

## OVERVIEW

The Audit Report contains 25 Paragraphs and 2 Reviews relating to non levy/short levy of taxes, interest, penalty etc., involving Rs.512.60 crore. The Government have accepted audit observations involving Rs.2.81 crore of which Rs.87.45 lakh had been recovered during 2001-2002. Some of the major findings are mentioned below:

### **1. General**

(i) The revenue raised by the State during 2001-02 amounted to Rs.14566.43 crore comprising Rs.13009.70 crore as tax revenue and Rs.1556.73 crore as non-tax revenue. Rs.2870.07 crore were received from the Government of India as State's share of divisible Union taxes and Rs.1381.54 crore as Grants-in-Aid.

Sales Tax (Rs.8385.59 crore) formed a major portion (64 per cent) of the tax revenue of the State. Interest receipts, dividends and profits of Rs.535.42 crore accounted for 34 per cent of the non-tax revenue.

*[ Paragraph 1.1 ]*

(ii) At the end of 2001-02, the arrears in respect of taxes administered by the departments of Commercial Taxes, Revenue, Industries, etc. amounted to Rs.9171.38 crore of which Sales Tax and Mines and Minerals together accounted for Rs.8942.87 crore.

*[ Paragraph 1.5 ]*

iii) Test-check of records of Sales Tax, State Excise, Agricultural Income Tax, Land Revenue, Urban Land Tax, Taxes on Vehicles and other departmental offices conducted during the year 2001-02 revealed under-assessments, short-levy, loss of revenue, etc., amounting to Rs.756.99 crore in 2599 cases.

*[ Paragraph 1.10 ]*

(iv) As at the end of June 2002, 5103 Inspection Reports issued upto December 2001 containing 19403 audit observations with money value of Rs.853.49 crore were pending settlement with various departments.

*[ Paragraph 1.11 ]*

## **2. Sales Tax**

A) A review on "Waiver of sales tax on industrial units" revealed the following:-

- ❖ An amount of Rs.62.18 crore was irregularly waived even though the conditions for sanction of waiver were not satisfied.  
*[Paragraph 2.2.4]*
- ❖ Waiver of Rs.427.21 crore was irregularly sanctioned to an existing Mega industry, for expansion though it was not established in a most backward area.  
*[Paragraph 2.2.5]*
- ❖ Incorrect computation of value of fixed assets had resulted in excess sanction of waiver of Rs.8.16 lakh.  
*[Paragraph 2.2.6]*
- ❖ Waiver of Rs.29.14 lakh in respect of the expansion units allowed was incorrect as the dealer had not maintained the level of highest tax paid in the preceding three years prior to expansion.  
*[Paragraph 2.2.7]*
- ❖ There was incorrect allowance of waiver of Rs.13.81 lakh during the period of collection of tax.  
*[Paragraph 2.2.8]*
- ❖ Excess waiver amounting to Rs.30.04 lakh was allowed over and above the sanctioned amount.  
*[Paragraph 2.2.9]*
- ❖ There was non-realisation of waiver of Rs.19.42 crore for violation of conditions.

*[Paragraph 2.2.10 (a) & (b)]*

**B)** (i) Incorrect exemption granted to 27 dealers on sales made between 1990-91 and 2000-01 resulted in non-levy of tax amounting to Rs.2.20 crore.

[ Paragraph 2.3(i),(ii) & (iii) ]

(ii) Admission of ineligible assessee to the Samadhan Scheme resulted in irregular waiver of Rs.8.42 crore.

[ Paragraph 2.4 ]

(iii) Incorrect computation of taxable turnover amounting to Rs.1.78 crore in respect of four assesseees for the year 1995-96 resulted in non-levy of tax of Rs.44.82 lakh.

[ Paragraph 2.6 ]

(iv) Non/Short-levy of additional sales tax in respect of 4 dealers during the years 1994-95, 1995-96 and 1999-2000 resulted in short-realisation of Rs.67.24 lakh.

[ Paragraph 2.8 ]

### **3 Land Revenue**

Omission to levy local cess and local cess surcharge on lease amount resulted in non-realisation of Rs.19.74 lakh.

[ Paragraph 4.2 ]

### **4. Taxes on Vehicles**

A review on "Receipts under Taxes on Vehicles" revealed the following:-

❖ Delay in issue of notification to revise the rates as per Motor Vehicles Act, 1988 resulted in revenue foregone of Rs.11.33 crore.

[ Paragraph 5.2.6 ]

- ❖ Misuse of permits by All India Tourist Transport Operators, resulted in loss of revenue of Rs.38.98 crore.

*[ Paragraph 5.2.7 ]*

- ❖ Additional tax of Rs.251.84 crore in respect of 1,93,721 temporary permits issued was omitted to be levied.

*[ Paragraph 5.2.8 ]*

- ❖ Omission to operate minimum number of vehicles specified in Modified Scheme in respect of each district resulted in revenue foregone to the extent of Rs.27.86 crore.

*[ Paragraph 5.2.9 ]*

- ❖ Non-revision of minimum fine for overloading of vehicles in accordance with Motor Vehicle Act by the State Government resulted in revenue foregone amounting to Rs.1.93 crore.

*[ Paragraph 5.2.10 ]*

- ❖ There was loss of revenue of Rs.2.66 crore due to violation of permit conditions by 1007 maxi cabs which operated as stage carriage.

*[ Paragraph 5.2.11 ]*

## **5. Other Tax Receipts**

### **A. Urban Land Tax**

Omission to assess urban lands in seven offices involving 35 assesseees resulted in non-levy of tax of Rs.1.22 crore

*[ Paragraph 8.2 ]*

**B. Entertainments Tax**

Collection of tax at lower rates due to non-amendment of Schedule to the Entertainments Tax Act resulted in revenue foregone of Rs.38.80 lakh in six assessment circles involving 30 theatres.

[ Paragraph 8.4 ]

**6. Non-Tax Receipts**

**A. Mines and Minerals**

(i) Non-levy of enhanced seigniorage fee as penalty in respect of unauthorised removal of gravel resulted in non-realisation of Rs.4.27 crore.

[ Paragraph 9.2 ]

(ii) In two districts in respect of 37 cases, dead rent of Rs.26.38 lakh was not levied for the period of inoperation.

[ Paragraph 9.3 ]

**B. Animal Husbandry and Fisheries Department**

Due to ineffective pursuance of the matter by Government, interest amount due to Government to the tune of Rs.6.37 crore remained uncollected for the past 10 years.

[ Paragraph 9.5 ]

***C. Environment and Forest Department***

(i) Retention of fair price of previous auction for subsequent auction of sandalwood resulted in loss of Rs.35.85 lakh.

*[ Paragraph 9.6(3) ]*

(ii) Resale of sandalwood on the failure of the original bidders to pay the balance amount resulted in loss of revenue of Rs.1.80 crore.

*[ Paragraph 9.6(4) ]*

***D. Revenue and Housing and Urban Development Department***

Failure on the part of Government to fix the land cost for the land transferred to Tamil Nadu Slum Clearance Board for construction of tenements as early as in 1992 resulted in non-realisation of Government revenue to the tune of Rs.23.41 lakh for nearly 10 years.

*[ Paragraph 9.7 ]*