

## CHAPTER – V

### REVENUE RECEIPTS

#### GENERAL

#### 5.1 Trend of revenue receipts

Tax and non-tax revenue raised by the Government of Mizoram during the year 2002-03, the State's share of divisible Union taxes and grants-in-aid received from the Government of India during the year and the corresponding figures for the preceding four years are given below:

**Table 5.1**

*(Rupees in crore)*

I. Revenue raised by the State Government	1998-99	1999-2000	2000-01	2001-02	2002-03
(a) Tax revenue	9.20	10.73	14.43	19.12	27.96
(b) Non tax revenue	36.18	41.35	40.37	44.87	52.63
<b>Total:</b>	<b>45.38</b>	<b>52.08</b>	<b>54.80</b>	<b>63.99</b>	<b>80.59</b>
II. Receipt from the Government of India					
(a) State's share of divisible Union taxes	316.98	325.04	87.45	43.73	94.60
(b) Grants-in-aid	410.72	483.72	685.97	760.07	846.42
<b>Total:</b>	<b>727.70</b>	<b>808.76</b>	<b>773.42</b>	<b>803.80</b>	<b>941.02</b>
<b>(III) Total receipt of the State</b>	<b>773.08</b>	<b>860.84</b>	<b>828.22</b>	<b>867.79</b>	<b>1021.61</b>
<b>(IV) Percentage of I to III</b>	<b>5.87</b>	<b>6.05</b>	<b>6.62</b>	<b>7.37</b>	<b>7.89</b>

Details of tax revenue raised during the year 2002-03 along with the figures for the preceding two years are given below:

**Table 5.2**

	Head of Revenue	1998-99	1999-2000	2000-01	2001-02	2002-03	Percentage of increase(+) or decrease (-) in 2002-03 over 2001-02
		(Rupees in crore)					
1.	Sales Tax	2.87	3.61	6.06	9.85	18.20	(+) 85
2.	State Excise	0.90	0.93	0.96	1.36	1.29	(-) 5
3.	Stamps and Registration Fee	0.09	0.08	0.07	0.08	0.08	---
4.	Taxes on vehicles	1.53	1.83	2.02	2.10	2.56	(+) 22
5.	Taxes on Goods and Passengers	0.34	0.39	0.51	0.53	0.57	(+) 8
6.	Other Taxes on Income and Expenditure, Tax on Professional, Trades, Callings and Employment	2.14	2.38	3.33	3.62	3.96	(+) 9
7.	Other Taxes and Duties on Commodities and Services	0.29	0.25	0.32	0.34	0.33	(-) 3
8.	Land Revenue	1.04	1.26	1.16	1.24	0.97	(-) 22
	<b>Total</b>	<b>9.20</b>	<b>10.73</b>	<b>14.43</b>	<b>19.12</b>	<b>27.96</b>	

Details of the major non-tax revenue raised during the year 2002-03 along with the figures for the preceding two years are given below:

**Table 5.3**

Head of Revenue		1998-99	1999-2000	2000-01	2001-02	2002-03	Percentage of increase(+) or decrease (-) in 2002-03 over 2001-02
		(Rupees in crore)					
1.	Interest Receipts	0.61	0.83	3.12	1.45	2.44	(+) 68
2.	Other Non-Tax Receipts	9.53	12.64	10.44	10.14	10.31	(+) 2
3.	Forestry and Wild Life	1.09	3.99	1.86	1.63	3.80	(+) 133
4..	Miscellaneous General Services (including lottery receipts)	6.82	3.41	3.86	5.00	7.01	(+) 40
5.	Power	8.64	13.28	17.79	23.04	18.21	(-) 21
6.	Medical and Public Health	0.15	0.20	0.27	0.39	0.40	(+) 3
7.	Co-operation	0.35	0.26	0.24	0.02	0.81	(+) 3950
8.	Public Works	1.24	0.32	0.89	0.50	2.04	(+) 308
9.	Police	0.17	0.16	0.26	0.26	0.39	(+) 50
10.	Other Administrative Services	7.58	6.26	1.65	2.44	7.22	(+) 196
<b>Total</b>		<b>36.18</b>	<b>41.35</b>	<b>40.37</b>	<b>44.87</b>	<b>52.63</b>	

Reasons for variations have not been furnished (November 2003).

