

CHAPTER II SALES TAX

2.1 Results of audit

Test check of the records relating to sales tax conducted during the year 2006-07 revealed underassessment of tax and other irregularities involving Rs. 28.91 crore in 246 cases which broadly fall under the following categories:

<i>(Rupees in crore)</i>			
Sl. No.	Categories	No. of cases	Amount
1.	Non/short levy of tax due to incorrect determination of gross turnover	23	9.43
2.	Non/short levy of tax/penalty	27	6.15
3.	Non/short levy of interest	59	2.29
4.	Underassessment of tax due to incorrect deduction	24	1.52
5.	Non/short levy of tax due to application of incorrect rate of tax and mistake in computation	23	0.91
6.	Other irregularities	90	8.61
Total		246	28.91

During the course of the year 2006-07, the concerned department accepted underassessment and other deficiencies of Rs. 7.97 crore in 143 cases of which 118 cases involving Rs. 7.01 crore were pointed out in audit during the year 2006-07 and the rest in earlier years. An amount of Rs. 16.51 lakh was realised in 10 cases.

A few illustrative cases involving Rs. 37.64 crore highlighting important observations are mentioned in the following paragraphs.

2.2 Non-levy of penalty for concealment of sales/purchases

Under the West Bengal Sales Tax (WBST) Act, 1994 if a dealer has concealed any turnover or furnished incorrect particulars thereof with intent to reduce the amount of tax payable, the assessing authorities (AAs) in addition to the tax, may impose by way of penalty a sum which shall not be less than one and half times and not more than thrice the amount of tax that would have been avoided by him. According to instructions (June 1991) of the Commissioner of Commercial Taxes (CCT), West Bengal, where the AAs did not initiate penal proceedings in a case, he should record the reasons for not doing so in the assessment order.

Scrutiny of the records of seven¹ charge offices between January 2005 and February 2006 revealed that, while assessing 28 cases of 28 dealers between May 1998 and February 2005 for different assessment periods ending between March 1996 and March 2003, the AAs observed that the dealers had concealed sales/purchases aggregating Rs. 98.61 crore with the intention to evade tax of Rs. 6.52 crore. Though the AAs levied tax on the concealed turnover, yet they neither levied minimum penalty of Rs. 9.78 crore nor recorded any reasons in the assessment order which was mandatory as per the CCTs' standing instructions.

After the cases were pointed out, the department in 12 cases involving Rs. 7.32 crore stated that imposition of penalty was discretionary and optional. The reply is not tenable as incorporating the reasons for non-imposition of penalty in the assessment orders was mandatory as per the instructions of the CCT. In two cases involving Rs. 43.19 lakh the dealers preferred appeal. In the remaining 14 cases involving Rs. 2.03 crore, the department did not furnish any reply.

The cases were reported to the Government between March 2005 and June 2006 followed by reminders issued upto June 2007; their reply has not been received (September 2007).

2.3 Incorrect determination of gross turnover

Under the WBST Act, turnover of sales in relation to any period, means the aggregate of the sale prices or parts of sale prices receivable by a dealer or if a dealer so elects, actually received by the dealer during such period. A dealer is liable to pay tax at the prescribed rate on the amount of such turnover after allowing permissible deductions.

¹ Barrackpore, Coochbehar, Corporate Division I and II, Salkia, Salt Lake and Shibpur.

