

CHAPTER IV: REVENUE RECEIPTS

4.1 General

4.1.1 Trend of revenue receipts

The tax and non-tax revenue raised by the Government of Tripura, its share of divisible Union taxes and grants-in-aid from the Government of India during 2009-10 and the corresponding figures for the preceding four years are mentioned below:

Table No. 4.1.1

	(Rupees in crore)				
	2005-06	2006-07	2007-08	2008-09	2009-10
I. Revenue raised by the State Government					
Tax revenue	296.09	341.55	370.70	442.50	527.01
Non-tax revenue	63.62	94.97	115.41	149.04	125.40
Total (I)	359.71	436.52	486.11	591.54	652.41
II. Receipts from the Government of India					
State's share of net proceeds of divisible Union taxes	404.38	515.78	650.62	686.52	706.34
Grants-in-aid	2,260.03	2,381.06	2,561.61	2,798.72	3,042.60
Total (II)	2,664.41	2,896.84	3,212.23	3,485.24	3,748.94
III. Total receipts of the State Government (I+II)	3,024.12	3,333.36	3,698.34	4,076.78	4,401.35
Percentage of I to III	12	13	13	15	15

Source: Finance Accounts 2009-10.

The above table indicates that during the year 2009-10, the revenue raised by the State Government was 15 per cent of the total revenue receipts (₹ 4401.35 crore). The percentage of own receipts to total receipts during the current year was the same as compared to the previous year. The balance 85 per cent of the receipts during 2009-10 was from the Government of India.

4.1.1.1 The tax revenue during 2009-10 increased by 19 per cent to ₹ 527.01 crore from ₹ 442.50 crore in 2008-09. The improvement in the collection was mainly under the heads of major taxes, viz. Sales Tax/VAT (19 per cent), State excise (27 per cent) and Taxes on vehicles (25 per cent) and Stamps and Registration fees (7 per cent) as shown in the table below:

Table No. 4.1.2

Heads of revenue	(Rupees in crore)					Percentage increase (+) or decrease (-) in 2009-10 over 2008-09
	2005-06	2006-07	2007-08	2008-09	2009-10	
Sales Tax/VAT	203.39	233.45	264.98	314.79	374.93	(+) 19
State excise	32.30	38.41	38.50	48.28	61.09	(+) 27
Other taxes on income and expenditure	21.91	22.19	23.73	25.97	29.16	(+) 12
Stamps and registration fees	14.21	16.61	14.98	17.03	18.15	(+) 7
Taxes on vehicles	17.43	22.51	23.20	29.82	37.14	(+) 25
Other taxes and duties on commodities and services	3.40	5.11	2.17	0.84	0.95	(+) 13
Land revenue	3.25	3.03	2.97	5.55	5.55	-
Taxes on agricultural income	0.14	0.15	0.11	0.18	0.01	(-) 94
Taxes and duties on electricity	0.02	0.01	0.01	0.02	0.02	-
Others	0.04	0.08	0.05	0.02	0.01	(-) 50
Total	296.09	341.55	370.70	442.50	527.01	(+) 19

Source: Finance Accounts 2009-10.

The Departments did not inform (October 2010) the reasons for the variations in the receipts in 2009-10 over 2008-09 despite being requested (June 2010).

4.1.1.2 The non-tax revenue during 2009-10 decreased by 16 *per cent* to ₹ 125.40 crore from ₹ 149.04 crore in 2008-09 mainly due to decrease under the heads Interest Receipts (by 56 *per cent*) and Police (by 15 *per cent*). There was substantial increase under the heads Other Administrative Services (by 405 *per cent*) and Village and Small Industries (by 7200 *per cent*) as shown in the table below:

Table No. 4.1.3

(Rupees in crore)

