

OVERVIEW

I General

This report contains 47 paragraphs including two reviews pointing out non-levy or short levy of tax, interest, penalty, revenue foregone, etc., involving Rs. 578.83 crore. Some of the major findings are mentioned below:

The Government's total revenue receipts for the year 2008-09 amounted* to Rs. 24,610 crore against Rs. 21,967 crore in the previous year. Of this, 45.39 *per cent* was raised by the State through tax revenue (Rs. 7,995 crore) and non-tax revenue (Rs. 3,176 crore). The balance 54.61 *per cent* was received from the Government of India in the form of State's share of divisible Union taxes (Rs. 8,280 crore) and grants-in-aid (Rs. 5,159 crore).

(Paragraph 1.1)

As on 30 June 2009, 3,168 inspection reports issued up to 31 December 2008 containing 8,917 audit observations involving Rs. 3,901.84 crore were outstanding for want of comments/final action by the concerned departments.

(Paragraph 1.8)

Test check of the records of sales tax/value added tax (VAT)/entry tax, motor vehicles tax, land revenue, state excise, forest receipts, mining receipts and other departmental offices conducted during the year 2008-09 revealed underassessment/short levy/loss of revenue, etc., amounting to Rs. 1,502.69 crore in 2,79,083 cases. During the year 2008-09, the concerned departments accepted underassessment and other deficiencies of Rs. 118.21 crore involved in 85,766 cases which were pointed out in 2008-09 and earlier years. The departments also recovered Rs. 176.26 crore during the year in 5,495 cases.

(Paragraph 1.13)

II Sales Tax, Value Added Tax and Entry Tax

A review on “**Transition from sales tax to value added tax**” revealed the following:

- The reorganisation of ranges and circles was done belatedly. Manpower shortage and handling of huge number of assessments pertaining to the repealed Orissa Sales Tax Act for 2004-05 and earlier years affected the transition process.

(Paragraph 2.2.7)

* Chapter-I figures in the overview have been rounded off to the nearest crore.

- There were various lacunae in the Orissa Value Added Tax Act/Rules. Necessary provisions were not made making it mandatory for the dealers to furnish, along with the return, the supporting documents or evidences.

(Paragraph 2.2.9)

- Tax audit of dealers was neglected as there were shortfalls in tax audits ranging between 38 and 97 *per cent*. Audit module in the computerised VAT Information System remained non-operational.

(Paragraphs 2.2.10.3 and 2.2.10.4)

- There was inordinate delay in submission of audit visit reports as well as completion of audit assessments.

(Paragraphs 2.2.10.5 and 2.2.14.1)

- Inadmissible input tax credit of Rs. 46.79 lakh was allowed to the dealers in respect of the opening stock as on 1 April 2005.

(Paragraph 2.2.11.2)

Undue concession to the captive power plants installed by different industrial units was allowed for which differential tax of Rs. 139.51 crore was leviable.

(Paragraph 2.4)

Tax and penalty of Rs. 14.33 crore leviable on sugarcane, sugar and textile fabrics was not levied.

(Paragraph 2.5.1)

Penalty of Rs. 11.66 crore leviable for non-submission/delayed submission of audited accounts by the dealers was not levied.

(Paragraph 2.5.2)

Payment of tax at lower rates by the dealers was irregularly accepted by the assessing authorities in assessment resulting in short levy of tax and penalty of Rs. 2.31 crore.

(Paragraph 2.5.3)

Penalty of Rs. 1.47 crore leviable for suppression of turnover of Rs. 7.42 crore in the return by a dealer was not levied in the assessment.

(Paragraph 2.5.4.1)

Exemption of sales tax of Rs. 1.40 crore was allowed to two industrial units under the sales tax incentive scheme due to erroneous computation of tax and in excess of the admissible limit.

(Paragraph 2.5.5)

Tax on raw tobacco (un-manufactured tobacco) was neither paid by the dealer nor was it demanded in the assessment resulting in non-levy of tax and penalty of Rs. 1.29 crore.

(Paragraph 2.5.6)

Interest and penalty of Rs. 89.65 lakh leviable for delay in payment/non-payment of tax was not levied.

(Paragraph 2.5.7)

In two cases there was short determination of taxable turnover which led to underassessment of tax and penalty of Rs. 3.49 crore.

(Paragraph 2.6.1)

Irregular allowance of exempted sale by the assessing authorities without supporting declaration forms resulted in underassessment of tax of Rs. 1.06 crore.