## 5.2 Variations between budget estimates and actuals

The variations between the budget estimates and actuals of revenue receipts for the year 2002-03 in respect of the principal heads of tax and non-tax revenue are given below:

**Table 5.4**

Head of Revenue	Budget estimates	Actuals	Variations excess (+) shortfall (-)	Percentage of variation
	(Rupees in crore)			
(i) Sales Tax	10.00	18.20	(+) 8.20	(+) 82
(ii) State Excise	1.10	1.29	(+) 0.19	(+) 17.27
(iii) Stamps and Registration Fee	0.11	0.08	(-) 0.03	(-) 27.27

The reasons for variation between budget estimates and actuals have not been furnished.

### 5.3 Cost of collection

The gross collection under Sales tax, expenditure incurred on collection and the percentage of such expenditure to gross collection during the years 2000-01, 2001-02 and 2002-03 along with all India average percentage of expenditure on collection to gross collection for 2001-02 were as follows:

**Table 5.5**

Sl. No.	Head of Revenue	Year	Collection*	Expenditure on collection of revenue*	Percentage of expenditure on collection	All India Average percentage for the year 2001-2002
			(Rupees in crore)			
1.	Sales Tax	2000-01	6.06	0.03	0.50	1.26
		2001-02	9.85	0.06	0.61	
		2002-03	18.20	0.06	0.33	

### 5.4 Collection of sales tax per assessee

The number of assessees, sales tax revenue and sales tax revenue per assessee, for the period 1988-89 to 2002-03 were as follows:-

**Table 5.6**

(Rupees in lakh)

Year	No. of assessees	Sales tax revenue	Revenue/assessee
1998-99	16	287	17.93
1999-2000	124	361	2.91
2000-01	194	606	3.12
2001-02	460	985	2.14
2002-03	558	1820	3.26

Sales tax was realisable in respect of petroleum products only, before November 1999. With the introduction of sales tax on other items thereafter, the number of small/medium assessees has gone up leading to reduction of revenue collected per assessee.

### 5.5 Arrears of revenue

The arrears of revenue as on 31 March 2003 in respect of passengers and goods tax, professional tax and entertainment tax amounted to Rs.39.12 lakh,

\* Figures as per Finance Accounts.

Rs.13.37 lakh and Rs.10.95 lakh respectively, these were outstanding for more than three years.

Arrears of revenue in respect of other principal heads of revenue though called for (July 2003) have not been received (November 2003).

### 5.6 Arrears in assessments

The details of cases pending for assessment at the beginning of the year 2002-03, cases due for assessment during the year and cases pending finalisation at the end of the year 2002-03, as furnished by the Taxation Department are as under:

**Table 5.7**

Name of tax	Opening balances of cases pending for assessment	Cases due for assessment during the year	Total assessment due	Cases finalised during the year	Balance cases pending at the end of the year	Percentage of column 5 to 4
1	2	3	4	5	6	7
Sales Tax	554	1058	1612	217	1395	13
Motor Spirits etc. Tax	16	116	132	96	36	73
<b>Total</b>	<b>570</b>	<b>1174</b>	<b>1744</b>	<b>313</b>	<b>1431</b>	

Percentage of assessment to the total assessments due up to 2002-03 was 13 to 73 *per cent* in the case of Sales Tax. The arrears accumulated due to non-fixation of any norm by the Government quantifying the number of assessments to be completed by each assessing officer during a year.

### 5.7 Evasion of taxes/duties, write-off/waiver of revenue and refunds

Particulars regarding detection of cases of evasion of taxes, write-off/waiver of revenue and refunds of revenue by Taxation Department though called for (September 2003) have not been received (November 2003).

However, nil particulars in this regard were furnished (November 2003) by the State Excise Department.

### 5.8 Results of audit

Test check of records of Sales Tax, State Excise, Motor Vehicles Taxation, Land Revenue, Forest and Other Taxation Departments conducted during 2002-03 revealed under assessment/short/non-levy/loss of revenue amounting to Rs.3.78 crore in 37 cases. During the course of the year the department

accepted under assessment/short/non-levy/loss of revenue of Rs.1.42 crore in 18 cases pointed out during 2002-03 and in earlier years, and recovered Rs.6 lakh. No reply has been received in respect of the remaining cases.

