

Overview

This Report contains 36 paragraphs including 3 reviews relating to non-levy/short levy of taxes, duties, interest and penalty, *etc.*, involving Rs 493.85 crore. Some of the major findings are mentioned below:

1. General

- The total receipts of the State during the year 2001-2002 amounted to Rs 29976.53 crore of which revenue raised by the State Government was Rs 25826.30 crore and receipts from the Government of India were Rs 4150.23 crore. The revenue raised by the State Government comprised tax revenue of Rs 21287.64 crore and non-tax revenue of Rs 4538.66 crore. The revenue raised constituted 86 *per cent* of the total receipts of the State and showed an increase of 2 *per cent* over the previous year 2000-2001.
- The receipts from the Government of India included Rs 2468.76 crore on account of State's share of divisible Union taxes and Rs 1681.47 crore as Grants-in-aid, registering a decrease of 11 *per cent* and increase of 15 *per cent* respectively over 2000-2001. The decrease in the State's share of divisible Union taxes was due to decrease in share of net proceeds assigned to the State.

{Paragraph 1.1}

- While there was an increase of 14 *per cent* in the tax revenue during the year 2000-2001 over 1999-2000, the tax revenue in the year 2001-2002 showed an increase of only 8 *per cent* over the year 2000-2001. Sales tax receipts of Rs 12131 crore amounted to 57 *per cent* of the tax revenue collected during the year 2001-2002.

{Paragraph 1.1 (a)}

- As against an increase of 43 *per cent* in the non-tax revenue in the year 2000-2001 over 1999-2000, the non-tax revenue in the year 2001-2002 showed a decrease of 19 *per cent*. The decrease was due to lower collections under interest receipts (42 *per cent*) and receipts under other administrative services (43 *per cent*).

{Paragraph 1.1(b)}

- At the end of 2001-2002, the arrears in respect of some taxes administered by the departments of Finance, Home and Energy amounted to Rs 5140.68 crore of which Sales Tax *etc.*, alone accounted for Rs 5115.59 crore.

{Paragraph 1.5}

- In respect of the taxes administered by the Finance Department, such as Sales Tax, Profession Tax and Tax on Works Contracts, *etc.*, 9.36 lakh assessments were completed during 2001-2002, leaving a balance of 25.97 lakh assessments as on 31 March 2002.

{Paragraph 1.6}

- Test check of records of Sales Tax, State Excise, Motor Vehicles Taxes, Stamp Duty and Registration Fees, Land Revenue and other departmental offices conducted during the year 2001-2002 revealed under-assessment, short levy, loss of revenue, etc., amounting to Rs 780.51 crore in 32174 cases. The departments concerned accepted under-assessment, short levy, etc., of Rs 54.41 crore in 8701 cases pointed out in 2001-2002 and earlier years and recovered Rs 49.83 crore.

{Paragraph 1.10}

- 15399 paragraphs involving Rs 796.61 crore relating to 6040 inspection reports issued upto 31 December 2001 remained outstanding at the end of June 2002.

{Paragraph 1.11}

2. Sales Tax

- **Maharashtra Rajya Kar Vivad Nivaran Yojana, 1999**

Sales tax and other tax arrears (excluding works contract tax and lease tax) cleared under the scheme was only 12 *per cent*. Therefore, the scheme did not achieve the primary objective of liquidation of arrears.

{Paragraph 2.2.3(i)}

Incorrect computation of tax arrears due to adjustment of part payment towards tax only, resulted in under-assessment of tax to the extent of Rs 1.38 crore.

{Paragraph 2.2.4}

Extension of the benefit under the scheme to 4 dealers who had collected taxes separately resulted in irregular waiver of tax and interest amounting to Rs 6.70 crore.

{Paragraph 2.2.5 (i)}

Government was not aware of the exact quantum of arrears available for clearance under the scheme due to non-reconciliation of the figures of arrears as per records of the divisions and at the Commissionerate.

{Paragraph 2.2.8}

- Incorrect grant of set-off under various provisions resulted in under-assessment of Rs 4.13 crore.

{Paragraph 2.3}

- Incorrect deduction of turnover of sales of capital assets from the taxable turnover resulted in under-assessment of Rs 4.04 crore.

