

OVERVIEW

This report contains 34 audit paragraphs including 1 review relating to non-levy/short levy of taxes, duties, interest and penalty etc., involving Rs.244.43 crore. Some of the major findings are mentioned below:-

I. General

The total receipts of the State Government for the year 2002-2003 was Rs.11,071.19 crore. Revenue raised by the Government during the year was Rs.9,746.57 crore, comprising tax revenue of Rs.5,711.00 crore and non-tax revenue of Rs.4,035.57 crore. The State Government also received Rs.649.02 crore as State's share of divisible Union taxes and Rs.675.60 crore as grants-in-aid from the Government of India. There is insignificant variation in the State's share of Union Taxes and Plan Grants as compared to last year. However, there is 93 *per cent* increase under Non Plan Grants. Receipts under Taxes on Sales, Trade etc. (Rs.3,072.44 crore) and State Excise Duties (Rs.1,428.91 crore) constituted a major portion of tax revenue. Under non-tax revenue, the major receipts were Interest Receipts (Rs.913.37 crore).

(Paragraph 1.1)

Tax revenue in the year 2002-2003 showed an increase of 18 *per cent* over 2001-2002. Sales tax receipts of Rs.3,072.44 crore amounted to 54 *per cent* of the tax revenue collected during the year 2002-2003.

(Paragraph 1.1.2)

Non tax revenue showed increase of 34 *per cent* of net receipts in the year 2002-2003 over 2001-2002.

(Paragraph 1.1.3)

Under the Fiscal Reforms Programme initiated by Government of India, a Memorandum of Understanding (MOU) was entered into in April 1999 between Government of India and Government of Punjab, in which the State Government made certain commitments to increase revenues and reduce expenditure. Audit scrutiny disclosed that Government, however, had reduced the rate of special road tax in December 2000 and again in January 2002. These reductions in rates cost the State Exchequer loss of Rs.56.43 crore per annum.

(Paragraph 1.2.2)

Arrears of revenue at the end of the year 2002-2003, as reported by some departments were Rs.3,004.85 crore. Of these, Rs.2,228.09 crore were recoverable from Punjab State Electricity Board alone on account of interest.

(Paragraph 1.7)

Test check of records of the Taxes on Sales, Trade etc., Taxes on Vehicles, State Excise, Stamp Duty and Registration Fees, Land Revenue and other departmental offices conducted during year 2002-2003 revealed under assessments/short-levy/non-levy/loss of revenue amounting to Rs. 254.24 crore in 1892 cases. The departments accepted audit observations involving Rs. 13.89 crore in 202 cases and recovered Rs.13.77 crore.

(Paragraph 1.12)

4253 inspection reports issued upto December 2002 containing 7758 audit objections with money value of Rs.742.35 crore were outstanding for want of final replies from the departments as on 30 June 2003.

(Paragraph 1.13)

II. Taxes on Sales, Trade etc.

Allowance of incorrect deduction from purchase turnover resulted in non-levy of purchase tax on paddy Rs.63.22 lakh.

(Paragraph 2.4)

Incorrect grant of exemption/reduction in rate of tax from retrospective dates resulted in short levy of tax of Rs.46.99 lakh.

(Paragraph 2.5)

Tax exemption of Rs.2.85 crore including penalty was not recovered from 20 units which closed their business before the expiry of exemption period.

(Paragraph 2.8)

Irregular cancellation of Registration Certificates before realisation of demands of tax resulted in loss of revenue of Rs.27.59 lakh.

(Paragraph 2.9)

Incorrect application of rates of tax resulted in short levy of tax of Rs.77 lakh.

(Paragraph 2.10)

Delayed finalisation of assessments resulted in loss of revenue of Rs.2 crore.

(Paragraph 2.15)

Delay in release of refunds led to avoidable payment of Rs.32.91 lakh on account of interest.

(Paragraph 2.18)

III. Taxes on Vehicles

A review on '**Registration of Motor Vehicles, Collection of Fees and Taxes**' revealed that:-

Special Road Tax including penalty of Rs.53.49 lakh was neither demanded nor paid by the private transport companies. Further, fourteen private transport companies, Chandigarh Transport Undertaking and a depot of UP State Transport Corporation paid Special Road Tax short by Rs.80.47 lakh including penalty.

(Paragraph 3.2.7)

Special Road Tax of Rs.94.77 lakh was neither demanded nor paid by the owners of tourist buses/mini buses.

(Paragraph 3.2.9 & 3.2.10)

Non levy of interest on delayed payment of Special Road Tax/Token Tax made by five depots of State Transport Corporation and five depots of Punjab Roadways resulted in loss of Rs.2 crore.

(Paragraph 3.2.12)

Token Tax of Rs.95.88 lakh from owners of stage carriages, goods carriages, mini buses and buses of educational institutions was not recovered.

(Paragraph 3.2.13)

IV Stamp Duty and Registration Fees

Incorrect determination of value of average annual rent reserved on lease deed resulted in short levy of stamp duty and registration fee of Rs.1.52 crore.

(Paragraph 4.2)

Inadmissible remission of stamp duty resulted in non-levy of stamp duty of Rs.89.62 lakh.

(Paragraph 4.3)

V. Other Tax Receipts

Electricity duty

Rs.177.52 crore remained outside government account due to unauthorised retention of electricity duty by Punjab State Electricity Board.

(Paragraph 5.2)

Shortfall in the prescribed periodical inspections resulted in loss of revenue amounting to Rs.1.63 crore.

(Paragraph 5.3.2)

Non-conducting of inspection of electrical installations and their energization without prior approval of Chief Electrical Inspector resulted in loss of revenue of Rs.1.72 crore.

(Paragraph 5.3.3)

Entertainment duty/tax

Entertainment duty was neither demanded nor paid by the cable TV operators resulted in non-realisation of entertainment duty of Rs.36.90 lakh.

(Paragraph 5.4)

Non raising of demands against owners of six cinema houses resulted in short collection of entertainment tax of Rs.10.21 lakh.

(Paragraph 5.5)

State Excise Duties

In two distilleries, sub-normal yield of spirit from molasses resulted in short realisation of excise duty of Rs.3.37 crore.

(Paragraph 5.7)

VI. Non Tax Receipts

Forest Department

Non revision of rates of royalty in accordance with prevailing market rates resulted in short realisation of Rs.1.49 crore.

(Paragraph 6.2)

Irrigation and Power Department

Interest/penal interest of Rs.35.77 crore recoverable from Punjab State Tubewell Corporation was neither worked out nor demanded by the Irrigation and Power Department.

(Paragraph 6.3)