

Overview

This Report contains 38 paragraphs including five reviews relating to non-levy/short levy of taxes, duties, interest and penalty, *etc.*, involving Rs 1,246.50 crore. Some of the major findings are mentioned below:

1. General

- Total receipts of the State during the year 2003-2004 amounted to Rs 33,786.34 crore of which revenue raised by the State Government was Rs 28,126.92 crore and receipts from the Government of India were Rs 5,659.42 crore. The revenue raised constituted 83 *per cent* of the total receipts of the State and showed decrease of five *per cent* over the previous year.
- The receipts from the Government of India included Rs 3,389.49 crore on account of State's share of divisible Union taxes and Rs 2,269.93 crore as grants-in-aid and registered an increase of 48.66 *per cent* and 50.71 *per cent* respectively over 2002-2003. The increase in the State's share of divisible Union taxes was due to increase in share of net proceeds assigned to the State.

{Paragraph 1.1}

- At the end of 2003-2004, the arrears in respect of some taxes administered by the departments of Finance, Home and Energy amounted to Rs 6,866.45 crore of which Sales Tax *etc.*, alone accounted for Rs 6,668.15 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.*, 7.13 lakh assessments were completed during 2003-2004, leaving a balance of 29.26 lakh assessments as on 31 March 2004.

{Paragraph 1.7}

- Test check of records of Sales Tax, State Excise, Motor Vehicles Tax, Stamp Duty and Registration Fees, Land Revenue and other departmental offices conducted during the year 2003-2004 revealed under-assessment, short levy, loss of revenue, *etc.*, amounting to Rs 1,867.68 crore in 8,685 cases. The departments concerned accepted under-assessment, short levy, *etc.*, of Rs 665.65 crore in 5,079 cases pointed out in 2003-2004 and earlier years and recovered Rs 11.50 crore.

{Paragraph 1.11}

- At the end of June 2004, 14,131 paragraphs involving Rs 898.10 crore relating to 5,389 inspection reports issued upto 31 December 2003 remained outstanding.

{Paragraph 1.12}

2. Sales Tax

- Review on 'Levy and collection of sales tax on works contracts' revealed the following :

Arrears of sales tax on works contract amounting to Rs 89.93 crore in respect of 8,128 cases in 16 divisions were pending as on 31 March 2003.

{Paragraph 2.3.7}

Failure to take action for recovery of the differential dues resulted in short recovery of tax of Rs 27.64 crore.

{Paragraph 2.3.8}

Due to incorrect application of rate of tax or incorrect deduction of turnover or allowing inadmissible deductions there was under-assessment of Rs 10.88 crore in respect of 37 dealers.

{Paragraph 2.3.9}

Incorrect allowance of deduction of Rs 99.50 crore on account of labour and other charges in the assessments of 69 dealers resulted in under-assessment of Rs 9.54 crore.

{Paragraph 2.3.10}

Excess/incorrect allowance of deduction on account of resale of Rs 20.91 crore in the assessments of 12 dealers resulted in under-assessment of Rs 9.83 crore.

{Paragraph 2.3.11}

- **Package Schemes of Incentives**

Sales tax incentives of Rs 167.85 crore from 181 units which had closed their business during the period of agreement was not recovered.

{Paragraph 2.4.4}

Incorrect availment of incentives amounting to Rs 15.25 crore in the cases of five dealers was noticed in three divisions.

{Paragraph 2.4.6}

Annual instalments of deferred taxes of Rs 7.10 crore by 168 dealers was not paid.

{Paragraph 2.4.8}

- Incorrect grant of set-off under various provisions resulted in under-assessment of Rs 2.16 crore.

{Paragraph 2.5}

3. Taxes on Motor Vehicles

- There was non/short recovery of tax of Rs 1.25 crore in respect of 786 vehicles in 17 transport offices.