Heads of revenue	2005-06	2006-07	2007-08	2008-09	2009-10	Percentage increase (+) or decrease (-) in 2009-10 over 2008-09
Forestry and Wildlife	4.87	6.24	5.52	5.57	6.29	(+) 13
Education, Sports, Art and Culture	0.87	0.73	1.00	1.55	1.50	(-) 3
Crop Husbandry	1.43	1.56	1.53	1.70	1.52	(-) 11
Other Administrative Services	2.14	3.18	3.55	2.33	11.76	(+) 405
Miscellaneous General Services	0.34	25.43	0.52	22.28	22.29	(+) 0.04
Water Supply and Sanitation	0.75	0.68	0.62	1.23	1.13	(-) 8
Police	11.15	6.88	14.22	19.86	16.88	(-) 15
Interest Receipts	16.62	26.23	58.93	62.93	27.88	(-) 56
Stationery and Printing	2.30	2.47	1.86	1.75	1.26	(-) 28
Animal Husbandry	1.31	1.54	1.54	1.56	1.45	(-) 7
Industries	8.47	9.25	9.30	9.38	11.87	(+) 27
Public Works	2.09	3.62	3.98	6.17	7.71	(+) 25
Village and Small Industries	0.05	0.06	0.07	0.02	1.46	(+) 7200
Fisheries	0.60	0.64	1.27	1.89	0.68	(-) 64
Other Rural Development Programmes	0.13	0.09	0.07	0.03	0.03	-
Others	9.40	6.31	10.94	10.79	11.69	(+) 8
Total	62.52	94.91	114.92	149.04	125.40	(-) 16

Source: Finance Accounts 2009-10.

The Departments did not inform (October 2010) the reasons for variation in the receipts of 2009-10 over 2008-09 despite being requested (June 2010).

4.1.2 Initiative for mobilisation of resources

In the budget for 2009-10, the Government proposed revenue collection of ₹ 545.80 crore under tax receipts. The actual collection of ₹ 527.01 crore during the year was less than the budget estimates by ₹ 18.79 crore, which fell short of the estimates by 3 *per cent*.

4.1.3 Variations between the budget estimates and actuals

The variations between the budget estimates and the actual receipts for the year 2009-10 in respect of some important heads of tax and non-tax revenue are mentioned in the table below:

Table No. 4.1.4

(Rupees in crore)

TAX REVENUE				
Heads of revenue	Budget estimates	Actuals	Variation: increase (+)/ decrease (-)	Percentage variation over budget estimates
Sales tax	396.00	374.93	(-) 21.07	(-) 5.32
State excise	46.54	61.09	(+) 14.55	31.26
Stamps and registration fees	22.57	18.15	(-) 4.42	(-) 19.58
Taxes on vehicles	34.26	37.14	(+) 2.88	8.41
Land revenue	6.20	5.55	(-) 0.65	(-) 10.48
Taxes on agricultural income	-	0.01	-	-
Taxes and duties on electricity	0.02	0.02	-	-
Other taxes on income and expenditure	30.77	29.17	(-) 1.60	(-) 5.20
Other taxes and duties on commodities and services	9.44	0.95	(+) 8.49	(-) 89.94
NON-TAX REVENUE				
Forestry and Wildlife	5.99	6.29	(+) 0.30	5.00
Other Administrative Services	5.27	11.76	(+) 6.49	123.15
Miscellaneous General Services	66.75	22.29	(-) 44.46	(-) 66.61
Interest Receipts	20.00	27.88	(+) 7.88	39.40
Stationery and Printing	3.05	1.26	(-) 1.79	(-) 58.68
Public Works	6.39	7.71	(+) 1.32	20.66
Animal Husbandry	1.70	1.45	(-) 0.25	(-) 14.71
Fisheries	1.40	0.68	(-) 0.72	(-) 51.42
Other Rural Development Programmes	0.09	0.03	(-) 0.06	(-) 66.66
Industries	11.25	11.87	(+) 0.62	5.51
Water Supply and Sanitation	0.75	1.13	(+) 0.38	50.66
Education, Sports, Art and Culture	1.50	1.50	-	-
Police	18.50	16.88	(-) 1.62	(-) 8.76
Village and Small Industries	0.08	1.46	(+) 1.38	1725.00
Crop Husbandry	2.00	1.52	(-) 0.48	(-) 24.00
Others	13.44	11.69	(-) 1.75	(-) 13.02

The large variations between the budget estimates and actuals in all major heads indicate that the budget estimates for collection of tax and non-tax revenue were not prepared on realistic basis. The reasons for variations of actuals over budget estimates during 2009-10 as intimated by the respective Departments are given below:

The decrease in **Sales Tax/VAT** (5.32 per cent) was due to reduction in the prices of Petroleum products, whereas the increase in **State Excise** (31.26 per cent) was due to higher consumption of the liquor.