This Report contains 15 paragraphs relating to loss/short/non-levy of revenue involving Rs.3.07 crore. The Department/Government have accepted 10 cases involving Rs.1.39 crore of which Rs.1 lakh had been recovered up to November 2003. No reply has been received (November 2003) in respect of remaining 5 cases involving Rs.1.68 crore.

### **5.9 Failure of senior officials to enforce accountability and protect interests of Government**

Principal Accountant General (Audit) Meghalaya, Arunachal Pradesh and Mizoram, Shillong conducts periodical inspection of various offices of the Government/Departments to test check the correctness of assessments, levy and collection of tax receipts and non-tax receipts and verify the accuracy in maintenance of accounts and records as per Acts, Rules and procedures prescribed by the Government/Department from time to time. These inspections are followed by Inspection Reports (IRs) issued to the heads of office inspected with copies to the next higher authorities. Serious irregularities noticed in audit are also brought to the notice of the Government/heads of the Department, by the Office of the Principal Accountant General (Audit), Meghalaya, Arunachal Pradesh and Mizoram, Shillong. A half-yearly report regarding IRs pending for settlement is sent to the Secretaries of the concerned Department to facilitate monitoring and settlement of audit objections raised in these IRs.

IRs issued up to December 2002 pertaining to offices under Sales Tax, State Excise, Land Revenue, Motor Vehicles Tax and Forests Departments disclosed that 195 objections relating to 84 IRs involving money value of Rs.8.31 crore remained outstanding for settlement at the end of June 2003. Of these, 34 IRs containing 69 objections involving money value of Rs.0.61 crore had not been settled for more than three years. The year wise position of old outstanding IRs and paragraphs is detailed in *Appendix-XXII*.

In respect of 37 paragraphs relating to 15 IRs involving money value of Rs.0.32 lakh issued upto June 2003, even first reply required to be received from the Department/Government has not been received (November 2003).

Report regarding position of old outstanding IRs/paragraphs was reported to the Government in August & September 2003, their reply has not been received (November 2003).

### 5.10 Follow up on Audit Reports – Summarised position

With a view to ensuring accountability of the executive in respect of all the issues dealt with in various Audit Reports, the Public Accounts Committee (PAC), issued (May 2000) instructions for submission of *suo-motu* replies on all paragraphs and reviews featured in the Audit Report within three months of its presentation to the legislature. As regards Action Taken Notes (ATNs) on the recommendations of the PAC, the Committee specified the time frame for submission as six months.

Review of follow up on submission of *suo-motu* replies and of ATNs as of 31 October 2003 on paragraphs included in the Reports of the Comptroller and Auditor General of India disclosed as under:-

Departments of the State Government had not submitted *suo-motu* replies on 26 paragraphs and two reviews featured in the Audit Reports for the years 1992-93 to 2001-02 in respect of revenue receipts as detailed below:

**Table 5.8**

Year of Audit Report	Date of presentation of the Audit Report to the Legislature	Number of paragraphs/ reviews included in the Audit Report (excluding standard paragraphs)		Number of paragraphs/ reviews on which <i>suo-motu</i> replies are awaited	
		Paragraphs	Reviews	Paragraphs	Reviews
1992-93	21.3.1995	1	---	1	---
1993-94	27.9.1995	1	---	1	---
1994-95	19.3.1996	2	---	2	---
1995-96	17.7.1997	5	---	1	---
1998-99	13.4.2000	3	---	3	---
1999-2000	17.10.2001	3	---	3	---
2000-01	26.3.2002	7	1	7	1
2001-02	17.7.2003	8	1	8	1
<b>Total</b>		<b>30</b>	<b>2</b>	<b>26</b>	<b>2</b>

The Departments failed to submit ATNs of three paragraphs pertaining to Revenue Receipts for the years 1987-88 (para 6.7), 1991-92 (para 6.5) and 1992-93 (para 6.5) on which recommendations were made by PAC in its 54<sup>th</sup> Report, 14<sup>th</sup> Report and 7<sup>th</sup> Report, presented before the State Legislature in October 1993, September 1996 and March 2001 respectively.

Thus, failure by the respective Departments to comply with the instructions of the PAC resulted in the objectives of ensuring accountability of the executive remaining unfulfilled.

