

CHAPTER-VII

REVENUE RECEIPTS

7.1 Arrears in collection of Municipal Taxes

Test checks of records in 26 ULBs revealed huge arrears in collection of Municipal taxes namely house tax, light-tax, water-tax, and property tax, Latrine-tax, Room/Stall/Building Rent, Trade License Fees etc. The arrears of collection accumulated to Rs.874.20 lakh which related to the period from April 2000 to March 2007.

The ULBs did not issue demand notices, imposed penalty or initiated recovery process through attachment of moveable property belonging to the defaulter. Inaction of the ULBs in recovering the taxes of Rs 874.20 lakh led to these amounts lying unrealized for periods ranging from 2 to 7 years. Some of them are fraught with the risk of becoming non-recoverable as details given in **Annexure-XIX**.

In reply to an audit query, the concerned Chairman/Chairperson stated that necessary steps would be taken to recover the same and result thereon will be communicated to audit. But no communication has been received from their end (June 2008).

7.2 (A) Outstanding Kist Money

Local Markets/Par-ghats/Fisheries etc were leased out to the private parties every year by inviting open tenders. The highest bidder is awarded the lease on the condition that the bidder must deposit their Kist money in four equal installments. However, ULBs failed to enforce this and Kist money remained unrealized for years.

Test check of records in 17 ULBs revealed that Kist money amounting to Rs 50.31 lakh due from 193 lessees/mahaldars remained un-realized (May 2008).

The concerned ULBs, however, did not take action to realize the outstanding Kist money as detailed in **Annexure –XX**.

7.2 (B) Loss of Revenue due to non-settlement of Markets to the highest bidder

It was also noticed that highest bidders were refused without assigning any reason and other bidders were allotted markets etc on lease basis in 36 cases by the nine ULBs. Thus the ULBs incurred loss of revenue of Rs. 18.20 lakh as a result of violating rules as detailed below:

(Rs in lakh)

SI No	Name of Unit	Period	Amount	No of cases
1	Mangaldoi MB	4/2000 to 3/07	6.92	6
2	Kharupetia TC	4/02 to 3/05	1.40	4
3	Sarupathar TC	03-04 to 05-06	4.15	2
4	Chapar TC	02-03 to 06-07	0.31	4
5	Golaghat MB	04-05 to 05-06	1.17	4
6	Bokajan TC	2000-01 to 04-05	1.44	5
7	Margherita TC	06-07	1.23	5
8	Titabor TC	07-08	0.91	1
9	Dongkamukam TC	01-02 to 07-08	0.67	5
Total			18.20	36

Further, the concerned ULBs made no efforts to realize the outstanding amounts.

7.3 Loss of Revenue due to non-deduction of AGST

As per Section 27 of the Assam General Tax Act, 1993 all DDOs of Government departments and government undertakings are under obligation to deduct tax at source of the prescribed rates for supply of any taxable goods or for undertaking works. Further, Rule 35 of the Assam General Sales Tax Rules 1993 as amended provides that the tax so deducted should be deposited into designated Bank by appropriate challans within 10 days from the expiry of each calendar month.

Further, as per Hon'ble High Court's verdict dated 26th March 2002 circulated vide Commissioner of Taxes, Government of Assam Notification No CTS-37/2000/98 dated 21st December.2002, Assam Government Sales Tax (AGST) is to be deducted at the rate of 4.4 *per cent* on the taxable turnover as certified by the Superintendent of Taxes.

Test check of records of 14 ULBs revealed that Government suffered loss of Revenue of Rs.8.51 lakh due to non-deduction of AGST from the Contractors/Suppliers bills, while making final payment by the 14 ULBs during 2000-2007.

Reasons for non-deduction and subsequent non-deposit of AGST from the Contractors/Suppliers bills were not available on record. Details are given in **Annexure –XXI**.

7.4 Loss of Revenue due to Non-deduction of Income Tax

As per provision under section 194 of the Income Tax Act 1961, Income-tax is to be deducted at the rate of 2.2 *per cent* from bills of contractors/suppliers who supplied materials like sand, boulders, stone, chips, stone dust, etc) and the amount so recovered was to be deposited to the Government account within the 10th of succeeding the month.

Test check of records of seven ULBs revealed that Government suffered a loss of Revenue of Rs 3.12 lakh as the ULBs failed to deduct/deposit income tax from the Contractors/Suppliers final payment bills during 2000-2007. Details of short recovery of income tax were as under:

(Rs in lakh)

Sl No	Name of the unit	No of items	Period	Amount of Income Tax to be realized
1	Golaghat Municipal Board	15	01/04/2000 to 31/03/2007	0.99
2	Titabor Town Committee	6	01/04/2006 to 31/03/2007	0.08
3	BokajanTown Committee	19	-do-	0.31
4	KampurTown Committee		01/04/2003 to 31/03/2007	1.05
5	DangkamukamTown Committee	18	-do-	0.58
6	Kharupetia Town Committee	9	01/02/2000 to 30/09/2002	0.05
7	Gohapur Town Committee	2	01/04/2004 to 31/03/2005	0.06
	Total	71		3.12

7.5 Loss of Revenue due to non-deduction of Forest Royalty.

Rule 28 (3) of Assam mine or mineral concession Rule 1994 read with Government Notification issued in No. PEM 26/2004/31 dated 7th March 2005, states that the following rates are leviable as Forest Royalty on all classes of forest produces. The contractor/suppliers who did not obtain permit before procurement of materials like sand, stones, earth soil etc are required to pay Royalty at the following rates.

<u>Name of materials</u>	<u>Rate of Royalty</u>
Stone/Boulder/gravel	- Rs. 100/-per cm
Sand	- Rs. 70/- per cm
Soil/earth	- Rs. 15/- per cm

Test check in 14 ULBs revealed that the Royalty was not recovered from the bills of contractor/suppliers while making final payment and the document in support of payment of Royalty on forest produces was not attached to the bills. During the period 2002-2007 non-recovery of Royalty from contractors' bills resulted in loss of revenue to the State Government of Rs 4.91 lakh vide details in **Annexure-XXII**.

This has been pointed out by audit and reply from the department is awaited (June 2008).

7.6 Non-collection of Registration Fee and Stamp Duty.

Through open tenders the local markets, par-ghats, fisheries etc coming under the jurisdiction of the ULBs are settled/leased to individual bidders annually on lease basis through open tenders. As per terms & condition of Notice Inviting Tender the successful bidder should mortgage a plot of land of the same allotment value (bid value) or more by executing a registered deed at own cost within seven days from the date of finalizing the bid/lease failing which the agreement will be treated as cancelled.

Further, as per Article No.35 (ii) of Assam Gazette Notification dated 5th July 1989 stamp duty at the rate of 3 *per cent* of bid value (demand) should also be borne by the lessee concerned in addition to Registration fee.

Test check of 23 ULBs revealed that during the period 2002-07, 91 nos of markets/Par-ghat/fisheries were leased but no settlement (agreement) deed was registered between the ULB authorities and Lessee.

Due to non-registration of agreement deed, non-mortgage of plot of land of the same allotment value and non deduction of stamp duty at the rate of 3 *per cent* during the period 2002-07, the State Government was put to revenue loss of Rs 92.83 lakh (Registration fee Rs 64.57 lakh plus Stamp duty Rs 28.26 lakh) as detailed in **Annexure-XXIII**.