The decrease in **Police** receipts (8.76 per cent) was due to non payment of outstanding deployment cost of security personnel from different agencies.

The decrease in **Fisheries** receipts (51.42 per cent) was due to transfer of some assets of the Department to the TTAADC.

The increase in **Forestry and Wildlife** (5 per cent) was due to increase in collection of revenue for sale of timber and receipt from other sources like fines/forfeiture, etc.

The remaining Departments did not inform (October 2010) the reasons for the variations despite being requested (June 2010).

4.1.4 Analysis of collection

Break-up of the total collection at the pre-assessment stage and after regular assessment of sales tax for the year 2009-10 and the corresponding figures for the preceding two years as furnished by the Commissioner of Taxes is mentioned below:

Table No. 4.1.5

(Rupees in lakh)

Heads of revenue	Year	Amount collected at pre-assessment stage	Amount collected after regular assessment (additional demand)	Penalties for delay in payment of taxes and duties	Amount refunded	Net collection of Taxes ¹	Percentage of collection of column 3 to 7
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Finance Department							
Sales tax/ VAT	2007-08	26,106.42	261.37	1.14	-	26,368.93	99.00
	2008-09	31,324.60	153.66	0.76	-	31,479.02	99.51
	2009-10	37,310.59	160.52	22.26	-	37,493.37	99.51

The collection of sales tax at pre-assessment stage ranged between 99 and 99.51 *per cent* during 2007-08 to 2009-10 indicating that tax audit was minimal.

4.1.5 Cost of collection

The gross collection in respect of the major revenue receipts, expenditure incurred on collection and the percentage of such expenditure to gross collection during the year 2007-08, 2008-09 and 2009-10 alongwith the relevant all India average percentage of expenditure on collection to gross collection for 2008-09 are mentioned in the table below:

Table No. 4.1.6

(Rupees in crore)

Heads of revenue	Year	Gross collection	Expenditure on collection	Percentage of expenditure to gross collection	All India average percentage for the year 2008-09
Sales tax / VAT	2007-08	264.98	3.05	1.15	0.88
	2008-09	314.79	3.59	1.14	
	2009-10	374.93	5.19	1.38	
State excise	2007-08	38.50	0.87	2.26	3.66
	2008-09	48.28	1.09	2.26	
	2009-10	61.09	1.62	2.65	
Stamps and registration fees	2007-08	14.98	1.93	12.88	2.77
	2008-09	17.03	1.68	9.86	
	2009-10	18.15	1.80	9.92	
Taxes on vehicles	2007-08	23.20	0.98	4.22	2.93
	2008-09	29.82	1.05	3.52	
	2009-10	37.14	1.60	4.31	

¹ The figures furnished by the Department are at variance within the Finance Accounts. The Department has not yet reconciled the figures with the Accountant General (August 2010).

The above table indicates that the percentage of expenditure on collection in respect of Sales tax/VAT, Stamp duty and Registration fees and Taxes on vehicles was higher than the all India average cost of collection.

4.1.6 Arrears in assessment

The details of assessments relating to sales tax and taxes on agricultural income pending at the beginning of the year, additional cases becoming due for assessment during the year, cases disposed during the year and cases pending at the end of each year, during the period 2005-06 to 2009-10 as furnished by the Department are mentioned in the table below:

Table No. 4.1.7

Year	Opening balance	Cases which become due for assessment	Total	Cases disposed of during the year	Cases pending at the end of the year
2005-06	24,400	7,384	31,784	12,792	18,992
2006-07	18,992	39	19,031	8,645	10,386
2007-08	10,386	39	10,425	7,682	2,743
2008-09	2,743	39	2,782	2,067	715
2009-10	715	39	754	286	468

4.1.7 Evasion of tax

The details of cases of evasion of tax detected by the Departments, cases finalised and the demands for additional tax raised as reported by the Department are given below:

Table No. 4.1.8

Name of tax/ duty	Cases pending as on 31 March 2009	Cases detected as on 31 March 2010	Total	No. of cases in which assessments/ investigations completed and additional demand including penalty etc., raised		No. of cases pending finalisation as on 31 March 2010
Sales tax	3	258	261	261	536.13	-

(Rupees in lakh)

4.1.8 Results of audit

Test check of the records of sales tax, land revenue, state excise, motor vehicles, stamps and registration fees, other tax receipts, forest receipts conducted during the year 2009-10 revealed under assessment/short levy/loss of revenue amounting to ₹ 1.92 crore in 19 cases. These were pointed out in the inspection reports issued to the Departments.