**SECTION – B – PARAGRAPHS**

**ENVIRONMENT AND FOREST DEPARTMENT**

**5.11 Unauthorised removal of timber**

**Unauthorised felling of 414 trees without obtaining the required permit resulted in loss of revenue of Rs.40.63 lakh besides fine of Rs.81.26 lakh.**

Under the Mizoram Forest Act, 1955, cutting, felling and removal of trees from forest areas by any person is prohibited unless a permit is granted by the State Government or any other Forest Officer empowered on its behalf. Such permits are granted on payment of the applicable royalty in advance. Further, the Act, envisages that any person who causes any damage by cutting and felling of trees in forest area shall be punished with double the amount of such damage as fine.

Cross check of records of the Executive Engineer, Public Works Division (PWD), Kawrthah with Forest Department records revealed that 414 trees measuring 3836.4375 cum valued at Rs.40.63 lakh were felled during January and February 2001 from forest areas under the Kawrthah Forest Division, during construction of Zamuang-Hriphaw-Kawrthah-Dullabcherra Road, in spite of refusal of the required permission. The Forest Division did not impose the applicable fine *viz.*, double the amount of such damage. It was also noticed that the felled trees were neither preserved by the Executive Engineer, PWD, Kawrthah nor by the Divisional Forest Officer, Kawrthah. The unauthorised felling/cutting of these trees and loss of wood/timber resulted in loss of revenue of Rs.40.63 lakh in the shape of royalty, besides fine of Rs.81.26 lakh.

The matter was reported between January and March 2003 to the Government/Department; reply has not been received (November 2003).

### 5.12 Loss of revenue

**Failure of the department to transport seized timber to a safer place and to apprehend offenders for illicit removal of timber led to loss of revenue of Rs.38.50 lakh.**

Under the Mizoram Forest Act, 1955, seized forest produce which is prone to speedy/natural decay shall be transported to a safer place immediately after seizure for disposal. Further, in order to discourage forest offences, the Government of Mizoram, instructed in April 1994 that forest produce removed unauthorisedly shall, when seized, be disposed of by realising minimum six times the existing royalty. Forest Protection Force is deployed by Forest Divisions to prevent unauthorised and illegal removal of forest produce from forest areas.

Test check of records of the Divisional Forest Officer (DFO), Kawrthah revealed that 313.374 cum of timber of mixed species seized between January and April 1999 from forest areas under the Division was neither transported to a safer place nor disposed of. Consequently, 190.619 cum of timber was removed by offenders and the balance 122.755 cum of timber lost its value due to prolonged exposure to the vagaries of weather during May 1999 to February 2002. Thus, failure of the department to transport this seized timber to a safer place and to apprehend the offenders despite deployment of Forest Protection Force, led to loss of revenue of Rs.38.50 lakh.

On this being pointed out in audit, the DFO while admitting the facts stated in June and August 2003 that the seized timber could not be brought to safe custody due to non allotment of fund by the Government and also due to the remoteness of the locality. However, remoteness is not a sufficient cause for not transporting the seized timber to a safer place, as it is a preventive measure prescribed by the Act, *ibid*.

The case was reported to the Government in April and July 2003; reply has not been received (November 2003).

### 5.13 Loss of revenue

**Non-acceptance of highest bid during the first tender led to loss of revenue of Rs.20.45 lakh.**

In Mizoram, bamboo *mahals* are settled annually through notices inviting tenders. Clause 6 of the terms and conditions of sale of forest produce by tenders, confers upon the Government discretionary power to accept or reject



any tender without assigning any reason. Application of such discretionary power, therefore, should not be detrimental to the financial interest of the Government.

Test check of records of the DFO, Kawrthah revealed that notice inviting tenders for sale of 2 bamboo *mahals* (Teirei and Langkaih bamboo *mahal*) for the year 2001-02 was floated on 19 September 2001. The highest bids of Rs.14 lakh for Teirei and Rs.42.25 lakh for Langkaih was recommended by the tender settlement committee and the Principal Chief Conservator of Forests (PCCF), Mizoram to the Government for settlement. But the Government without assigning any reasons directed the PCCF on 20 December 2001 to re-tender both the *mahals*.

The PCCF, Mizoram accordingly re-tendered the *mahals* on 21 December 2001. The highest bids of Rs.8.20 lakh and Rs.29.50 lakh respectively were duly accepted on 6 February 2002 by the Government and the work order was also issued. Thus, non-acceptance of highest bids of the first tender led to loss of revenue of Rs.18.55 lakh.