2.3.1 Scrutiny of the records of 11² charge offices during April 2004 to July 2006 revealed that while assessing 19 cases of 19 dealers between June 2001 and June 2006 for different assessment periods ending between March 2000 and March 2003, the AAs incorrectly determined gross turnover (GT)/taxable balance (TB) as Rs. 326.25 crore instead of Rs. 417.71 crore. Short determination of GT/TB by Rs. 91.46 crore due to errors/omissions/irregularities resulted in short levy of tax of Rs. 9.10 crore as mentioned below:

(Rupees in lakh)

Nature of irregularity	No. of cases	GT/TB to be determined	GT/TB determined	Short determination of GT/TB	Tax effect
Stock transfer not supported by documents	01	19,358.10	10,580.56	8,777.54	877.75
Erroneous calculation of TB	10	19,878.44	19,607.55	270.89	19.20
Non-inclusion of sale value of goods exempted irregularly	02	2,088.55	2,043.19	45.36	8.29
Non-inclusion of excise duty	01	278.18	266.04	12.14	1.82
Non-inclusion of sale value of goods imported through way bills	03	99.33	69.87	29.46	1.84
Non-detection of difference between sales figures of final accounts and sale returns	01	57.86	53.31	4.55	0.46
Discrepancy between closing stock of previous year and opening stock of current year	01	10.32	4.73	5.59	0.56
Total	19	41,770.78	32,625.25	9,145.53	909.92

After the cases were pointed out, the department between February 2005 and August 2006, admitted audit observations in nine cases involving Rs. 8.96 crore. Of these, two cases had been/were being proposed to the higher/appellate authority for revision. In one case involving Rs. 1.20 lakh, the department in August 2004 stated that as the certified accounts were rejected and GT enhanced, exemption on consignment sales was also enhanced accordingly and thus there was no excess allowance of claim. The reply is not tenable as exemption is to be allowed on the basis of the actual claim to the extent of the documents produced. In the remaining nine cases involving Rs. 12.52 lakh, the department did not furnish any reply.

The cases were reported to the Government between December 2004 and November 2006 followed by reminders issued upto June 2007; their reply has not been received (September 2007).

² Barrackpore, Baruipur, Bhowanipore, Colootola, Corporate Division I and II, Durgapur, Esplanade, Jorabagan, Serampore and Suri.

2.3.2 Scrutiny of the records of two³ charge offices between February and March 2006 revealed that while assessing 10 cases of 10 dealers between June 2003 and April 2005 for different assessment periods ending between March 2001 and March 2004, the AAs incorrectly determined sales turnover of bricks as Rs. 76.29 lakh instead of Rs. 1.96 crore calculated at the minimum rate as per the schedule of rates of the Public Works division. This resulted in short determination of turnover of sales of Rs. 1.20 crore with consequent short levy of tax of Rs. 12.75 lakh including surcharge and additional surcharge.

The cases were reported to the department/Government between March and May 2006 followed by reminders issued upto July 2007; their reply has not been received (September 2007).

2.4 Incorrect exemption of export sales

Under the Central Sales Tax (CST) Act 1956, sales of goods made in the course of export out of India are exempted from tax if such sales are supported by proper evidence of export. Sales not supported by necessary evidence are to be taxed at the prescribed rates treating these as sales in the course of inter state trade.

Scrutiny of the records of two⁴ charge offices in Kolkata between March 2005 and July 2006 revealed that while assessing 12 cases of 10 dealers between June 2001 and June 2005 for different assessment periods ending between March 1995 and March 2003, the AAs allowed exemption on account of export sales of Rs. 52.68 crore though the dates of bill of lading were prior to the dates of bill of invoice. This resulted in incorrect exemption of export sales of Rs. 52.68 crore and consequent non-levy of tax of Rs. 4.34 crore.

After the cases were pointed out, the department between March 2005 and July 2006 admitted the audit observations in three cases involving Rs. 5.11 lakh. Of these, two cases involving Rs. 2.33 lakh had been sent for revision to higher authority. In three cases involving Rs. 14.38 lakh, the AAs stated in May 2005 that the date of bill of lading might be beyond the bill date. The reply is not tenable as bills of lading also known as shipping bills are required to be filed alongwith all original documents such as invoices in the absence of which shipping bills cannot be processed as per the Custom Law Manual. In the remaining six cases involving Rs. 4.15 crore, the department did not furnish any reply.

