

OVERVIEW

This Report contains 31 paragraphs (selected from the audit detections made during the local audit referred to above and during earlier years which could not be included in earlier reports) and one performance review on “Assessment, levy and collection of taxes and other receipts in the motor vehicles Department” relating to short/non-levy of tax, duty and interest, penalty etc., involving financial effect of ₹ 4.50 crore and audit observations involving financial effect of ₹ 55.17 crore (total ₹ 59.67 crore). Some of the major findings are mentioned below:

I. General

- The total receipts of the State during the year 2009-10 amounted to ₹ 86,821.65 crore, of which the revenue raised by the State Government was ₹ 67,370.30 crore and receipts from the Government of India were ₹ 19,451.35 crore. The revenue raised constituted 78 *per cent* of the total net receipts of the State. The receipts from the Government of India included ₹ 8,248.12 crore on account of the State’s share of divisible Union taxes which registered an increase of 2.86 *per cent* and ₹ 11,203.23 crore as grants-in-aid which decreased by two *per cent* over 2008-09.
(Paragraph 1.1.1)
- At the end of June 2010, 9,811 Inspection Report paragraphs involving ₹ 1,419.02 crore relating to 4,681 inspection reports issued upto 31 December 2009 remained outstanding.
(Paragraph 1.2.1)
- During the period 2001-02 to 2008-09, out of 284 paras involving monetary value of ₹ 10,546.76 crore, the Department/Government accepted audit observations involving ₹ 3,432.03 crore, out of which an amount of ₹ 981.96 crore was recovered till 31 March 2010.
(Paragraph 1.2.6)
- Test check of the records of Sales tax, State excise, Motor vehicles tax, Stamp duty and Registration fees, Land revenue and other departmental offices conducted during the year 2009-10 revealed underassessment, short levy and loss of revenue, etc., amounting to ₹ 1,934.54 crore in 23,730 cases. The concerned Departments accepted underassessment, short levy, etc., of ₹ 23.95 crore in 3,625 cases pointed out in 2009-10 and earlier years and recovered ₹ 12.09 crore.
(Paragraph 1.5.1)

II. Sales tax

- Failure to register 169 licenced dealers of sand resulted in non-realisation of Value Added Tax of ₹ 2.77 crore.
(Paragraph 2.3.1)
- Incorrect grant of concessional rate of tax to two dealers resulted in underassessment of tax of ₹ 21.25 lakh.
(Paragraph 2.3.3)
- Non-levy of interest/purchase tax resulted in non-realisation of Government revenue of ₹ 16.54 lakh.
(Paragraph 2.3.4 and 2.3.5)

III. Stamp duty and registration fees

- Undervaluation of property resulted in short levy of stamp duty of ₹ 4.05 crore.
(Paragraph 3.3.1)
- Incorrect application of rate of stamp duty resulted in short levy of stamp duty of ₹ 0.32 crore in two cases.
(Paragraph 3.3.2)
- Incorrect application of market value resulted in short levy of stamp duty of ₹ 0.24 crore.
(Paragraph 3.3.3)

IV. Land Revenue

- Short levy and recovery of non-agricultural assessment amounting to ₹ 2.80 crore due to non-application of prescribed rates.
(Paragraph 4.3.1)

V. Taxes on Motor vehicles and State Excise

A review on “Assessment, levy and collection of taxes and other receipts in the motor vehicles Department” revealed as under:

- Lack of adequate follow up action by the Department resulted in huge accumulation of arrears of ₹ 230.61 crore in respect of fleet owners, Transport Undertakings of Municipal Corporations operators of stage carriages and motor vehicle owners.
(Paragraph 5.2.7.1 and 5.2.7.2)
- Internal controls in the Department were weak as evidenced from shortfalls in internal inspections of Dy. RTOs and Border Check Posts. The internal audit was inadequate and ineffective due to absence of internal audit in 13 offices and huge pendency of observations.
(Paragraph 5.2.8.1(i) and 5.2.8.1(ii))

- Non-application of revised rates, incorrect application of rate of tax, etc., resulted in short levy of tax of ₹ 1.37 crore in respect of 215 vehicles.
(Paragraph 5.2.10.1)
- Incorrect grant of exemption from tax in respect of 132 vehicles resulted in short levy of tax of ₹ 26.84 lakh.
(Paragraph 5.2.12.1 to 5.2.12.2)
- Non-application of revised rates for choice registration marks resulted in short recovery of fees of ₹ 42.99 lakh in respect of 172 vehicles.
(Paragraph 5.2.13)
- The Department did not take prompt action against those vehicle owners who had dishonoured cheques relating to payment of Motor Vehicle Taxes. The Department also delayed presentation of demand drafts within their time limits to the banks resulting in return of these drafts by the banks. The revenue involved in 695 cases was ₹ 1.34 crore.
(Paragraph 5.2.16.1 and 5.2.16.2)
- Non-inspection of 10,58,218 vehicles for fitness during the period 2004-05 to 2008-09 resulted in jeopardising public safety and also non-recovery of inspection fees of ₹ 21.16 crore.
(Paragraph 5.2.17)
- Application of incorrect population slab resulted in short recovery of licence fees of ₹ 1.67 crore
(Paragraph 5.5.1)

VI. Other tax receipts

- Non/short recovery of entertainment duty from 261 cable operators resulted in non-realisation of ₹ 81.18 lakh.
(Paragraph 6.3.1)
- Short levy of tax on sale of electricity and non-levy of interest on delayed remittance of tax amounted to ₹ 92.94 lakh.
(Paragraph 6.8)
- Non-recovery of inspection fees from 726 consumers amounted to ₹ 1.41 crore.
(Paragraph 6.10)
- Non-enrolment of 17,707 medical practitioners liable for enrolment under the Profession Tax Act resulted in non-realisation of ₹ 18.76 crore.
(Paragraph 6.11)

VII. Non-tax receipts

- Guarantee fees and penal interest of ₹ 18.14 crore was not recovered from Maharashtra State Financial Corporation for periods between April 2006 and March 2009.
(Paragraph 7.2)
- Non-recovery of escort charges for deployment of police amounted to ₹ 1.35 crore.
(Paragraph 7.3)