

OVERVIEW

I **General**

This report contains 44 paragraphs including two reviews pointing out non-levy or short levy of tax, interest, penalty, revenue foregone, etc., involving Rs. 484.80 crore. Some of the major findings are mentioned below:

The Government's total revenue receipts for the year 2007-08 amounted* to Rs. 21,967 crore against Rs. 18,033 crore in the previous year. Of this, 43.29 *per cent* was raised by the State through tax revenue (Rs. 6,856 crore) and non-tax revenue (Rs. 2,654 crore). The balance 56.71 *per cent* was received from the Government of India in the form of State's share of divisible Union taxes (Rs. 7,846 crore) and grants-in-aid (Rs. 4,611 crore).

(Paragraph 1.1)

Test check of the records of sales tax/value added tax (VAT)/entry tax, motor vehicles tax, land revenue, state excise, forest receipts, mining receipts and other departmental offices conducted during the year 2007-08 revealed underassessment/short levy/loss of revenue, etc., amounting to Rs. 1,241.86 crore in 2,71,010 cases. During the year 2007-08, the concerned departments accepted underassessment and other deficiencies of Rs. 232.50 crore involved in 1,56,075 cases which were pointed out in 2007-08 and earlier years. Of these, the departments recovered Rs. 20.54 crore in 20,148 cases.

(Paragraph 1.8)

As on 30 June 2008, 3,316 inspection reports issued up to December 2007 containing 9,429 audit observations involving Rs. 3,144.73 crore were outstanding for want of comments/final action by the concerned departments.

(Paragraph 1.9)

II **Sales Tax and Entry Tax**

Review on "Concessions and exemptions on interstate sales and branch transfers" revealed the following:

- Acceptance of defective/duplicate/manipulated declarations by the assessing officers led to underassessment of tax of Rs. 6.11 crore.

(Paragraph 2.2.6)

* Chapter-I figures in the overview have been rounded off to the nearest crore.

- Irregular allowance of exemption/concession without supporting declarations, application of lower rate of tax after disallowing declarations, exemption on inadmissible items, etc., resulted in short levy of tax of Rs. 8.23 crore in 26 cases.

(Paragraph 2.2.9)

- Due to irregular allowance of exemption on the basis of invalid/duplicate declaration forms, transfer of goods to places not included in the registration certificate of the dealer, there was underassessment of tax of Rs. 18.40 crore.

(Paragraph 2.2.10)

Exemption of sales tax of Rs. 7.06 crore was allowed to three industrial units under the sales tax incentive scheme on inadmissible items and in excess of the admissible limit.

(Paragraph 2.3)

A manufacturer of polyester staple fibre and yarn did not disclose purchase of diesel worth Rs. 12.67 crore leading to underassessment of tax of Rs. 2.04 crore.

(Paragraph 2.4.1)

Penalty of Rs. 1.12 crore was not levied for excess claim of deduction, non-payment of tax on purchases and inadmissible purchases at a concessional rate of tax.

(Paragraph 2.5)

A dealer engaged in generation of electricity was irregularly allowed concessional rate of tax on purchase of diesel worth Rs. 4.53 crore resulting in short levy of tax of Rs. 79.81 lakh.

(Paragraph 2.7)

Payment of tax by the assesseees at lower rates was irregularly accepted by the assessing authorities in assessment resulting in short levy of entry tax of Rs. 2.29 crore including penalty.

(Paragraph 2.14)

Failure of the assessing authorities to detect concealment of turnover by the assesseees led to non-levy of tax of Rs. 1.36 crore including penalty.

(Paragraph 2.16)

III Motor Vehicles Tax

Motor vehicles tax and additional tax including penalty of Rs. 55.34 crore was not realised in respect of 27,427 vehicles.

(Paragraph 3.2.1)

Motor vehicles tax and additional tax including penalty of Rs. 2.52 crore was not realised from 150 motor vehicles owners for violation of off road declarations.

