

Overview

This Report contains 28 paragraphs including two reviews relating to non-levy/short levy/loss of tax involving Rs 130.68 crore. Some of the major findings are mentioned below.

I. General

During the year 2003-04, Government of Kerala raised a total revenue of Rs 8,895.75 crore comprising tax revenue of Rs 8,088.77 crore and non-tax revenue of Rs 806.98 crore. The State Government received Rs 2,012.01 crore by way of State's share of divisible Union Taxes and Duties and Rs 907.61 crore as grants-in-aid from the Government of India. Sales Tax (Rs 5,991.43 crore) formed the major portion (74 per cent) of the tax revenue of the State. Receipts from Forestry and Wild Life (Rs 187.18 crore) formed the major portion (23 per cent) of the non-tax revenue. Compared to the previous years, the total revenue raised by the State Government registered increase of 11 per cent, the State's share of divisible Union Taxes and Duties registered increase of 17 per cent while grants-in-aid from Government of India recorded decrease of three per cent during 2003-04.

(Paragraph 1.1.)

Test check of records of the Departments of Agricultural Income Tax and Sales Tax, State Excise, Land Revenue, Motor Vehicles, Registration, Power, Forest, etc., conducted during 2003-04, revealed underassessments /short levy of revenue aggregating Rs 201.01 crore in 1,791 cases. During the course of the year 2003-04, the departments concerned accepted underassessments, etc., of Rs 8.61 crore involved in 536 cases of which 146 cases involving Rs 2.72 crore were pointed out in audit during 2003-04 and the rest in earlier years.

(Paragraph 1.11.)

Out of inspection reports issued up to the end of December 2003 there were 3,095 outstanding reports containing 13,812 audit observations involving Rs 447.71 crore as at the end of June 2004 for want of final replies from the departments.

(Paragraph 1.12.1.)

II. Sales Tax

A review 'Exemptions and Concessions under KGST Act and CST Act' revealed the following:

- *Objectives/goals in granting exemptions /concessions/deferment of Rs 766.05 crore could not be evaluated*

(Paragraph 2.2.6.)

- *Inadmissible grant of exemption led to loss of revenue of Rs 25.73 lakh.*

(Paragraph 2.2.7.)

- *Incorrect grant of concession/exemption resulted in short levy of tax of Rs 1.66 crore.*

(Paragraph 2.2.8.)

- *Department failed to cross verify declarations of Rs 10 lakh to Rs 6.48 crore in 97 cases.*

(Paragraph 2.2.9.)

Application of incorrect rate of tax resulted in short levy of tax of Rs 1.23 crore in 16 cases.

(Paragraph 2.3.)

Excess Tax of Rs 2.50 crore collected by an assessee was not forfeited to Government.

(Paragraph 2.4.)

Underassessment of turnover in nine cases resulted in short levy of tax of Rs 64.90 lakh.

(Paragraph 2.5.)

Interest of Rs 99.91 crore was short/non demanded in 17 cases.

(Paragraph 2.6.)

Penalty of Rs 55.17 lakh was not levied in five cases.

(Paragraph 2.7.)

III. Land Revenue and Building Tax

Collection charge of Rs 1.59 crore for recovery of arrears was not/short demanded from the defaulters in 16 offices.

(Paragraph 3.3.)

Luxury tax on residential buildings amounting to Rs 14.20 lakh was not collected in 13 Taluk Offices.

(Paragraph 3.4.)

IV. Taxes on Vehicles

A review, “Receipts of Motor Vehicles Department” revealed the following.

- *Arrears of vehicle tax on transport vehicles(excluding arrears of Rs 275.21 crore due from KSRTC) alone aggregated Rs 46.73 crore as on 31 March 2003*
- *No action was taken to realise Rs 46.78 lakh in 18 cases, though they were shown as RR cases.*
(Paragraph 4.2.5.)
- *Vehicle tax not demanded/realised amounted to Rs 6.02 crore in 6,029 cases.*
(Paragraph 4.2.6.)

- *Registration was granted to 29 vehicles without proof of payment of entry tax amounting to Rs 36.05 lakh* (Paragraph 4.2.8.)
- *Compounding fees amounting to Rs 41.16 lakh, due on account of various offences detected, was not realised* (Paragraph 4.2.10.)

Vehicle Tax of Rs 51.77 lakh was not collected from the owners of 124 'All India Tourist' vehicles.

(Paragraph 4.3.)

Composite tax of Rs 19.71 lakh was short collected in 1,026 cases.

(Paragraph 4.4.)

V. Other Tax Receipts

Failure to achieve the norms fixed by the Central Board of Molasses resulted in non-levy of excise duty of Rs 20.80 lakh.

(Paragraph 5.4.)

6. Non-Tax Receipts

Forest Receipts

An amount of Rs 10.03 lakh being the balance royalty was not demanded from a company.

(Paragraph 6.2.)