The cases were reported to the Government between May and November 2006 followed by reminders issued upto June 2007; their reply has not been received (September 2007).

³ Diamond Harbour and Tamluk.

⁴ Bhowanipore and Corporate Division I.

2.5 Incorrect exemption on account of transfer of goods

Under the CST Act and the Rules made thereunder, a dealer claiming exemption from his turnover on account of transfer of goods outside the State otherwise than by way of sale, is liable to furnish declarations in form F duly filled in and signed by the principal officer or his agent of the other place of business as a proof of transfer along with the evidence of despatch. Transfer of goods effected during a calendar month is to be covered in a single declaration. Otherwise, such transfer of goods is liable to be treated as inter state sale and taxed accordingly.

Scrutiny of the records of three⁵ charge offices between March 2005 and May 2006 revealed that while assessing 30 cases of 30 dealers between June 2002 and June 2005 for different assessment periods ending between March 1995 and March 2003, the AAs allowed claim of transfer of goods to their branches/agents outside the State for Rs. 892.55 crore on the basis of declarations in form F. Further scrutiny revealed that in 16 cases involving transfer of goods of Rs. 34.63 crore, single F form covered transactions beyond one calendar month and in 14 cases involving Rs. 4.34 crore, transfer of goods were made to non-existent dealers. Incorrect allowance of exemption on such transfer of goods of Rs. 38.97 crore resulted in underassessment of tax of Rs. 3.95 crore.

After the cases were pointed out, the department between October 2005 and May 2006 admitted audit observations in two cases involving Rs. 3.69 lakh. Of these, one case involving Rs. 2.73 lakh had been proposed for *suo motu* revision to the concerned authority. In the other case involving Rs. 96,000, the department stated that measures would be taken to rectify the mistake. In three cases involving Rs. 2.81 crore, the department between May 2005 and February 2006 stated that the date of receipt of goods had been treated as the date of transaction. The reply is not tenable as the date of effecting the transfer of goods i.e. the date of despatch, should be treated as the date of transaction. In nine cases involving Rs. 23.51 lakh, the department between April and May 2005 stated that the consignee dealers were valid. The reply is not tenable as cross verification of records available with the department indicates that those dealers had already been declared non-existent by the Sales Tax Department of the concerned States. In the remaining 16 cases involving Rs. 86.57 lakh, the department did not furnish any reply.

The cases were reported to the Government between May and June 2006, followed by reminders issued upto June 2007; their reply has not been received (September 2007).

⁵ Alipore, Corporate Division I and II.

2.6 Non/short levy of interest

Under the WBST Act, a dealer who

- furnishes return in respect of any period by the prescribed date or thereafter but fails to make full payment of tax payable in respect of such period by the prescribed date; or
- fails to furnish a return in respect of any period before assessment and on such assessment it is found that the full amount of tax payable for such period have not been paid by him by such prescribed date; or
- fails to make payment of any tax demanded after assessment by the date specified in the demand notice,

is liable to pay simple interest at the prescribed rate for each calendar month of default. In case of non-payment, interest is to be included in the demand upto the month preceding the month of initiation of certificate proceedings.

Scrutiny of the records of 15⁶ charge offices between July 2004 and August 2006 revealed that while assessing/initiating certificate proceedings between February 2002 and June 2006 in 48 cases of 46 dealers for different assessment periods ending between December 1988 and March 2004, the AAs levied interest of Rs. 40.84 lakh instead of Rs. 3.14 crore realisable for delayed payment of tax of Rs. 5.17 crore resulting in non/short levy of interest of Rs. 2.73 crore.

After the cases were pointed out, the department between January 2005 and August 2006 accepted audit observations in 31 cases involving Rs. 1.58 crore of which nine cases involving Rs. 11.50 lakh were being/had been proposed for revision/*suo motu* revision to the higher/appellate authorities and in 17 cases involving Rs. 1.27 crore, fresh demand notices were issued/referred to the certificate officer/tax recovery officer for realisation. One case involving Rs. 40,000 was sent to higher authority for considering audit observation at the appellate stage. In four cases involving Rs. 12.06 lakh, the department stated that action would be taken. In the remaining 17 cases involving Rs. 1.15 crore, the department did not furnish reply. A report on further development has not been received (September 2007).