(Paragraph 3.3)

Process fee in respect of 1.17 lakh cases amounting to Rs. 1.17 crore was not realised from the vehicle owners.

(Paragraph 3.4)

IV Land Revenue, Stamp Duty and Registration Fees

Non-finalisation of alienation cases resulted in non-realisation of Rs. 120.67 crore towards premium, ground rent, cess, capitalised value and interest.

(Paragraph 4.2)

Non-raising of demand towards capitalised value of cess from three organisations resulted in short demand of Rs. 4.47 crore including interest.

(Paragraph 4.3)

Non-levy of premium on lease of land from a Central Government organisation resulted in non-realisation of Rs. 3.10 crore including interest.

(Paragraph 4.4)

Demand for incidental charges towards establishment cost, contingencies, etc., was not raised against a public sector undertaking causing short demand of Rs. 1 crore.

(Paragraph 4.5)

There was short realisation of stamp duty and registration fees of Rs. 1.39 crore in 203 documents due to non-consideration of highest sale value of similar class of land.

(Paragraph 4.7)

There was short realisation of additional stamp duty of Rs. 1.30 crore due to application of lower rate of stamp duty payable under the Orissa Town Planning and Improvement Trust Act.

(Paragraph 4.8)

V State Excise

Excise revenue on methanol was neither paid by an industrial unit nor demanded by the department resulting in evasion of excise revenue of Rs. 3.10 crore.

(Paragraph 5.2)

Non-affixture of excise adhesive labels on the cases/cartons containing beer imported by the Orissa State Beverage Corporation Ltd. led to non-realisation of excise revenue of Rs. 27.22 lakh.

(Paragraph 5.4)

VI Forest Receipts

Non-disposal of timber and poles resulted in blockage of Government revenue of Rs. 65.13 lakh.

(Paragraph 6.2)

The department did not levy interest of Rs. 30.32 lakh on belated payment of royalty on timber by the Orissa Forest Development Corporation Ltd.

(Paragraph 6.3)

VII Mining Receipts

A review of "Receipts from major minerals" revealed the following:

- Due to the absence of a system of monitoring the settlement process, the directorate and the Government were not aware of the low percentage of settlement of lease applications which was only 4.93 *per cent* and consequent non-realisation of dead rent of Rs. 8.69 crore and stamp duty and registration fee of Rs. 8.94 crore.

(Paragraph 7.2.7)

- Failure of the Government to safeguard the interest of the revenue before prescribing the basis for calculation of annual royalty for levy of stamp duty and registration fees led to loss of revenue of Rs. 4.94 crore.

(Paragraph 7.2.8)

- For illegal mining of 10.22 lakh MT of minerals without a mining lease, Rs. 88.47 crore though realisable towards the cost of mineral was not realised.

(Paragraph 7.2.13)

- Due to inaction of the department for disposal of left over minerals, revenue of Rs. 66.38 crore remained unrealised.

(Paragraph 7.2.14)

- Due to non-adherence to the prescribed assessment procedure, there was non/short levy of royalty of Rs. 15.95 crore.

(Paragraph 7.2.15)

- Due to non-initiation of proposals to resettle the non-working mines, the Government was deprived of revenue of Rs. 25.26 crore.

(Paragraph 7.2.17)

VIII Other Departmental Receipts

Inordinate delay in finalising a case for grant of exemption of electricity duty to an industrial unit led to non-realisation of revenue of Rs. 10.33 crore.

(Paragraph 8.2)

Failure of the department to levy electricity duty on internal consumption of electricity by the generating units beyond the admissible limit led to non-levy of duty Rs. 2.15 crore.

(Paragraph 8.3)

Failure of the department in raising demand against an electricity distribution company towards inspection fee resulted in non-realisation of Rs. 2.08 crore.

(Paragraph 8.4)

Inaction of the department in leasing out a major water reservoir for fishing led to loss of revenue of Rs. 1.66 crore.

(Paragraph 8.5)