

Overview

This Report contains 32 paragraphs including three reviews relating to non/short levy of taxes, duties, interest and penalty, etc., involving Rs. 854.63 crore. Some of the major findings are mentioned below:

1. General

- The total receipts of the State during the year 2006-07 amounted to Rs. 61,383.63 crore, of which the revenue raised by the State Government was Rs. 46,805.74 crore and receipts from the Government of India were Rs. 14,577.89 crore. The revenue raised constituted 76 per cent of the total receipts of the State. The receipts from the Government of India included Rs. 6,022.76 crore on account of the State's share of divisible Union taxes and Rs. 8,555.13 crore as grants-in-aid and registered an increase of 20.89 *per cent* and 114.90 *per cent* respectively over 2005-06.

{Paragraph 1.1}

- At the end of 2006-07, arrears in respect of some taxes administered by the departments of Finance and Home amounted to Rs. 30,836.47 crore, of which sales tax etc., alone accounted for Rs. 30,824.22 crore.

{Paragraph 1.5}

- In respect of the taxes administered by the Finance Department, such as sales tax, motor spirit tax, profession tax, purchase tax on sugarcane, entry tax, lease tax, luxury tax and tax on works contracts etc., 12,46,503 assessments were completed during 2006-07, leaving a balance of 17,24,381 assessments as on 31 March 2007.

{Paragraph 1.6}

- Test-check of the records of sales tax, State excise, motor vehicles tax, stamp duty and registration fees, land revenue and other departmental offices conducted during the year 2006-07 revealed under assessment, short levy and loss of revenue, etc., amounting to Rs. 545.16 crore in 16,020 cases. The departments concerned accepted under assessment, short levy, etc., of Rs. 54.37 crore in 12,626 cases pointed out in 2006-07 and earlier years and recovered Rs. 41.78 crore.

{Paragraph 1.10}

- At the end of June 2007, 10,481 paragraphs involving Rs. 916.41 crore relating to 4,664 inspection reports issued upto 31 December 2006 remained outstanding.

{Paragraph 1.11}

- During the years between 2001-02 and 2005-06, the departments/ Government accepted audit observations involving Rs. 1,910.95 crore, out of which an amount of Rs. 770.85 crore was recovered till 31 March 2007.

{Paragraph 1.15}

2. Sales Tax

- Incorrect application of rate of composition tax in cases of four dealers and non-registration/assessment of a dealer under the Works Contract Act resulted in under assessment of tax of Rs. 2.51 crore, including interest.

{Paragraph 2.2}

- Incorrect grants of set off under various provisions of the Act and Rules resulted in under assessment of tax of Rs. 1.91 crore.

{Paragraph 2.3}

- Non-levy of purchase tax resulted in under assessment of tax of Rs. 1.38 crore, including interest.

{Paragraph 2.4}

- Non/short levy of interest and penalty resulted in under assessment of tax of Rs. 95.61 lakh.

{Paragraph 2.5}

- Inclusion of inadmissible refunds (Rs. 386.49 crore) and incorrect adjustment of non-VAT tax revenue items (Rs. 17.54 crore) resulted in excess claim to that extent for compensation of loss of revenue due to introduction of VAT.

{Paragraph 2.11}

3. Stamp Duty and Registration Fees

- Review of "**Concessions in Stamp Duty**" revealed the following:

Revenue remitted during 2002-07 on account of grant of concessions in stamp duty could not be quantified by the Inspector General of Registration in the absence of a centralised database.

{Paragraph 3.2.6}

Non-installation of a system to obtain periodical information from the Registrar of Companies resulted in unintended extension of concession of stamp duty amounting to Rs. 72.53 crore.

{Paragraph 3.2.7}

Absence of a penal provision and withdrawal of concession already availed of in case of subsequent violation of conditions for grant of concession led to undue extension of concession of stamp duty of Rs. 12.82 crore.

