

OVERVIEW

The report contains 33 paragraphs including three reviews relating to non/short levy of taxes, interest, penalty, etc. involving Rs. 408.47 crore. Some of the major findings are mentioned below:

I General

The revenue raised by the State during 2007-08 was Rs. 47,520.51 crore, comprising of Rs. 29,619.10 crore as tax revenue and Rs. 3,304.37 crore as non-tax revenue. Rs. 8,065.27 crore was received from the Government of India as State's share of divisible Union taxes and Rs. 6,531.77 crore as grants-in-aid. The revenue raised by the State Government in 2007-08 was 69 *per cent* of the total revenue receipts as compared to 76 *per cent* in 2006-07. Sales tax (Rs. 18,156.36 crore) formed a major portion (61 *per cent*) of the tax revenue of the State. Interest receipts, dividends and profits (Rs. 1,282.20 crore) accounted for 39 *per cent* of the non-tax revenue.

(Paragraph 1.1)

At the end of 2007-08, arrears in respect of taxes administered by the departments of Commercial Taxes, Revenue, Home, etc., amounted to Rs. 8,560.51 crore; of which sales tax alone accounted for Rs. 8,221.59 crore.

(Paragraph 1.4)

Test check of the records relating to sales tax, state excise, land revenue, urban land tax, taxes on vehicles and other departmental offices conducted during the year 2007-08 revealed underassessments, short levy, loss of revenue and other observations amounting to Rs. 760.93 crore in 2,167 cases.

(Paragraph 1.9)

As at the end of June 2008, 7,271 inspection reports containing 23,624 audit observations involving Rs. 2,951.86 crore were outstanding in various departments.

(Paragraph 1.10)

II Sales Tax

In three assessment circles, incorrect exemption of local and inter state sales of matches valued at Rs. 117.50 crore resulted in non-levy of tax of Rs. 12.69 crore.

(Paragraph 2.2.2)

In three assessment circles, incorrect assessment of goods sold under the brand names by four dealers resulted in short levy of tax of Rs. 6.63 crore.

(Paragraph 2.3)

Non-levy of tax on Rs. 165.34 crore received by eight producers of teleserials towards lease of their serials from various television channels resulted in non-realisation of revenue of Rs. 19.94 crore.

(Paragraph 2.5.1)

Erroneous treatment of sale as works contract resulted in short levy of tax of Rs. 4.51 crore.

(Paragraph 2.6)

In five assessment circles, there was non/short levy of additional sales tax of Rs. 1.03 crore.

(Paragraph 2.7)

III Taxes on vehicles

Review on Receipts from Motor Vehicles Tax

- Non-registration of 827 canvassers and 237 travel agents under the Motor Vehicles Act 1988 resulted in loss of revenue of Rs. 4.22 crore besides non-bringing them into the system.

(Paragraph 3.2.7)

- Failure to raise demand for life time tax in respect of 2,300 vehicles resulted in non-realisation of revenue of Rs. 3.18 crore.

(Paragraph 3.2.10)

- Failure to levy appropriate tax in respect of 1.57 lakh permits issued to spare buses of stage carriages, which operated as contract carriages under temporary permits, resulted in loss of revenue of Rs. 233.36 crore.

(Paragraph 3.2.13)

IV Stamp Duty and Registration Fees

Computerisation of the Registration Department

- Computerisation of the Registration Department has not been fully completed, though started in 2001.
(Paragraph 4.2.4.1)
- Digital/web cameras and bio-metric devices purchased for a sum of Rs.85.61 lakh could not be put to use for want of necessary software.
(Paragraph 4.2.4.2)
- Lack of interconnectivity of the sub-registrar offices with the concerned taluk offices resulted in continued registration of the government lands in the name of private individuals.
(Paragraph 4.2.4.3)
- Absence of provisions in the system resulted in manual intervention in collection of stamp duty in case of partition and excess allocation of surcharge to local bodies etc.
(Paragraph 4.2.5)
- Absence of input controls and validation checks led to less assurance regarding completeness and validity of data.
(Paragraph 4.2.7)
- Inadequate security controls resulted in modification of the registration details without authorisation by superior officers.
(Paragraph 4.2.8)

Incorrect grant of exemption on sale of land by 100 members to four housing societies resulted in non-realisation of stamp duty of Rs. 3.13 crore.
(Paragraph 4.3)

In three registration offices due to under valuation of property, there was short levy of stamp duty and registration fees of Rs. 6.93 crore.
(Paragraph 4.4)

In five registration offices, in respect of 11 instruments, incorrect classification of security mortgage deeds as mortgage deeds resulted in short collection of registration fees of Rs. 3.83 crore.
(Paragraph 4.7.1)

In 12 registration offices, in 23 sale deeds and four lease deeds, due to omission to include the value of windmills in the instruments, there was under valuation of properties resulting in short levy of stamp duty and registration fees of Rs. 12.96 crore.
(Paragraph 4.11.1)

V Other Tax and Non-Tax Receipts

Land Revenue

In two taluks due to delay in fixing the cost of lands alienated, the cost of land of Rs. 3.09 crore was not realised.

(Paragraph 5.4)

Mines and Minerals

In two offices of the Assistant Director of Geology and Mining, due to adoption of incorrect rate, there was short collection of royalty of Rs. 1.04 crore.

(Paragraph 5.5)

Forest Receipts

- Out of 29 territorial forest divisions in the State, 16 divisions did not have working plans for management of the forests. This resulted in non-realisation of the revenue from timber operations and stalling of the regeneration activities in the forest.

(Paragraph 5.6.7)

- There was short demand of lease rent amounting to Rs. 2.03 crore in five cases.

(Paragraph 5.6.8.1)

- There was short realisation of lease rent amounting to Rs. 69.94 crore from two clubs, due to adoption of incorrect rates.

(Paragraph 5.6.14)

- There was loss of revenue of Rs. 6.67 crore due to inconsistency in determining the sale price of sandalwood.

(Paragraph 5.6.15.1)