The cases were reported to the Government between August 2004 and November 2006 followed by reminders issued upto June 2007; their reply has not been received (September 2007).

⁶ Alipore, Ballygunge, Barrackpore, Baruipur, Beliaghata, Bhowanipore, China Bazar, Corporate Division I and II, Durgapur, New Market, ND Sarani, Salkia, Salt Lake and Serampore.

2.7 Non/short raising of demand

Under the provisions of the WBST Act, the AA shall serve a notice of demand in the prescribed form to the dealer after final assessment showing, *inter alia*, the amount of tax, interest, penalty etc. and the date of payment of such dues.

Scrutiny of the records of four⁷ charge offices between May 2005 and April 2006 revealed that while assessing seven cases of seven dealers between June 2002 and May 2005 for different assessment periods ending between March 1998 and March 2003, the AAs assessed tax including interest and penalty at Rs. 4.75 crore but raised demand short by Rs.71.32 lakh involving tax and interest in six cases and demand of penalty of Rs.1.55 crore in the remaining case was not raised. This resulted in short demand of revenue by Rs. 2.26 crore.

After the cases were pointed out, the department in October 2005 and April 2006 admitted audit observations in four cases involving Rs. 1.66 crore. In one case involving Rs. 1.83 lakh, the department in May 2006 stated that the issue of demand notice was not an integral part of the assessment procedure. The reply is not tenable as demand notice is issued to communicate the amount of tax, interest and penalty determined in the assessment proceedings along with the date by which such dues are payable by the dealer. In the remaining two cases involving Rs. 58.73 lakh, the department did not furnish any reply. A report on further development has not been received (September 2007).

The cases were reported to the Government between January and July 2006 followed by reminders issued upto June 2007; their reply has not been received (September 2007).

2.8 Undue benefit to the dealers due to irregular adjustment of excess tax

Under the provisions of the WBST Act, if a dealer, collects any amount in excess of the amount of tax payable by him, he should deposit such excess collected tax into the Government account within 30 days from the date of collection under intimation to the CCT for arranging refund to the purchaser on application and submission of relevant documents. In case of failure to deposit the tax collected in excess, the dealer has to pay a penalty not less than the amount of tax so collected and not exceeding twice the amount of tax.

Scrutiny of the records of three⁸ charge offices between May 2005 and January 2006 revealed that during the period ending between March 2000 and March 2002, six dealers collected tax of Rs. 3.45 crore against tax of Rs. 2.76 crore resulting in excess collection of tax of Rs. 68.85 lakh. The AAs while

⁷ Ballygunge, Baruipur, Corporate Division I and II.

⁸ Corporate Division I and II and Serampore.

assessing those cases between December 2001 and June 2004, allowed the dealers to adjust the excess tax collected against their assessed dues in contravention of the provision of the Act. This resulted in irregular adjustment of excess tax of Rs. 68.85 lakh and non-imposition of minimum penalty of Rs. 68.85 lakh.

The cases were reported to the department and the Government between January and June 2006 followed by reminders issued upto June 2007; their reply has not been received (September 2007).

2.9 Incorrect allowance of concessional rate of tax

Under the WBST Act and Rules made thereunder, a dealer is eligible for concessional rate of tax for sales of goods to registered resellers or manufacturing dealers/Government departments if such sales are supported by prescribed declaration forms or certificate furnished by such purchasing dealers/Government departments. Further, as per the CST Act, inter state sales of goods are also exigible to tax at the concessional rate subject to the production of the prescribed form C and D by the purchasers.