Similarly, in respect of Sakeilui bamboo *mahal* of the same Division, tender notices for sale of the mahal for the year 2001-02, with working period from 20 October 2001 to 30 June 2002, were floated on 19 September 2001 for extraction of 8 lakh bamboos. The highest bid of Rs.5.60 lakh was recommended by the tender Settlement Committee and the PCCF to the Government for settlement. But the Government accepted the 3<sup>rd</sup> highest bid of Rs.3.70 lakh without any recorded reason and work order was accordingly issued (22 March 2002) to the 3<sup>rd</sup> highest bidder. Thus, acceptance of 3<sup>rd</sup> highest bid resulted in loss of revenue of Rs.1.90 lakh.

On this being pointed out in Audit, the DFO in both the cases stated in June 2003 that reply would be furnished by the PCCF.

The matter was reported to the PCCF/Government; reply has not been received (November 2003).

#### **5.14 Loss of revenue**

**There was loss of revenue of Rs.19.40 lakh due to shortage of 183.2296 cum of teak timbers kept in Forest Depot.**

The Government of Mizoram, Environment and Forest Department conducted thinning operation of teak trees from Government plantations during April 1999 and July 1999.

Test check of records of the Conservator of Forests, Northern Circle, Mizoram revealed that the thinning operation under Kolasib Forest Division between

April 1999 and July 1999 yielded 11099 logs measuring 750.6351 cum which were kept in Vairengte Depot. However, re-measurement of these teak logs in June 2002 revealed a shortage of 228.2676 cum out of which 45.0380 cum (6 per cent of the total volume) was stated to have been lost due to debarking. The Conservator of Forests could not specifically explain the reasons for shortage of balance 183.2296 cum. Thus, laxity of the Department in ensuring proper security preservation of such costly timber resulted in loss of revenue of Rs.19.40 lakh calculated at the minimum rate of Rs.10,590 per cum.

The matter was reported to the Department/Government in May 2003; reply has not been received (November 2003).

### **5.15 Loss of revenue**

#### **Non-disposal of thinned teak logs and its subsequent deterioration resulted in loss of revenue of Rs.1.96 lakh.**

Under the Mizoram Forest Act, 1955, forest produce shall be kept in safe custody immediately after extraction, for quick disposal where the species are prone to speedy/natural decay.

Test check of records of the Divisional Forest Officer (DFO), Resource Survey-cum Silviculture Research Division, Mizoram, Aizawl revealed that 4555 logs of teak timber measuring 189.68 cum were derived from the thinning operation carried out between November 1999 and February 2000 within Zoha Seed Production Area (SPA) I, II & III, under Kolasib Forest Division, Mizoram. 20 per cent of these were above 60 cm girth and the rest were pole size. The said timbers were made into lots and stacked on road side depots without proper record, marking lists, log measurement lists, etc. Attempts made in May 2000 to sell these timbers failed to evoke any response. No subsequent efforts were initiated by the Department to sell the timbers. Consequently these logs lost their commercial value due to exposure to the vagaries of weather resulting in loss of revenue of Rs.1.96 lakh.

The matter was reported in April 2003 to the Government; reply has not been received (November 2003).

## TRANSPORT DEPARTMENT

### 5.16 Short realisation of composite fee

**Realisation of Composite fee of Rs.4.04 lakh against Rs.39.24 lakh from 369 Tourist/ National Permit holders of Assam, Manipur and Nagaland States led to short realisation of Composite fee of Rs.35.20 lakh.**

The Government of Mizoram, Transport Department in their notification of February 1994 fixed composite fee (CF) on goods carriage vehicles plying with national permit at Rs.3000 per year per permit, with effect from 1 April 1994. Similarly, notification was also issued in February 1995 for mini buses (14-35 seaters) authorised to ply under Tourist permit for payment of CF at Rs.12000 per quarter per mini bus from 1 April 1995. CF is to be realised by the Secretary, State Transport Authority (STA) of the state which issues National Permit and is to be sent to the STA of the concerned State by bank draft.

Test check of records of the Secretary, STA Mizoram, Aizawl revealed that in 313 cases of mini buses (14-35 seaters), CF was realised by the STAs, Assam and Meghalaya for plying of vehicles in the State of Mizoram during the different quarters between July 2000 and March 2001 at varied rates of Rs.1000 and Rs.1200 instead of at Rs.12000 per quarter and sent to the Secretary, STA, Mizoram. Similarly, in 56 cases of goods carriage vehicles of Assam, Manipur and Nagaland, CF was realised at varied rates of Rs.300 and Rs.1700 instead of Rs.3000 per annum during the period from January 2000 and March 2001. This resulted in short realisation of CF of Rs.35.20 lakh. The difference in rate was neither paid by the vehicle owners subsequently nor was the matter taken up by the STA, Mizoram with his counterparts in the States concerned where short realisation was made.