{Paragraph 3.2.8.2 & 3}

Internal control mechanism was weak as is evidenced by arrears in annual inspection of registration offices by Deputy Inspectors General of Registration, Assistant Inspectors General of Registration and Joint District Registrars which ranged between 53 and 61 *per cent*.

{Paragraph 3.2.10}

Failure to levy stamp duty on the market value of immovable properties led to short levy of stamp duty of Rs. 28.74 crore.

{Paragraph 3.2.11}

- Stamp duty of Rs. 1.86 crore was short levied due to undervaluation and incorrect computation of market value of property.

{Paragraphs 3.3 and 3.4}

4. State Excise

- Short recovery of licence fees of Rs. 2.04 crore due to application of pre-revised rates.

{Paragraph 4.2}

5. Other Tax Receipts

- Review of "**Levy and collection of electricity duty, tax and fees**" revealed the following:

Non-maintenance of records for monitoring the receipt of returns in form 'A', 'B' & 'C' led to non-levy and consequent non-realisation of revenue of Rs. 87.72 crore.

{Paragraph 5.2.6.1}

Failure of the department to link the Government notification of April 2001 with the date of installation of the windmills led to short payment of electricity duty of Rs. 88.99 lakh.

{Paragraph 5.2.6.2}

Failure of the department to scrutinise the returns in form 'B' & 'C' led to short levy of electricity duty of Rs. 2.72 crore.

{Paragraph 5.2.6.3}

Failure of the department to correlate the information vide form 'A' & 'C' led to short realisation of revenue of Rs. 1.29 crore.

{Paragraph 5.2.6.4}

Failure to carry out inspections of lifts and electrical installations resulted in non-realisation of inspection fees, totalling Rs. 7.44 crore.

{Paragraph 5.2.8.1 and 5.2.8.2}

Interest of Rs. 85.14 lakh was not levied for delayed payments of duty by six consumers.

{Paragraph 5.2.11}

- Non-enrolment of persons liable for enrolment under the Profession Tax Act resulted in under assessment of Rs. 345.80 crore.

{Paragraph 5.3}

- Non/short remittance of education and employment guarantee cess collected by the Jalgaon, Mumbai and Nagpur Municipal Corporations, into the Government account amounted to Rs. 36.68 crore.

{Paragraph 5.6}

- Non-remittance of tax on buildings (with larger residential premises) collected by the Mumbai, Solapur and Pune Municipal Corporations amounted to Rs. 1.73 crore.

{Paragraph 5.8}

6. Non-Tax Receipts

- Review of "**Forest receipts**" revealed the following:

Non-preparation of working plans as well as failure to follow prescriptions in the working plans resulted in deferment of revenue of Rs. 147.63 crore.

{Paragraph 6.2.8}

Failure to enforce the conditions of contracts for exploitation of bamboo led to loss of revenue of Rs. 10.94 crore.

{Paragraph 6.2.9.2}

Apathy on the part of the department/Government to take timely action to recover outstanding dues resulted in accumulation of huge arrears of Rs. 26.28 crore.

{Paragraph 6.2.10.3}

Arrears in inspection of forest offices by the internal audit wing and failure of the department to take corrective action on observations made by it indicated the failure of a vital internal control.

{Paragraph 6.2.11}

Delay in invitation of tenders for sale of *tendu* leaves led to the loss of revenue of Rs. 19.74 crore.

{Paragraph 6.2.12}

- Non-accounting of loans to 12 co-operative mills resulted in non-recovery of principal and interest of Rs. 88.67 crore and Rs. 19.66 crore respectively.

{Paragraph 6.3}

- Maharashtra State Road Transport Corporation had not paid interest of Rs. 74.58 crore on the share capital of Rs. 723.64 crore.

{Paragraph 6.4}

7. Other topics of interest

- Net present value of Rs. 501.50 crore for use of forest land for non-forestry purpose was not recovered from users leading to loss of Rs. 51.71 crore on account of interest.

{Paragraph 7.2}