{Paragraph 2.5}

3. Taxes on Motor Vehicles

- Failure to prefer cases of traffic offences to the Court in time resulted in loss of revenue of Rs 22.79 crore to Government.

{Paragraph 3.3}

4. Stamps and Registration Fees

- Adoption of incorrect value and incorrect classification of a document resulted in short levy of stamp duty of Rs 2.04 crore.

{Paragraph 3.4(i)}

- Incorrect classification of 15 instruments resulted in short levy of stamp duty of Rs 2.21 crore (including interest).

{Paragraph 3.8}

5. Land Revenue

- **Review on encroachment on Government land in major cities other than Mumbai**

- The review revealed the following:

Failure of the department to evict 3285 encroachments or regularize them resulted in non-levy occupancy price of Rs 64.97 crore.

{Paragraph 4.2.5}

On regularisation of the encroachments, occupancy price, penal occupancy price, penal non-agricultural assessment and fine of Rs 0.27 crore was not recovered from four encroachers.

{Paragraph 4.2.6}

Penal lease rent of Rs 9.68 crore was not levied against unauthorised occupants of Government land after expiry of lease period.

{Paragraph 4.2.7}

Revenue free land valued at Rs 21.28 crore granted for educational purpose was misutilised by two societies.

{Paragraph 4.2.8}

Non-recovery of over due instalments of loans, sanctioned under the Sanjay Gandhi Swawalamban Yojana, as arrears of land revenue in 15 districts amounted to Rs 6.91 crore.

{Paragraph 4.3.2}

Lack of pursuance of revenue recovery certificates issued in 61915 cases to revenue authorities concerned resulted in non-collection of Rs 45.89 crore.

{Paragraph 4.3.4}

Failure to initiate action after issue of attachment order in two revenue recovery certificate cases resulted in non-recovery of Rs 1.91 crore.

{Paragraph 4.3.5}

6. Other Tax Receipts

A. Taxes and Duties on Electricity

➤ Review on levy and collection of electricity duty and fees

➤ The review revealed the following:

Due to incorrect application of rate there was short recovery of duty of Rs 4.44 crore.

{Paragraph 5.2.8}

Electricity duty amounting to Rs 1.57 crore was not recovered on energy consumed by a unit.

{Paragraph 5.2.9}

Non-inspection of lifts and electrical installations not only jeopardised public safety but also resulted in non-realisation of inspection fees of at least Rs 2.98 crore.

{Paragraph 5.2.12}

B. Education Cess and Employment Guarantee Cess

➤ Non-remittance of education cess and employment guarantee cess collected between 1997-98 and 2000-2001 by seven Municipal Corporations amounted to Rs 104.92 crore.

{Paragraph 5.3.4}

C. Entertainments Duty

➤ Despite failure to fulfill prescribed conditions, 8 films were exempted from entertainments duty. The revenue forgone by Government during the years from 1999-2000 to 2001-2002 amounted to Rs 4.57 crore.

{Paragraph 5.6}

D. Repair Cess

- Non-remittance of repair cess collected during the period from August 2000 to March 2001 by the Brihan Mumbai Municipal Corporation to Government Account amounted to Rs 31.78 crore.

{Paragraph 5.8}

E. Tax on Buildings (With larger Residential Premises)

- Non-remittance of tax on buildings with larger residential premises recovered by two offices of the Brihan Mumbai Municipal Corporation during periods falling between April 2000 and March 2001 amounted to Rs 1.17 crore.

{Paragraph 5.10}

7. Non-Tax revenue

- **Review on receipts of the Police Department.**

- The review revealed the following :

Demand for recovery of cost of police of Rs 3.90 crore was not raised for deployment of police personnel.

{Paragraph 6.2.7(a)}

Escort/guard charges amounting to Rs 131.13 crore for the period from 1996-97 to 2000-01 remained unrecovered.

{Paragraph 6.2.7(b)}

Under-assessment of cost of police of Rs 2.32 crore was noticed due to non-inclusion of elements of leave salary and pension contribution.

{Paragraph 6.2.8}

Licence fee at enhanced rate amounting to Rs 2.38 crore was not recovered from star hotels performing dance, disco and stage play.

{Paragraph 6.2.9}