On this being pointed out in audit, the Secretary, STA stated in January 2003 that the matter was taken up with his counterparts in the concerned States for realisation of the balance CF. The report on recovery has not been received (November 2003).

The matter was reported to the Government in October 2001; reply has not been received (November 2003).

### **5.17 Short realisation of Motor Vehicle Tax**

#### **Application of incorrect rate of annual road tax resulted in short realisation of Rs.20.04 lakh.**

The Government of Mizoram in their notification issued in March 1997 revised the rates of road taxes on all classes of vehicles with effect from 1 April 1997. In terms of the said notification annual road tax of Rs.700 was payable by local taxis having seating capacity of five persons (4+1) including the driver.

Test check of records of District Transport Officer, Aizawl revealed that for 9809 numbers (cumulative) of local taxis, annual road tax of Rs.50.10 lakh was realised at the rate of Rs.500 per annum instead of Rs.70.14 lakh realisable at the rate of Rs.700 per annum, for the period from April 1997 to March 2003, Thus, application of incorrect rate of annual road tax resulted in short realisation of Rs.20.04 lakh.

On this being pointed out in audit, the Government, while admitting the audit observations stated in September 2003 that instruction was being issued to collect road tax at the rate of Rs.700 per year. However, recovery of the tax has not been intimated (November 2003).

### **5.18 Non-realisation of revenue**

#### **Non- realisation of motor vehicles tax and penalty for delayed payment of taxes resulted in blockage of revenue of Rs.9.43 lakh.**

Under Section 4 of the Mizoram Motor Vehicles (Taxation) Act, 1996, motor vehicles tax shall be paid in advance by the registered owner of a motor vehicle at his choice either quarterly, half yearly and annually within 15 days from the commencement of the quarter, half year or year as the case may be. The District Transport Officer (DTO) is required to review the combined registers to ensure that the tax is paid regularly. In case of failure by any owner of motor vehicle to pay tax, the DTO shall proceed to recover such tax in such manner as prescribed in Mizoram Motor Vehicle (Taxation) Act, 1996 and Rules made thereunder. Further, if a vehicle is not being used or is out of order, the motor vehicle tax can be avoided by surrendering the registration certificate to the concerned authorities.

Test check of combined register of the DTO, Lunglei revealed that tax amounting to Rs.9.43 lakh including penalty for the period from October 1990 to December 2002 in respect of 169 numbers of vehicles, remained unrealised. As the vehicle owners had not surrendered their registration certificates, it was

evident that the vehicles were allowed to ply in violation of the Motor Vehicles Act and Rules. Though in some cases demand notices had been issued, no follow up action to realise the arrear taxes and penalty was initiated.

On this being pointed out, the Government while admitting the facts stated in September 2003 that efforts were being made to collect unrealised motor vehicles tax and penalty by serving demand notices to the owners of vehicles. Report on recovery of tax has not been received (November 2003).

### **5.19 Misappropriation of revenue**

#### **Misappropriation of Rs.7.18 lakh due to incorrect account of collected revenue in the cash book.**

Under the General Financial Rules, any money received by or tendered to any Government office shall without undue delay be deposited in full into Government treasury. Further, the Receipts and Payments Rules provide that the cash book shall be closed and checked regularly and the head of the office shall verify the totaling of entries made in the cash book and initial it as correct. Besides, the head of the office shall physically verify the cash balance in the cash chest at the end of each month, and record a certificate to the effect that it agrees with the balance as per cash book or otherwise under his dated initial.

Test check of the cash book of the Secretary, State Transport Authority, Mizoram, Aizawl disclosed misappropriation of Rs.6.91 lakh due to short accounting of closing balance of cash on different dates falling between June 2001 and February 2002. Further, Rs.2.70 lakh collected through 367 receipts during April 2001 to March 2003 was reflected as Rs.2.43 lakh in the cash book during the aforesaid period thereby short accounting Rs.0.27 lakh. Moreover, the procedure of depositing the cash immediately into the treasury had not been followed, and cash balance was allowed to be retained for months together. Thus, failure on the part of the head of the office to observe the prescribed procedure led to misappropriation of Rs.7.18 lakh.