Scrutiny of the records of seven charge offices⁹ between October 2004 and June 2006 revealed that while assessing 18 cases of 17 dealers between August 2005 and July 2006 for different assessment periods ending between March 1998 and March 2003, the AAs levied tax at concessional rates ranging between three and five *per cent* instead of at 5 and 12 *per cent* on the turnover of Rs. 19.63 crore. Levy of tax at concessional rate in these cases was incorrect as the sales were either not supported by the requisite declaration forms or supported by defective forms and/or not made to registered dealers/Government organisations. In two cases, statements supporting the claim for concessional rate of tax included sales prior to the period of assessment/date of purchase order. Allowance of incorrect concessional rate resulted in short levy of tax of Rs. 86.91 lakh.

After the cases were pointed out, the department between June 2005 and February 2006 accepted audit observations in seven cases involving Rs. 26.42 lakh of which two cases involving Rs. 10.98 lakh had been/were being sent to the higher/appellate authority for revision. In the remaining 11 cases involving Rs. 60.49 lakh, the department did not furnish any reply.

The cases were reported to the Government between August 2005 and July 2006 followed by reminders issued upto June 2007; their reply has not been received (September 2007).

⁹ Baruiapur, Coochbehar, Corporate Division I, II and III, Durgapur and ND Sarani.

2.10 Incorrect determination of contractual transfer price

Under the WBST Act, any transfer of property in goods involved in the execution of works contract shall be deemed to be a sale by the person making such transfer attracting levy of tax at the prescribed rates on such contractual transfer price (CTP).

Scrutiny of the records of four¹⁰ charge offices between August 2005 and March 2006 revealed that while assessing five cases of five dealers between December 2003 and June 2004 for different assessment periods ending between March 2002 and March 2003, the AAs determined CTP as Rs. 40 lakh instead of Rs. 21.55 crore due to non/less inclusion of the value of taxable materials involved in the execution of works contract. This resulted in non/short determination of CTP of Rs. 21.15 crore with consequential tax effect of Rs. 85.89 lakh.

After the cases were pointed out, the department between August 2005 and March 2006 admitted audit observations in all the five cases and stated that four cases involving Rs. 85.29 lakh would be sent for revision. A report on further development has not been received (September 2007).

The cases were reported to the Government between January and May 2006 followed by reminders issued upto June 2007; their reply has not been received (September 2007).

2.11 Short realisation of tax due to excess credit

Under the WBST Act, a dealer is liable to pay admitted tax on the basis of self assessment at the time of furnishing the returns of his turnover. The amount of tax so paid is adjusted against the tax assessed at the time of final assessment.

Scrutiny of the records of two¹¹ charge offices in August and December 2005 revealed that while assessing six cases of five dealers between December 2001 and June 2004 for different assessment periods ending between March 1999 and March 2002, the AAs adjusted Rs. 5.41 crore though the dealers actually deposited admitted tax of Rs. 4.73 crore. The allowance of excess credit resulted in short realisation of tax of Rs. 68 lakh.

After the cases were pointed out, the department in December 2005 stated in one case involving Rs. 1.50 lakh that the matter would be sent for revision. In the remaining five cases involving Rs. 66.50 lakh, the department did not furnish any reply.

The cases were reported to the Government between January and May 2006 followed by reminders issued upto June 2007; their reply has not been received (September 2007).

¹⁰ Alipore, Bally, Barrackpore and Baruipur.

¹¹ Baruipur and Corporate Division I.

2.12 Misclassification of goods/transaction

Under the provisions of the WBST Act, goods/commodities are classified and listed under the different schedules and tax levied according to the nature and/or classification of such goods and nature of transaction.

Scrutiny of the records of four¹² charge offices between April 2005 and May 2006 revealed that while assessing six cases of five dealers between June 2003 and May 2005 for different assessment periods ending between March 2001 and March 2003, the AAs did not levy/short levied tax of Rs. 50.66 lakh due to misclassification of goods/transaction.

