

## OVERVIEW

### I. General

This Report contains 43 paragraphs including two reviews relating to underassessment/non-realisation/loss of revenue etc. involving Rs. 616.07 crore. Some of the major findings are mentioned below:

The total receipts of the Government for the year 2007-08 increased to Rs. 30,167.38 crore against Rs. 25,828.31 crore in the previous year. Of this, 48 *per cent* was raised by the Government through tax revenue (Rs. 13,126.33 crore) and non-tax revenue (Rs. 1,473.09 crore). The balance 52 *per cent* was received from the Government of India as the State's share of net proceeds of divisible Union taxes (Rs. 10,729.06 crore) and grants-in-aid (Rs. 4,838.90 crore).

**(Paragraph 1.1)**

Test check of the records of sales tax, land revenue, stamp duty and registration fees, motor vehicles tax, state excise, electricity duty, other tax receipts, forest receipts and other non-tax receipts conducted during the year 2007-08 revealed underassessment/short levy/loss of revenue amounting to Rs. 665.35 crore in 731 audit observations. During the course of the year, the departments accepted underassessment of Rs. 232.02 crore in 308 audit observations pointed out in 2007-08 and recovered Rs. 2.11 crore at the instance of audit. No replies have been received in respect of the remaining cases.

**(Paragraph 1.10)**

As on 30 June 2008, 1,188 inspection reports issued upto December, 2007 containing 3,292 audit observations involving Rs. 4,181.67 crore were outstanding for want of response or final action by the concerned departments.

**(Paragraph 1.13)**

### II. Sales Tax

Review on "Concessions and exemptions under the sales tax Acts" revealed the following:

- Failure of the Commissioner of Commercial Taxes to prescribe a mechanism for cross verification of declaration forms before their acceptance led to evasion of tax of Rs. 36.35 lakh including penalty remaining undetected.

**(Paragraph 2.2.8)**

- The assessing authorities irregularly allowed concessions and exemptions of tax of Rs. 305.95 crore to the dealers who did not furnish the requisite statements.

**(Paragraph 2.2.12)**

- Acceptance of claims without purchase evidence and incomplete purchase evidence of scheduled IV goods by the assessing authorities resulted in irregular allowance of exemption of tax of Rs. 24.49 crore.

**(Paragraph 2.2.13)**

- Failure of the assessing authorities in applying correct rate of tax on disallowed claims of concessional rate of tax on interstate sales due to non-production of declaration forms resulted in short levy of tax of Rs. 4.91 crore.

**(Paragraph 2.2.14)**

- Irregular allowance of stock transfers by the assessing authorities resulted in irregular allowance of exemption/non-levy of tax of Rs. 3.59 crore.

**(Paragraph 2.2.15)**

- Failure of the assessing authorities in reassessment of tax and imposition of penalty against the dealers who had evaded tax by producing fake declaration forms resulted in non-levy of tax and penalty of Rs. 48.11 lakh.

**(Paragraph 2.2.16)**

Failure of the authorities in realising the tax and penalty from the errant transporters violating the provisions of the Act led to non-realisation of revenue of Rs. 29.64 crore.

**(Paragraph 2.3)**

Incorrect determination of gross turnover/taxable balance of the dealers resulted in short levy of tax of Rs. 30.29 crore.

**(Paragraph 2.4)**

Non-imposition of minimum penalty on concealed sales/purchases of Rs. 85.42 crore resulted in non-realisation of revenue of Rs. 7.53 crore.

**(Paragraph 2.5)**

Incorrect determination of taxable purchase price at Rs. 35.63 crore instead of Rs. 42.56 crore resulted in non/short levy of purchase tax of Rs. 42.88 lakh.

**(Paragraph 2.10)**

Incorrect deduction from the taxable turnover of tax collected by the dealers resulted in short levy of tax of Rs. 57.53 lakh.

**(Paragraph 2.18)**

Incorrect exemption on export sales of Rs. 13.88 crore resulted in underassessment of tax amounting to Rs. 1.11 crore.

**(Paragraph 2.21)**

### **III. Land Revenue**

Non-execution of long term lease for 5.03 acres of non-agricultural land resulted in loss of annual rent of Rs. 3.32 lakh and non-realisation of *salami* of Rs. 20.15 lakh.

**(Paragraph 3.2)**

Failure in realising the cess from *raiya*s resulted in short realisation of revenue of Rs. 15.35 lakh.

**(Paragraph 3.3)**

Allowance of inadmissible rebate resulted in short realisation of land revenue of Rs. 8.54 lakh.

**(Paragraph 3.6)**

### **IV. State Excise**

Failure of the officer-in-charge of a distillery to enforce the provisions regarding minimum yield of alcohol from molasses resulted in short realisation of excise duty of Rs. 10.62 crore.

**(Paragraph 4.2)**

Allowing the wastage of rectified spirit/India made foreign liquor in transit in excess of the maximum permissible limit resulted in non-realisation of excise duty of Rs. 26.83 lakh.

**(Paragraph 4.3)**

Fees of Rs. 17.46 lakh for import of spirit from outside the State was not realised from two manufacturers of country spirit.

**(Paragraph 4.4)**

### **V. Motor Vehicles Tax**

Due to lack of proper monitoring on the part of taxing authorities, tax, additional tax and penalty of Rs. 3.73 crore was not realised from the owners of 707 motor vehicles.

**(Paragraph 5.2)**

Difference between life time tax and one time tax of Rs. 50.08 lakh including penalty was not realised from 1,143 motor cycle owners.

**(Paragraph 5.3)**

## **VI. Other Tax Receipts**

Non-raising of demand for payment of entertainment tax on entry fees, subscription etc., on horse racing during 2005-06 resulted in non-levy of entertainment tax of Rs. 22.29 lakh.

**(Paragraph 6.2)**

Failure of the department to issue demand notice or recover the deficit stamp duty from the executants of the documents resulted in non-realisation of revenue of Rs. 1.42 crore.

**(Paragraph 6.4)**

Failure of the department to enroll 501 professionals and traders resulted in non-realisation of profession tax of Rs. 27.09 lakh.

**(Paragraph 6.6)**

## **VII Non-tax receipts**

Review on “Assessment and collection of revenue from minor minerals” revealed the following:

- Issue of operational modalities for extraction of earth by the brick kilns in contravention of the provisions of the Rules *inter alia* led to non/short realisation of royalty of Rs. 77.79 lakh.

**(Paragraph 7.2.7)**

- Failure to prescribe a system of inter-departmental cross verification of data resulted in non-detection of excess extraction of minerals and consequently there was non-realisation of revenue of Rs. 164.62 crore.

**(Paragraph 7.2.8)**

- Non-conducting of periodic inspection led to illegal extraction of minerals without valid permits remaining undetected and consequently there was non/short realisation of revenue of Rs. 13.29 crore.

**(Paragraph 7.2.9)**

- There was non/short realisation of revenue of Rs. 2.02 crore on unauthorised extraction of earth by the brick kiln owners.

**(Paragraph 7.2.14)**

- For short extraction of minerals against the permitted quota, penalty of Rs. 1.44 crore though realisable was not levied.

**(Paragraph 7.2.15)**

Failure of the department in assessing and levying the water rate on land used/occupied by the lessees for extraction of coal resulted in non-realisation of revenue of Rs. 13.70 lakh.

**(Paragraph 7.3)**

Non-assessment and non-levy of water rate for the irrigated land as per test notes of the engineering divisions resulted in non-realisation of revenue of Rs. 1.10 crore.

**(Paragraph 7.4)**