

Overview

This Report contains 37 paragraphs including 4 reviews relating to non-levy/short levy of taxes, duties, interest and penalty, *etc.*, involving Rs 1,999.22 crore. Some of the major findings are mentioned below:

1. General

➤ Total receipts of the State during the year 2002-2003 amounted to Rs 30,835.05 crore of which revenue raised by the State Government was Rs 27,048.93 crore and receipts from the Government of India were Rs 3,786.12 crore. The revenue raised constituted 88 *per cent* of the total receipts of the State and showed an increase of 2 *per cent* over the previous year 2001-2002.

➤ The receipts from the Government of India included Rs 2,279.97 crore on account of State's share of divisible Union taxes and Rs 1,506.15 crore as grants-in-aid and registered a decrease of 7.65 *per cent* and 10.42 *per cent* respectively over 2001-2002. 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}

➤ At the end of 2002-2003, the arrears in respect of some taxes administered by the Departments of Finance, Home and Energy amounted to Rs 5,879.01 crore of which Sales Tax *etc.*, alone accounted for Rs 5,673.59 crore.

{Paragraph 1.6}

➤ In respect of the taxes administered by the Finance Department, such as sales tax, profession tax and tax on works contracts, *etc.*, 12.41 lakh assessments were completed during 2002-2003, leaving a balance of 25.06 lakh assessments pending as on 31 March 2003.

{Paragraph 1.7}

➤ Test check of records of sales tax, state excise, motor vehicles taxes, stamp duty and registration fee, land revenue and other departmental offices conducted during the year 2002-2003 revealed under-assessment, short levy, loss of revenue, *etc.*, amounting to Rs 2,222.97 crore in 9,029 cases. The departments concerned accepted under-assessment; short levy *etc.*, of Rs 642.44 crore in 5,614 cases pointed out in 2002-2003 and in earlier years and recovered Rs 78.20 crore.

{Paragraph 1.11}

➤ At the end of June 2003, 13,968 paragraphs involving Rs 791.88 crore relating to 5,529 inspection reports issued upto 31 December 2002 remained outstanding.

{Paragraph 1.12}

2. Sales Tax

➤ Package Scheme of incentives

Non-recovery of sales tax incentives from units which had closed down during the period of agreement amounted to Rs 238.09 crore in respect of 87 units.

{Paragraph 2.2.3}

Incorrect computation of cumulative quantum of benefits resulted in incorrect allowance of incentives of Rs 94.32 crore.

{Paragraph 2.2.4}

Non-payment of annual installments of deferred taxes by 112 dealers amounted to Rs 15.84 crore.

{Paragraph 2.2.8}

➤ Excess claim of losses allowed in the assessments of one oil company over the norms prescribed by the oil pricing committee involved revenue of Rs 14.36 crore.

{Paragraph 2.3.1}

➤ Incorrect grant of set-off under various provisions resulted in under-assessment of Rs 1.49 crore.

{Paragraph 2.4}

➤ Incorrect allowance of purchases used in manufacture in execution of works contract as resale and incorrect deduction of turnover of works executed by a sub contractor without declaration of payment of tax by him resulted in under-assessment of Rs 1.15 crore.

{Paragraph 2.12}

➤ Incorrect exemption of sales as sales in the course of export to two dealers resulted in under-assessment of Rs 1.27 crore.

{Paragraph 2.13}

3. Land Revenue

➤ Review, **Change in use of land**, revealed the following:

Conversion tax and penalty of Rs 240.89 crore was not levied in 44,022 cases for unauthorized change in use of land.

{Paragraph 4.2.7}

10,209 out of 10,807 cases of unauthorized change in use of land involving revenue of Rs 2.94 crore detected and reported by the City Survey Officers were not even registered in revenue records of 2 Collectorates.

{Paragraph 4.2.8}

Non-agricultural assessment of Rs 21.20 crore had remained unrealized from Nagpur Improvement Trust.