This chapter contains four paragraphs pointing out loss/non-realisation of Tax and Non-Tax revenue of ₹ 1.78 crore.

4.1.9 Departmental Audit Committee meetings

During 2009-10, five audit committee meetings were held in which 142 paragraphs contained in 40 Inspection Reports were discussed and 56 paragraphs and 4 IRs were settled.

4.1.10 Failure to enforce accountability and protect the interest of the Government

The Accountant General (Audit), Tripura arranges to conduct periodical inspection of the various offices of the Government Departments to test check the transactions of tax and non-tax revenue receipts and verify the maintenance of important accounting and other records as prescribed in the rules and procedures. These inspections are followed up with Inspection Reports (IRs) incorporating irregularities detected during inspection and not settled on the spot, which are issued to the heads of the offices inspected with copies to the next higher authorities for taking prompt corrective action. The heads of offices/Government are required to comply with the observations contained in the IRs and rectify the defects and omissions promptly and report compliance through initial reply to the Accountant General within thirty days from the dates of issue of the IRs. Serious financial irregularities are reported to the heads of the departments and the Government.

As of March 2010, 1406 paragraphs contained in 437 Inspection Reports (IRs) issued upto September 2009 and involving ₹ 97.26 crore remained outstanding. Of these, 138 IRs containing 477 paragraphs involving ₹ 12.67 crore had not been settled for more than 10 years by the Finance Department (sales tax, electricity duty, etc.) and the Forest Department (forest receipts). Even the first replies required to be received from the head of office within 30 days from the date of receipt of the IR were not received in respect of 598 paragraphs of 138 IRs, issued between March 1994 and March 2010.

The Department-wise breakup of IRs and audit observations outstanding as on March 2010 is mentioned below:

Table No. 4.1.9

Department	Position of IRs issued upto September 2009 but not settled at the end of March 2010			Position of IRs and paragraphs not settled for more than 10 years			Position of IRs in respect of which even first reply has not been received from March 1996 to March 2010		
	No. of IRs	No. of paragraphs	Money value (Rs. in crore)	No. of IRs	No. of paragraphs	Money value (Rs. in crore)	No. of IRs	No. of paragraphs	Money value (Rs. in crore)
Finance (Excise and Taxation)									
Sales Tax	95	322	14.21	47	131	2.79	10	49	1.97
Professional	03	04	0.06	-	-	-	02	03	0.06
Stamp Duty and Registration Fees	07	09	0.31	-	-	-	-	-	-
Electricity Duty	182	711	27.06	34	133	0.93	65	298	4.30
Agricultural Income Tax	02	03	-	-	-	-	-	-	-
Amusement Tax	05	09	0.10	-	-	-	01	02	0.03
State Excise	11	16	1.75	-	-	-	05	18	1.44
Forest									
Forest Receipts	103	232	17.98	51	185	3.47	31	146	7.45
Revenue (Land Records and Settlement)									
Land Revenue	09	10	0.99	-	-	-	09	10	0.09
Transport									
Motor Vehicles	20	90	35.70	6	28	5.48	15	72	15.30
Total	437	1406	98.16	138	477	12.67	138	598	30.64

The above position indicates the failure of the departments concerned to initiate action in respect of the defects, omissions and irregularities pointed out in the IRs. The Principal Secretaries/Secretaries of the departments are informed of the position on 1st June each year through annual statement of outstanding IRs and paragraphs.

4.1.11 Response of the departments to draft audit paragraphs

Four paragraphs contained in this report were forwarded during June and July 2010 to the Secretary of the administrative departments concerned demi-officially seeking confirmation of facts and figures as well as their comments within six weeks. Replies of the Government to paragraphs have not been received (October 2010).

