessments and other deficiencies of Rs.10.75 crore involved in 458 cases of which 104 cases involving Rs. 2.15 crore were pointed out in audit during 2006-07 and the rest in earlier years.

(Paragraph 1.7)

- Out of inspection reports issued upto the end of December 2006 there were 1,723 outstanding reports containing 9,978 audit observations involving Rs. 1,044.60 crore as at the end of June 2007 for want of final replies from the departments.

(Paragraph 1.8)

II. Sales tax

- Incorrect grant of exemption in 10 cases resulted in short levy of tax of Rs. 5.90 crore.

(Paragraph 2.2)

- Interest of Rs.1.87 crore accrued as a result of delay/non-payment of tax was short/not demanded in 16 cases.

(Paragraph 2.3)

- Incorrect computation of tax/taxable turnover resulted in short demand of tax/interest of Rs.1.95 crore in seven cases.

(Paragraph 2.4)

- Underassessment of turnover in eight cases resulted in short levy of tax of Rs. 60.43 lakh.

(Paragraph 2.5)

- Incorrect computation of compounded tax in five cases resulted in short demand of tax/interest of Rs. 74.07 lakh.

(Paragraph 2.6)

- Application of incorrect rate of tax resulted in short levy of tax of Rs. 65.51 lakh in 11 cases.

(Paragraph 2.7)

III. Taxes on agricultural income

- Incorrect carry forward of loss resulted in short levy of Rs. 50.74 lakh in one case

(Paragraph 3.2)

IV. Land revenue and building tax

- Luxury tax of Rs. 14.56 lakh on 399 residential buildings was not demanded in 10 taluk offices.

(Paragraph 4.2)

V. State excise

- Import fee of Rs. 124.82 crore was not levied on 2,496.36 lakh proof litres of spirit by 15 institutions.

(Paragraph 5.2)

VI. Other tax receipts

Taxes on vehicles

- Fee of Rs. 18.43 lakh due on permit and certificate of fitness was short levied in respect of 1,449 omnibuses.

(Paragraph 6.2)

VII. B. Other non-tax receipts

A review of “**Receipts from guarantee commission**” revealed the following:

- Failure of the administrative departments to enforce the internal control systems to ensure prompt levy and collection of guarantee commission resulted in non/short assessment and non-raising of demand of Rs. 233.40 crore.

(Paragraph 7.3.8)

- Interest of Rs.35.68 crore for the defaulted payments of guarantee commission was not paid by 24 institutions.

(Paragraph 7.3.11)

- Rebate for prompt payment of guarantee commission amounting to Rs. 3.66 crore was incorrectly granted to an institution during 2004-05.

(Paragraph 7.3.12)

A review of “**Receipts of police department**” revealed the following:

- Lack of a prescribed system for monitoring the receipts of bills of cost from the DPOs and CPCs and its accuracy resulted in non/short raising of demand of Rs. 6.61 crore.

(Paragraph 7.4.7)

- Absence of provision to realise interest for belated payment of bills of cost resulted in loss of revenue of Rs.3.76 crore.

(Paragraph 7.4.9)

- The department did not take any action to realise Rs. 4.62 crore being share of Government Railway Police (GRP) expenses adjusted/disallowed by railways.

(Paragraph 7.4.11.1)

- Though three institutions incorrectly disallowed Rs. 54.87 lakh from demands of cost of police deployment, no action was taken to realise the same.

(Paragraph 7.4.11.2)

- Deployment of police force without requisition from an organisation resulted in loss of revenue of Rs. 19.77 lakh.

(Paragraph 7.4.11.3)