After the cases were pointed out, the department between May 2005 and March 2006 admitted audit observations in three cases involving Rs. 5.27 lakh and did not furnish any reply in one case involving Rs. 46,000. Replies as furnished in the remaining two cases involving tax of Rs. 44.93 lakh are not tenable as mentioned below:

(Rupees in lakh)

Item sold	Classified by AA	Reply of the department	Comment of Audit	Involvement of tax
Polypropelene woven fabric	High density polyethylene (HDPE) fabric	HDPE fabric is exempted from tax according to Court judgments.	Court judgments do not cover polypropelene woven fabric which is different from HDPE fabric.	33.86
Adhesive	Resin based adhesive	Resin based adhesive is taxable at five <i>per cent</i> .	There is no separate item in the schedule of goods as resin based adhesive. The basic character of the item is adhesive which is taxable at the rate of 12 <i>per cent</i> .	11.07
Total				44.93

The cases were reported to the Government between June 2005 and July 2006 followed by reminders issued upto June 2007; their reply has not been received (September 2007).

2.13 Underassessment of tax due to incorrect deduction

Under the WBST Act and the Rules made thereunder, in determining the taxable turnover of a dealer, deduction of tax collected and paid by him is allowable from the aggregate of sales turnover in accordance with the prescribed formula¹³. The CCT, West Bengal, reiterating the provisions in a circular of December 1998, instructed all the AAs to restrict the deduction to the amount of sales tax collected and included in the turnover by the dealers. This provision is also applicable to assessments made under the CST Act.

¹² Bally, Ballygunge, Barrackpore and Park Street.

¹³ $\frac{\text{Rate of tax} \times \text{the balance of gross turnover of sales after making deduction therefrom}}{100 + \text{rate of tax}}$ under clause (a)

Scrutiny of the records of eight¹⁴ charge offices between November 2004 and February 2006 revealed that while assessing 17 cases of 14 dealers between May 2001 and March 2005 for different assessment periods ending between March 1999 and March 2003, the AAs allowed deduction of Rs. 13.75 crore against actual collection of tax of Rs. 10.17 crore as shown in the returns. Excess allowance of deduction of Rs. 3.58 crore by the AAs resulted in short levy of tax of Rs. 44.26 lakh.

After the cases were pointed out, the department between November 2004 and February 2006 accepted audit observations in nine cases involving Rs. 11.40 lakh. In one case involving Rs. 52,000, modified demand notice had been issued to the dealer. In another case involving Rs. 48,000, it was stated that the matter would be proposed for *suo motu* revision. In four cases involving Rs. 1.68 lakh, the department stated that deduction was allowed as the gross turnover was inclusive of tax elements. The reply is not tenable as the AAs in those cases allowed deduction of Rs. 46.44 lakh against actual collection of Rs. 4.25 lakh in contravention of the provisions of the Act and departmental circular of December 1998. In the remaining four cases involving Rs. 31.18 lakh, the department did not furnish any reply.

The cases were reported to the Government between January 2005 and May 2006 followed by reminders issued upto June 2007; their reply has not been received (September 2007).

2.14 Application of incorrect rate of tax

Under the WBST Act, the rate of tax depends on the nature of sales and also on the nature of goods/commodities sold. Further, after finalisation of any assessment by an AA, if it is found that there was mistake in the assessments as apparent from the records, the revisional authority having jurisdiction over such AA may, on his own motion, revise the assessment and the dealer shall be liable to pay the differential tax so assessed.

Scrutiny of the records of seven¹⁵ charge offices between February 2005 and February 2006 revealed that while assessing 12 cases of 11 dealers between June 2001 and June 2003, for different assessment periods ending between March 2000 and March 2003, the AAs short levied tax of Rs. 31.58 lakh inclusive of surcharge and additional surcharge due to the application of incorrect rate as mentioned below:

¹⁴ Baruiipur, Coochbehar, Corporate Division I and III, Serampore, Suri, Tamruk and Ultadanga.