4.1.12 Internal audit

Finance (Excise and Taxation) Department had not established an internal audit wing for auditing the revenue receipts of the State Government (August 2010). Since internal audit is an effective tool in the hands of the management of an organisation to assure itself that the organisation is functioning in an efficient manner and in terms of its stated objectives, the Government may consider establishing the system of internal audit.

4.1.13 Follow up on Audit Reports – summarised position

13 reviews and 127 audit paragraphs had featured in Audit Reports 1988-89 to 2008-09. Nine out of the 13 reviews and 98 out of 127 paragraphs had been discussed by the PAC as of October 2010. Against nine reviews and 98 paragraphs already discussed in the PAC, only 43 ATNs (six against the reviews and 37 against the paragraphs) on the recommendations of the PAC had been received.

4.1.14 Compliance with the earlier Audit Reports

During the years 2004-05 to 2008-09, the Departments/Government accepted the audit observations involving ₹ 23.86 crore, out of which an amount of ₹ 0.74 lakh had been recovered till October 2010. The details are mentioned below:

Table No. 4.1.10

(Rupees in lakh)

Sl. No.	Year of the Audit Report	Total money value of the paragraphs of Receipt Audit	Money value accepted by the State Government	Recovery made
1.	2004-05	25.06	25.06	0.71
2.	2005-06	82.15	65.71	Nil
3.	2006-07	127.96	103.78	Nil
4.	2007-08	667.00	420.00	-
5.	2008-09	1964.00	1771.00	0.03
Total		2866.17	2385.55	0.74

FINANCE (EXCISE & TAXATION) DEPARTMENT

(State Excise)

4.2 Short realisation of establishment cost

Establishment costs for the Excise staff deputed in a bonded warehouse at Kumarghat was paid less by the licensee than the amount due during 2005-06 to 2008-09, resulting in short realisation of establishment costs of ₹ 5.14 lakh

Rule 71 of the Tripura Excise Rules, 1990 as amended from time to time provides that the Collector shall employ 'officers and establishment' to a private warehouse licensed under the Tripura Excise Act, 1996 and Rules framed thereunder. The estimated cost of such officers and establishment shall be paid by the licensee of the warehouse quarterly in advance. While computing the cost of officers and establishment, the average pay including special pay, pension contribution, leave salary contribution and compensatory allowance shall be included.

Further, the Commissioner of Excise vide memo no.F.11-5(1)-Ex/95/0348-49 dated 8th May 1995 clarified that the pension contribution and leave salary contribution etc., shall be charged @ 17 per cent each on the total salary entitled by such officers and staff assigned to warehouses.

On test check of records (February 2010) of the Collector of Excise, North Tripura, Kailashahar we noticed that a licensee, M/S Kumarghat Bonded Warehouse, Kumarghat, operative during 2005-06 to 2009-10, paid establishment costs for the Excise staff deputed therein lesser than the amount due during 2005-06 to 2008-09², resulting in short realisation of establishment costs of ₹ 5.14 lakh (including pension contribution and leave salary contribution of ₹ 3.20 lakh), as shown below:

(in Rupees)

Year	Establishment cost due			Establishment cost realised			Establishment cost short realised		
	Pay and allowances	Pension contribution and leave salary contribution	Total	Pay and allowances	Pension contribution and leave salary contribution	Total	Pay and allowances	Pension contribution and leave salary contribution	Total
2005-06	2,00,037	68,013	2,68,050	1,90,968	nil	1,90,968	9,069	68,013	77,082
2006-07	2,25,938	76,819	3,02,757	1,66,103	nil	1,66,103	59,835	76,819	1,36,654
2007-08	2,53,400	86,156	3,39,556	1,70,925	nil	1,70,925	82,475	86,156	1,68,631
2008-09	2,60,717	88,644	3,49,361	2,17,245	nil	2,17,245	43,472	88,644	1,32,116
Total	9,40,092	3,19,632	12,59,724	7,45,241	nil	7,45,241	1,94,851	3,19,632	5,14,483

The Collector of Excise, North Tripura stated (July 2010) that the licensee had not agreed to pay the establishment costs for the period from 1 April 2008 to 21 May 2008 as the

² Final assessment and payment of dues for 2009-10 was yet to be done (February 2010).

warehouse remained defunct during that period due to non-renewal of licence; and the matter would be intimated to audit as soon as decision of the Commissioner of Taxes is received. Further development was awaited (October 2010).

