
Overview

This Report contains two reviews on Levy and collection of Motor Vehicles Tax and Working of Co-operation department and 52 paragraphs relating to non/short levy/loss of tax involving ₹ 1,048.55 crore. Some of the major findings are mentioned below:

I. General

- Total revenue receipts of the State Government for the year 2009-10 amounted to ₹ 26,109.40 crore against ₹ 24,512.18 crore for the previous year. 75 per cent of this was raised by the State through tax revenue (₹ 17,625.02 crore) and non-tax revenue (₹ 1,852.22 crore). The balance 25 per cent was receipt from the Government of India as State's share of divisible Union taxes (₹ 4,398.78 crore) and grants-in-aid (₹ 2,233.38 crore).

(Paragraph 1.1.1)

- During 2009-10, 14,003 tax assessments relating to 122 offices were not made available to audit. In 4,109 cases tax involved was ₹ 1,331.41 crore and in remaining cases the tax effect was not available with the assessing authorities.

(Paragraph 1.2.3)

II. Tax on sales, trade etc.

- Approximately 40 per cent of revenue generated from commercial taxes could not be audited every year due to delay in completion of assessment.

(Paragraph 2.3)

- We detected short levy of tax and interest of ₹ 322.06 crore in eight works contract assessments. Department revised assessment in one case creating an additional demand of ₹ 274.24 crore.

(Paragraph 2.12.1)

- The department failed to detect incorrect exemption claimed by the assesseees in seven cases which resulted in short levy of ₹ 164.50 crore.

(Paragraph 2.12.2)

- Tax was short levied by ₹ 14.03 crore due to application of incorrect rate of tax in four works contract assessments.

(Paragraph 2.12.3)

- Incorrect classification of five works contract assessments resulted in short levy of tax and interest of ₹ 11.24 crore.

(Paragraph 2.12.4)

- Six dealers availed excess input tax credit which resulted in short levy of ₹ 7.60 crore.

(Paragraph 2.12.6)

- The assessing authority granted exemption of ₹ 75.86 crore while finalising two sales tax assessments resulting in short levy of ₹ 2.52 crore.

(Paragraph 2.12.17)

III. Taxes on Agricultural Income

- We noticed short levy of ₹ 65.45 lakh in three cases due to income escaping assessment.

(Paragraph 3.8.1)

IV. Stamp Duty and Registration Fees

- We detected several cases of non-registration of lease deeds with tax effect of ₹ 3.18 crore.

(Paragraph 4.7.1)

- Incorrect decision by the Commissioner of Land Revenue resulted in short levy of ₹ 1.19 crore.

(Paragraph 4.7.2)

V. Taxes on Vehicles

A review on “Levy and collection of Motor Vehicles Tax” revealed the following:

- Automatic renewal of licences to drive non-transport vehicles at the time of renewal of badge had resulted in non-levy of renewal fee of ₹ 3.76 crore.

(Paragraph 5.8.8)

- Rent payable by the department to the KSRTC was adjusted against tax due from the KSRTC leading to diversion of funds of ₹ 41.54 lakh.

(Paragraph 5.8.9)

- The enforcement wing in the department is weak and was not able to collect ₹ 2.91 crore leviable from operators of transport vehicles plying without fitness certificates.

(Paragraph 5.8.10)

- The department failed to collect fee of ₹ 5.61 crore for exhibiting advertisements in transport vehicles

(Paragraph 5.8.11.2)

- The computers and servers have neither bios password nor windows password.

(Paragraph 5.8.12.5)

- Resources like the Queue Management System, stock entry module, finger print biometric devices were not used/partially used.
(Paragraph 5.8.13)
- Revenue is understated by ₹ 36.34 crore due to non-inclusion of old arrears in the computerised DCB.
(Paragraph 5.8.15.2)
- Absence of a system to monitor collection of bank drafts and revalidation of time barred bank drafts led to revenue loss of ₹ 1.67 crore.
(Paragraph 5.8.17.1)
- Surcharge of ₹ 158.15 crore was not levied from the KSRTC.
(Paragraph 5.8.18.1)
- Additional tax of ₹ 186.62 crore was not levied for non-payment of tax.
(Paragraph 5.8.18.2)
- Non-compliance of Central Government direction in the case of educational institution buses resulted in short levy of ₹ 3.69 lakh.
(Paragraph 5.8.18.3)

VI. Land Revenue and Building Tax

- The department failed to levy lease rent of ₹ 3.24 crore on an Arts and Science college.
(Paragraph 6.7.1)
- Our cross verification of the records of 14 *taluk* offices with those of the corresponding village offices/municipalities revealed non-assessment of building tax of ₹ 1.75 crore in 357 cases.
(Paragraph 6.7.2)

VII. Other Tax Receipts

A – State Excise

- Excise officer did not raise demand for realisation of gallowage fee of ₹ 26 lakh.
(Paragraph 7.8.1)

B – Luxury Tax

- Assessing officer failed to assess amenities provided in a hotel resulting in short levy of ₹ 11.51 lakh.
(Paragraph 7.11)

VIII. Non-Tax Receipts

A review on “Working of Co-operation Department” revealed the following:

- Non-recovery of interest of ₹ 47.51 crore and non-recovery of loan amount of ₹ 150.21 crore repaid to NCDC by Government.

(Paragraph 8.5.10.1)

- 45 per cent of the total assistance was extended to a single beneficiary, from whom nothing has been recovered so far.

(Paragraph 8.5.10.2)

- Non-recovery of dues of ₹ 2.91 crore and locking up of ₹ 6.80 crore due to lack of diligence in sanctioning loan.

(Paragraph 8.5.10.3)

- Loss of revenue of ₹ 44.06 crore by way of interest due to accumulation of plan/borrowed fund at private party's TP account.

(Paragraph 8.5.10.4)

- Non-levy of interest of ₹ 7.09 crore and penal interest of ₹ 5.96 crore.

(Paragraph 8.5.10.5)

- Non-levy of penal interest of ₹ 5.80 crore on belated repayment of share capital contribution assistance in three cases.

(Paragraph 8.5.11)

- Non-recovery of declared dividend amounting to ₹ 1.50 crore which was subsequently converted as share capital.

(Paragraph 8.5.12)

- Non-recovery of ₹ 80 lakh from a society due to lapses in finalisation of revenue recovery proceedings.

(Paragraph 8.5.15.2)

- Short levy of interest of ₹ 1.37 crore and penal interest of ₹ 29.11 lakh in 2 cases due to failure to appropriate payment towards interest first.

(Paragraph 8.5.20)

A – Forest Receipts

- Plantation Corporation of Kerala Ltd. did not pay lease rent of ₹ 27.95 crore.

(Paragraph 8.7)

- Lease rent of ₹ 23.28 crore was not levied due to non-execution of lease agreement with Kerala State Electricity Board.

(Paragraph 8.8)

- Lack of co-ordination between forest department and M/s Malabar Cements Ltd. resulted in loss of revenue of ₹ 7 crore.

(Paragraph 8.10)

B – Legal Metrology

- The department did not conduct verification and stamping of auto/taxi meters which resulted in non-levy of fee of ₹ 16.68 crore.

(Paragraph 8.13)

- Non-registration and non-stamping of water meter resulted in non-levy of ₹ 13.24 crore.

(Paragraph 8.14)

C – Education Department

- Lease rent of ₹ 4.19 crore was not levied on land and building allotted to KBPS.

(Paragraph 8.15)

D – Police Department

- Police department did not levy fees at the revised rates for services rendered by it resulting in loss of revenue of ₹ 3.20 crore.

(Paragraph 8.16)