{Paragraph 4.2.10}

Non-vacation of stay granted by government resulted in non-realisation of non-agricultural assessment of Rs 2.28 crore.

{Paragraph 4.2.11}

4. Other Tax Receipts

➤ Review, **Levy and collection of state education cess and employment guarantee cess**, revealed the following:

Arrears of state education cess and employment guarantee cess pending collection as on 31 March 2002 amounted to Rs 224.23 crore.

{Paragraph 5.2.7}

Incorrect grant of exemption to 61 properties used for educational/residential/commercial purposes resulted in under-assessment of Rs 22.42 lakh.

{Paragraph 5.2.9}

Non-assessment of 110 properties owned by Aurangabad, Kalyan-Dombivali, Nashik, Pune, Pimpri-Chinchwad and Thane Municipal Corporations resulted in non-levy of cesses of Rs 1.49 crore (approximately).

{Paragraph 5.2.10}

Short/non-remittance of cesses collected by Brihan Mumbai, Thane, Nagpur and Solapur Municipal Corporations into government account amounted to Rs 11.33 crore.

{Paragraph 5.2.11}

➤ Failure to demand electricity duty on energy generated and consumed by 13 industrial units during the year 2000-2001 resulted in non-recovery of duty of Rs 2.14 crore.

{Paragraph 5.3}

➤ Non-levy of interest on incorrect retention of electricity duty collected by MSEB from consumers without remitting it to Government account amounted to Rs 53.33 crore.

{Paragraph 5.4}

➤ Repair cess of Rs 42.41 crore collected during the year 2002-2003 by the Brihan Mumbai Municipal Corporation was not remitted to government account.

{Paragraph 5.8}

- Tax on buildings (with larger residential premises) amounting to Rs 1.47 crore collected by two offices of the Brihan Mumbai Municipal Corporation during the period between June 2000 and March 2002 was not remitted into Government account.

{Paragraph 5.9}

5. Non-Tax Receipts

➤ Guarantee fees

Guarantee fees not paid by six corporations amounted to Rs 668.58 crore for various periods between May 1998 and March 2003.

{Paragraph 6.2.5}

Penal interest not levied on overdue payments of guarantee fees by six corporations amounted to Rs 364.20 crore.

{Paragraph 6.2.6}

Arrears of guarantee fees and penal interest recoverable from various agencies by the Co-operation and Textiles Department amounted to Rs 166.45 crore.

{Paragraph 6.2.7}

- Non-enforcement of the conditions in the contract for supply of bamboo from government forests resulted in loss of revenue of Rs 4.56 crore.

{Paragraph 6.3}

- Non-recovery of rent in respect of barracks and hutments allotted to various political parties, state corporations, news agencies for various periods between 1971-72 to November 2002 amounted to Rs 2 crore.

{Paragraph 6.4}

- Review, **Disposal of sand ghats**, revealed the following:

Non-auction of 2,971 out of 5,175 identified sand ghats in river beds, and nalla beds and 6 sand ghats in creeks resulted in loss of revenue of Rs 95.96 crore.

{Paragraph 6.5.6}

Royalty/penalty for unauthorized extraction of sand amounting to Rs 2.11 crore was not recovered.

{Paragraph 6.5.7}

Balance auction money of Rs 0.81 crore was not paid by the highest bidders.

{Paragraph 6.5.8}

- Review, **User charges for water supply from irrigation projects**, revealed the following:

Arrears of water charges amounting to Rs 591.71 crore were pending recovery as on 31 March 2002.

{Paragraph 6.6.7}

Shortfall in utilisation of irrigation facilities created resulted in loss of revenue of Rs 34.99 crore during the years from 1997-98 to 2001-2002.

{Paragraph 6.6.9}

Loss of water owing to various reasons resulted in non-availability of water with consequential loss of revenue of Rs3.53 crore.

{Paragraph 6.6.10}

Non-utilisation of reserved water in three districts during the periods 1996-97 and 2001-02 resulted in claims for Rs 1.27 crore remaining outstanding against various agencies.

{Paragraph 6.6.11}