{Paragraph 3.2}

- Review on '**Working of internal controls in collection of Stamp Duty**' revealed the following:

During the course of inspection, it was observed that 13 treasuries had not sent annual forecast to Superintendent of Stamps as provided in the rules.

{Paragraph 3.5.7}

Licensed Stamp Vendors/Stamp Vendors whose licences were suspect had sold/sold in excess insurance stamps of Rs 16.92 crore during the period from April 1994 to March 2004.

{Paragraph 3.5.8}

4. Land Revenue

- Non-recovery of occupancy price in respect of lands allotted to Maharashtra State Electricity Board and Maharashtra State Road Transport Corporation resulted in non-realisation of revenue of Rs 1.08 crore.

{Paragraph 4.4}

5. Other Tax Receipts

- Review on '**Levy and collection of entertainments duty**' revealed the following :

There was wide variation in the number of cable connections disclosed by the operators and that estimated to be serviced as per census figures during the period 1998-1999 to 2002-2003.

{Paragraph 5.2.7}

Non-levy of surcharge on payment for admission to three water parks in Mumbai and Thane districts resulted in non-recovery of surcharge of Rs 1.15 crore for periods between April 2000 and March 2003.

{Paragraph 5.2.8}

Failure to withdraw exemption to 14 films for non-fulfillment of prescribed conditions resulted in Government forgoing revenue of Rs 1.15 crore during the year 2002-2003.

{Paragraph 5.2.9}

- Short/non-remittance of education and employment guarantee cesses collected by Amravati, Kalyan-Dombivali, Mumbai, Nagpur and Solapur Municipal Corporations into Government account amounted to Rs 22.79 crore.

{Paragraph 5.3}

- Non-remittance of tax on buildings (with larger residential premises) collected by Amravati, Solapur, Pune and Brihan Mumbai Municipal Corporations into Government account amounted to Rs 6.35 crore.

{Paragraph 5.5}

- Repair cess amounting to Rs 26.48 crore collected by Brihan Mumbai Municipal Corporation was not credited in Government account.

{Paragraph 5.7}

- Maharashtra State Electricity Board had not remitted electricity duty of Rs 570.61 crore collected between April 2003 and February 2004 into Government account. The interest payable thereon amounted to Rs 60.49 crore.

{Paragraph 5.9}

6. Non-Tax Receipts

- Review on '**Interest Receipts**' revealed the following :

Complete details of principal and interest, essential for effective and meaningful control over the total amount of loans/advances of Rs 9,693.37 crore were not available with the Finance Department.

{Paragraph 6.2.7}

Non-recovery of principal and interest from 13 loanees amounted to Rs 347.65 crore and Rs 206.54 crore respectively.

{Paragraph 6.2.10}

Maharashtra Electronics Corporation Limited had not repaid loans and interest amounting to Rs 11.09 crore.

{Paragraph 6.2.11}

Failure to prescribe terms and conditions of loans advanced resulted in non-recovery of interest of Rs 34.75 crore from 71 co-operative sugar factories and 30 fisheries co-operative societies for periods between April 1998 and March 2003.

{Paragraph 6.2.15}

- Review on '**Non-tax receipts of Co-operative Department**' revealed the following :

Audit fee of Rs 14.23 crore for the period 1998-99 to 2002-03 was not recovered from 19,172 societies.

{Paragraph 6.3.8}

Due to delay in issue of instructions by the Commissioner, inspection/licence renewal fee of Rs 2.78 crore was recovered short from money lenders.

{Paragraph 6.3.11}

Minimum dividend on Government share capital amounting to Rs 1 crore was not recovered from 16 marketing co-operative societies.

{Paragraph 6.3.12}

- Non-recovery of bond money for failure to serve the State Government/ local self government or armed forces by medical students amounted to Rs 13.05 crore for the period 1998-2003.

{Paragraph 6.4.1}

- The State Government was to receive dues of Rs 11.18 crore from the Employees State Insurance Corporation towards its share of expenditure.

{Paragraph 6.4.2}