On this being pointed out in audit the Government, while admitting the facts, stated in August 2003 that explanation had been called for from the concerned officials. The report on recovery has not been received (November 2003).

## 5.20 Non-levy of penalty

### **Plying of 96 commercial vehicles without valid permits led to non-levy of penalty of Rs.4.12 lakh.**

Under Section 192A of Central Motor Vehicles Taxation Act, 1988 as amended from time to time, no owner of motor vehicle shall use or permit the use of the vehicle as transport vehicle in any public place unless a permit is granted or countersigned by the prescribed authority. Further, whoever drives or causes to be driven or allows a motor vehicle to be used in any public place without a permit, shall be punishable for the first offence with a fine which may extend to five thousand rupees but shall not be less than two thousand rupees.

Test check of records of the District Transport Officer (DTO), Lunglei revealed that 96 commercial vehicles were used in public places without valid permits on different dates between April 1998 and January 2003. These vehicles were not off-road as it was evident from the combined register. No action was also initiated by the DTO to impose penalty for violation of the provisions of Act *ibid* which resulted in non-levy of penalty of Rs.4.12 lakh.

The matter was reported to the Department/Government in March 2003; reply has not been received (November 2003).

## 5.21 Unauthorised plying of vehicles without payment of tax

### **Failure to initiate action against owners of 117 motor vehicles resulted in un-authorised use of these vehicles without payment of motor vehicles tax inclusive of penalty of Rs.2.91 lakh.**

Under the Mizoram Motor Vehicles (Taxation) Act, 1996 and Rules framed thereunder, no motor vehicle shall be used or kept for use in the State unless the motor vehicles tax is paid either quarterly, half-yearly or annually within 15 days of commencement of that quarter, half-year or year as the case may be. The Act and Rules *ibid*, also provide that in the event of failure by the registered owner of vehicles to pay the tax within the prescribed date, he shall be liable to pay penalty, in addition to the tax, a sum not exceeding half of the tax due. Further, if any vehicle is not being used or is out of order for a particular period, the tax for that period can be avoided by applying to the Registering Authority to that effect. Every District Transport Officer (DTO) is required to review the combined registers of vehicles to ensure that tax is paid regularly by the registered owners of vehicles.

Test check of records of the DTO, Aizawl disclosed that 117 owners of registered vehicles of different types, neither paid any motor vehicles tax nor filed any application with the DTO for grant of exemption of tax stating that these vehicles would not be used in the State, for different periods falling between April 1992 and March 2002. The DTO also did not initiate any action to realise the tax by reviewing the combined registers and through issuance of demand notices. This resulted in unauthorised use of these vehicles without payment of tax inclusive of penalty of Rs.2.91 lakh during the aforesaid period.

On this being pointed out in audit, Government replied in September 2003 that vehicle owners in rural areas are ignorant of the necessity of paying motor vehicles tax. They further stated that efforts would be made to recover the dues. Report on recovery has not been received (November 2003).

## **5.22 Short levy of fine**

### **Short levy of fine for delayed payment of motor vehicles tax – Rs.1.56 lakh.**

Under Section 4 of the Mizoram Motor Vehicles (Taxation) Act, 1996, motor vehicles tax shall be paid in advance by the owner of the motor vehicles at his option either quarterly, half-yearly and annually within 15 days from the commencement of the quarter, half-year or year as the case may be. Rule 15 of Mizoram Motor Vehicles Rules, 1997 further provides that if the tax due in respect of a motor vehicle has not been paid in the manner prescribed above, the Licensing Officer shall impose penalty under Section 6 of the Act *ibid* at the rate of quarterly tax for delay ranging from 16 to 60 day and half yearly tax for delays beyond 60 days.

Test check of combined register of the District Transport Officer, Lunglei revealed that in 66 cases motor vehicles tax for the period falling between April 1997 and December 2002 were belatedly realised between May 1997 and July 2002. But penalty of only Rs.0.16 lakh was realised against Rs.1.72 lakh leviable in respect of aforesaid cases. This resulted in short levy of penalty of Rs.1.56 lakh.

On this being pointed out in audit, Government in their reply (September 2003) admitted the lapse but recovery of the balance amount has not been intimated (November 2003).