The reply does not seem to be justifiable as had the Department ensured timely renewal of licenses, the warehouse would not have remained non-operational and the establishment cost would have been realised.

We reported the matter to the Government in June 2010; their reply had not been received (October 2010).

(Sales Tax/Value Added Tax)

4.3 Loss of revenue

Failure of the Department to renew the licence of a firm for the year 2009-10 in time resulted in a loss of revenue of at least ₹ 17.69 lakh. Besides, reduction of licence fee without any recorded reason was tantamount to undue favour to the firm resulting in a loss of revenue of ₹ 40.16 lakh for the period from 2007-08 to 2009-10.

On test check of records (February – March 2010) of the Collector of Excise, West Tripura, Agartala we noticed the following:

(i) Loss of revenue due to delay in renewal of a licence

Rule 54 of the Tripura Excise Rules, 1990 provides that licence for a distillery must be renewed annually.

For renewal³ of licence for the year 2009-10 for blending, compounding and bottling of India Made Foreign Liquor (IMFL), M/s Gemini Distilleries (Tripura) Private Ltd. requested the Department on 17 January 2009. The Department communicated the decision only on 8 June 2009 after revising the licence fee at ₹ 1.80 lakh for the year 2009-10 from ₹ 1.50 lakh in 2008-09, and the firm deposited the amount on 12 June 2009. Due to non-renewal of the licence for the year 2009-10 in time, the production in the distillery remained suspended from 1 April 2009 to 11 June 2009, which resulted in a loss of revenue of at least ₹ 17.69 lakh (Bottling fee: ₹ 16.92 lakh + Warehousing fee: ₹ 0.77 lakh), as detailed in **Appendix - 4.1**.

We observed that the effect of revision of the annual licence fee charged on the firm was ₹ 30,000 only from ₹ 1.50 lakh charged in the previous year to ₹ 1.80 lakh in 2009-10 i.e. an increase of only ₹ 2,500 per month. But the delay in the renewal of the licence on the increased fee of ₹ 2,500 per month had resulted in an average monthly loss of revenue ranging between ₹ 7.47 lakh and ₹ 9.77 lakh (**Appendix - 4.1**).

³ Validity of the licence for the year 2008-09 was to expire on 31 March 2009.

(ii) Undue financial benefit to a firm by reducing licence fee

Rule 256 A of the Tripura Excise (Amendment) Rules, 1991 provides that the Excise Commissioner, with the approval of the Government shall prescribe the annual licence fees from time to time payable for grant of licences in respect of (a) distillery, (b) bonded warehouse for country liquor, (c) bonded warehouse for foreign liquor and (d) compounding of foreign liquor, blending, bottling of foreign liquor and reduction of foreign liquor taken together or separately, taking into consideration the estimated annual production and or sale.

M/s Gemini Distilleries (Tripura) Private Ltd. (established in 1999-2000) paid bid money for blending, compounding and bottling of IMFL upto 2003-04 and thereafter licence fee at rates shown in **Appendix - 4.2 (A)**. During 2007-08, the Department approved (March 2007) licence fee of the firm at ₹ 13.16 lakh, against which 1st installment of ₹ 7.90 lakh was deposited (April 2007) by the firm. The licence fee of the firm for 2007-08 was subsequently reduced in July 2007 by the Department from the approved rate of ₹ 13.16 lakh to ₹ 1.50 lakh. The reasons for such drastic reduction were not found on record. There was no change of rate of licence fee in 2008-09 but in 2009-10 the licence fee was increased to ₹ 1.80 lakh.

Taking into account the system being followed by the Department in fixing the bid money/license fee of the retail vendors as well as the bonded warehouses (increasing by 20 *per cent* over the previous year's approved rate), the licence fee charged on the firm during 2008-09 and 2009-10 should have been fixed at ₹ 15.79 lakh⁴ and ₹ 18.95 lakh⁵ respectively. The reduction of licence fee without any recorded reason was tantamount to undue favour to the firm resulting in a loss of revenue of ₹ 40.16 lakh during 2007-08 to 2009-10 (from 2.7.2007 to 31.3.2010), as detailed in **Appendix - 4.2 (B)**.