¹⁵ Baruiipur, Bally, Corporate Division I and III, Serampore, Shibpur and Siliguri.

Audit Report (Revenue Receipts) for the year ended 31 March 2007

(Rupees in lakh)

Sl. No.	Item	Turnover on which tax short levied	No. of cases	Rate of tax leviable (per cent)	Rate of tax levied (per cent)	Short levy of tax
1	Plastic cane	520.00	01	8	5	15.60
2	Glass sheet	208.13	02	12	10	3.78
3	Arms	45.28	01	20	12	3.10
4	Other items	51.59	04	8 - 15	4 - 8	2.93
5	Medicine	69.60	01	8	4	2.68
6	Tea	160.00	01	8	7	1.60
7	Paint	27.00	01	12	8	1.08
8	RCC ¹⁶ pipe	44.26	01	12	10	0.81
Total			12			31.58

After the cases were pointed out, the department between September 2005 and August 2006 accepted audit observations in five cases involving Rs. 7.72 lakh. Of these, in two cases involving Rs. 3.13 lakh, the department stated that process for *suo motu* revision would be initiated. In three cases involving Rs. 4.59 lakh, the department stated that action would be taken. In the remaining seven cases involving Rs. 23.86 lakh, the department did not furnish any reply.

The cases were reported to the Government between November 2005 and November 2006 followed by reminders issued upto June 2007; their reply has not been received (September 2007).

2.15 Mistake in computation of tax

Under the WBST Act, tax, surcharge and additional surcharge are to be levied at the rate applicable from time to time along with interest and penalty, if any, on the goods/commodities sold.

Scrutiny of the records of six¹⁷ charge offices between August 2005 and July 2006 revealed that while assessing six cases of six dealers between June 2003 and October 2005 for different assessment periods ending between March 2001 and March 2004, the AAs assessed tax, surcharge, additional surcharge and penalty of Rs. 3.26 crore instead of Rs. 3.43 crore due to mistake in computation. This resulted in short assessment and short levy of tax including surcharge of Rs. 16.47 lakh.

After the cases were pointed out, the department between August 2005 and July 2006 accepted audit observations in five cases involving Rs. 11.69 lakh. In two cases involving Rs. 6.27 lakh, it was stated that the audit observation would be considered at the appellate stage. In two other cases involving

¹⁶ Reinforced cement concrete.

¹⁷ Ballygunge, Bhowanipore, Corporate Division I and II, Durgapur and Shibpur.

Rs. 4.42 lakh, notice had been already/would be served for revision of the assessment order. In one case involving Rs. 1 lakh, the department agreed to take action. In the remaining case involving Rs. 4.78 lakh, the department did not furnish any reply.

The cases were reported to the Government between April and November 2006 followed by reminders issued upto June 2007; their reply has not been received (September 2007).

2.16 Non-levy of purchase tax

Under the WBST Act, a manufacturer dealer is liable to pay purchase tax at the rate of four *per cent* on all purchases from unregistered dealers intended for direct use in the manufacture of goods for sale in West Bengal. The dealers shall furnish annexure P with the return indicating the value of goods purchased and tax payable thereon.

Scrutiny of the records of four¹⁸ charge offices in Kolkata between June 2005 and July 2006 revealed that in assessing seven cases of seven dealers between December 2003 and June 2006 for different assessment periods ending between March 2000 and March 2004, the AAs did not levy tax on purchases worth Rs. 3.06 crore though purchase statement in annexure P attached with returns for such purchases were incomplete/not produced at all. This resulted in non-levy of purchase tax of Rs. 12.84 lakh.

The cases were reported to the department/Government between December 2005 and November 2006 followed by reminders issued upto June 2007; their reply has not been received (September 2007).

¹⁸ Bhowanipore, Corporate Division I and II and New Market.