## LAND REVENUE DEPARTMENT

### 5.23 Non-levy of penalty

#### **Realisation of arrear land revenue without imposing penal provisions resulted in non-levy of penalty of Rs.12.07 lakh.**

Under the Mizo District (Land Revenue) Act, 1956 and Rules framed thereunder in 1967, land revenue is to be paid annually by the end of each financial year. If any land revenue remains unpaid after the closure of a particular financial year, and the defaulter fails to pay the arrear within one month from the date of receipt of demand notice, an equal amount of the arrear shall be levied on him by way of penalty. This penalty shall be paid with the arrear within three months from the date of receipt of such levying order which, *inter-alia*, stipulates recovery of dues by attachment/sale of movable and immovable properties in case of default in payment.

Test check of records of the Assistant Settlement Officers (ASO), Aizawl, Kolasib and Lunglei revealed that an amount of Rs.12,07,262 was belatedly realised (delays ranging from two to eleven months) as arrears of land revenue for the years 1999-2000 to 2001-02. But penalty though leviable for delayed payment of arrears was neither levied by the ASO nor paid by the defaulter. No further action was initiated by the Department in terms of above Act/Rules. This resulted in non-levy of penalty of Rs.12.07 lakh.

On this being pointed out in July 2002 and March 2003, the Department stated in April 2003 that action was being taken to recover the dues by issuing demand notices. The report on recovery has not been received (November 2003).

The matter was reported to the Government in July 2002 and March 2003; reply has not been received (November 2003).

## TAXATION DEPARTMENT

### 5.24 Evasion of tax

#### **Failure to register 526 commercial vehicles led to evasion of tax of Rs.8.83 lakh.**

Under the provision of Section 4 of the Mizoram Passenger & Goods Taxation (MP&GT) Act, 1988, the Government of Mizoram notified on



31 January 1989 that every owner of a commercial vehicle shall pay a lump sum tax at the prescribed rate either annually by 15 April or half yearly by 15 April and 15 October each year.

Cross check of records of the District Transport Officer, Aizawl with Superintendents of Taxes, North and South Zones, Aizawl revealed that 4756 owners of commercial vehicles were registered as on 31 March 2002 under the Motor Vehicles (MV) Act, 1988, MV tax in respect of these vehicles was realised upto March 2002. But out of the aforesaid vehicles, the Superintendents of Taxes, North and South Zones, Aizawl registered only 4230 owners of commercial vehicles as on 31 March 2002 under the MP&GT Act, 1988. The remaining 526 owners of commercial vehicles were neither registered under the MP&GT Act, 1988 nor was any tax paid by the owners of these vehicles till date. Thus, failure to register these vehicles taxable under the MP&GT Act, resulted in evasion of tax of Rs.8.83 lakh.

On this being pointed out in audit, Government stated in May 2003 that Rs.1.11 lakh had already been recovered, and steps were being taken to recover the balance amount. Further, report of recovery of balance tax has not been received (November 2003).

#### **5.25 Short levy of tax due to incorrect deduction of taxable turnover**

##### **Incorrect deduction of taxable turnover led to short-levy of tax of Rs.3.14 lakh in 12 cases of cable television operators.**

Under the Assam Amusement and Betting Tax Act, 1939 (as adopted by the Government of Mizoram), each proprietor of cable television network shall pay tax at the rate of 20 *per cent* on the amount received by him per connection per month from his customers with effect from 1 April 1996. It was, however, clarified in June 1996 by the Commissioner of Taxes, Mizoram that the amount of payment thus received by the proprietors would not include element of tax.

Test check of records of the Superintendent of Taxes, Lunglei revealed that 12 cable television operators received monthly payment of connection charges of Rs.94.19 lakh for different periods between April 1996 and March 2000. The Assessing Officer, while completing assessments between May 1996 and November 2000, allowed deduction of Rs.15.70 lakh being the element of tax for the aforesaid periods. The deduction was not admissible, as the tax element was not included in the aforesaid turnover. This incorrect deduction resulted in short-levy of tax amounting to Rs.3.14 lakh.

On this being pointed out in audit in January 2001, the Department while admitting the facts, stated in November 2002 that action was being initiated to

recover the dues. The report on recovery has not been received (May 2003) despite reminders.

The matter was reported to the Government in January 2001; reply has not been received (November 2003).