(Paragraph 2.7.1)

III **Motor Vehicles Tax**

A review on “**Information Technology audit of “Vahan” in the Motor Vehicles Department**” revealed the following:

- Non-imposition of penalty/daily damages amounting to Rs. 1.87 crore due to delay in completion of the smart card based registration certificate project.
(Paragraph 3.2.8.1)
- Non-imposition of penalty of Rs. 1.06 crore for not achieving the scheduled commercial operation date by the concessionaire.
(Paragraph 3.2.8.2)
- Non-imposition of late fine of Rs. 29.31 lakh for delay in issue of smart card based registration certificates by the concessionaire.
(Paragraph 3.2.9)
- Short realisation of one time tax and non-realisation of entry tax due to non-inclusion of ET field in the database.
(Paragraph 3.2.13.1)
- Inadequacy of input controls resulting in duplication of engine and chassis numbers.
(Paragraph 3.2.13.2)
- Inadequacy of input controls resulting in registration of two or more vehicles under the same insurance cover note.
(Paragraph 3.2.13.3)

- Partial data capture resulting in presence of incorrect data in key fields.

(Paragraph 3.2.13.4)

- Inadequacy of validation controls resulting in capturing of irrelevant dates and incorrect values in various fields, rendering the database unreliable.

(Paragraph-3.2.13.5)

Motor vehicles tax and additional tax of Rs. 63.58 crore including penalty was either not realised or realised short in respect of 30,521 different categories of vehicles.

(Paragraph 3.4.1)

Countersignature fee/process fee in respect of 1.44 lakh cases amounting to Rs. 1.55 crore was not realised from the vehicle owners.

(Paragraph 3.5.1)

IV Land Revenue, Stamp Duty and Registration Fees

Non-finalisation of alienation cases resulted in non-realisation of Rs. 29.26 crore towards premium, ground rent, cess and interest.

(Paragraph 4.3.1.1)

Non-raising of demand towards capitalised value of cess from two organisations resulted in short demand of Rs. 3.61 crore including interest.

(Paragraph 4.3.1.2)

Non-raising of demand for premium, ground rent etc., in respect of an encroached land from a local body resulted in non-realisation of Rs. 1.15 crore including interest.

(Paragraph 4.3.2)

Misclassification of instruments resulted in short levy/loss of revenue of Rs. 21.54 crore.

(Paragraph 4.6.2)

Non-registration of lease deeds/sale agreements resulted in non-realisation of stamp duty and registration fee of Rs. 14.80 crore though sale agreements executed in three cases and physical transfer of land in four cases were completed before April 2008.

(Paragraph 4.6.3)

Non-inclusion of development charges of land, ground rent, cess etc., in the consideration money resulted in escapement of stamp duty and registration fee of Rs. 1.57 crore.

(Paragraph 4.6.5.1)

Acceptance of valuation below benchmark value in registration of 52 documents resulted in short realisation of stamp duty and registration fee of Rs. 1 crore.

(Paragraph 4.6.6)

There was short realisation of stamp duty and registration fee of Rs. 97.84 lakh in 87 documents due to non-consideration of highest sale value of similar land.

(Paragraph 4.7)

V **Other Tax Receipts**

There was escapement of profession tax of Rs. 14.00 crore including penalty due to non-enrolment of persons liable for payment of profession tax.

(Paragraph 5.3)

Non-levy of bottling licence fee in respect of export brand beer resulted in non-realisation of revenue of Rs. 57.39 lakh.

(Paragraph 5.4)

VI **Forest Receipts**

Non-disposal of timber and poles resulted in blockage of Government revenue of Rs. 41.66 lakh.

(Paragraph 6.3.1)

Interest of Rs. 38.14 lakh from the Orissa Forest Development Corporation Limited was not realised though there was delay in payment of royalty on timber.

(Paragraph 6.3.2)

VII **Mining Receipts**

Non-levy of royalty on coal dispatched from the leasehold area resulted in short levy of royalty of Rs. 1.94 crore.

(Paragraph 7.3.1.1)

Levy of royalty on processed mineral instead of unprocessed mineral resulted in short levy of royalty of Rs. 1.85 crore.

(Paragraph 7.3.2.1)

There was short levy of royalty of Rs. 1.42 crore due to levy of royalty on limestone at a lower rate considering the mineral as minor mineral, though mining lease was granted for major mineral.

(Paragraph 7.4)

VIII Other Departmental Receipts

Non-levy of special water rate in respect of use of water by Upper Indravati Hydro Electric Project resulted in non-realisation of revenue of Rs. 200.03 crore.

(Paragraph 8.3.1)

Non-raising of demand of special water rate/licence fee on unauthorised drawal of water resulted in non-realisation of revenue of Rs. 7.09 crore.

(Paragraph 8.3.2)

Electricity duty on loss of energy over and above the admissible transmission and distribution loss payable by the licensee was not levied resulting in non-realisation of duty of Rs. 6.38 crore.

(Paragraph 8.5)

Failure of the department in raising demand against an electricity distribution company towards inspection fee resulted in non-realisation of revenue of Rs. 1.18 crore.

(Paragraph 8.6)

Non-levy of interest for delayed payment of electricity duty resulted in non-realisation of interest of Rs. 1.69 crore.

(Paragraph 8.7)

Non-recovery of sewerage charges and short recovery of water charges from occupants of Government residential buildings resulted in non-realisation of revenue of Rs. 3.49 crore.

(Paragraph 8.8)