The Superintendent of Excise stated (March 2010) that the matter would be brought to the notice of the higher authority. Further development was awaited (October 2010).

We reported the matter to the Government in June 2010; their reply had not been received (October 2010).

⁴ By increasing 20 *per cent* of ₹ 13.16 lakh.

⁵ By increasing 20 *per cent* of ₹ 15.79 lakh.

4.4 Short levy of tax

Erroneous computations and inadmissible allowances by the assessing authorities together with concealment of turnover by the dealers resulted in short levy of tax of ₹ 1.11 crore including penalty and interest.

According to Section 25(3) of the Tripura Value Added Tax Act, 2004 read with Section 13 of the Tripura Sales Tax Act, 1976, if the commissioner is satisfied that the return furnished by a dealer in respect of any year is correct and complete he shall by order in writing assess the dealer. If the commissioner in the course of any proceedings is satisfied that any dealer has concealed particulars of his turnover he may direct that such dealer shall pay by way of penalty in addition to the tax payable by him, a sum not exceeding one and a half times that amount (but it shall not be less than 10 *per cent* of that amount).

On test check of records (November 2009 to March 2010) of seven Superintendent of Taxes⁶ we noticed that in 86 assessment cases relating to 31 dealers for the period from 1995-96 to 2008-09, finalised between December 2005 and December 2009, there were cases of erroneous computation of sales / purchase / opening stock, inadmissible allowance of exemption, and concealment of turnovers by the dealers. This resulted in short levy of tax of ₹ 1.11 crore (Sales tax/VAT: ₹ 34.32 lakh, additional sales tax: ₹ 21.82 lakh, penalty: ₹ 15.32 lakh and interest: ₹ 39.70 lakh) as detailed in **Appendix - 4.3**.

The assessing authorities stated (November 2009 to March 2010) that the cases would be re-examined in the light of audit observations. Further development was awaited (October 2010).

We reported the matter to the Government in June 2010; their reply had not been received (October 2010).

⁶ (1) Superintendent of Taxes, Charge-I, Agartala; (2) Superintendent of Taxes, Charge-II, Agartala; (3) Superintendent of Taxes, Charge-III, Agartala; (4) Superintendent of Taxes, Charge-IV Agartala; (5) Superintendent of Taxes, Charge-V, Agartala; (6) Superintendent of Taxes, Udaipur and (7) Superintendent of Taxes, Ambassa.

REVENUE DEPARTMENT

(Stamps and registration fees)

4.5 Short levy of stamp duty and registration fees

Under-valuation of land and buildings resulted in short levy of stamp duty and registration fees of ₹ 4.50 lakh.

According to Indian Stamp Act, 1899, as applicable to Tripura, stamp duty at prescribed rates is leviable in respect of instruments of different descriptions except where it is remitted under any special provisions of the Act or specified notification issued by the Government in this behalf. Stamp duty leviable in respect of instruments of different descriptions was fixed with effect from 16 June 1992 vide Indian Stamp (Tripura Fourth Amendment) Act, 1991.

Fees payable for the registration of different documents were fixed by the Revenue Department vide notification dated 19 July 2003, in exercise of the powers conferred by Sections 78 and 79 of the Indian Registration Act, 1908.

On test check (January – February 2010) of records of the District Sub-Registrar, West Tripura, Agartala we noticed short levy of stamp duty and registration fees in the following cases:

(i) A document was registered in July 2007 for a plot of land at Ushabazar on the Airport Road under Singerbil Mouja measuring 0.40 acres (17,280 sq ft) including a one storeyed factory shed building of 11,425 sq ft area with plant and machinery at ₹ 59 lakh. As per the departmental valuation of land (effective from January 2005), the rate in this case should have been at ₹ 40 lakh per *Kani* (a local unit, equals to 17,280 sq ft) and the value of the factory shed building of 11,425 sq ft area should have been at ₹ 48.78 lakh (@ ₹ 427 per sq ft as per the PWD rate). Thus, there was under-valuation of the land and the factory shed building by ₹ 29.78 lakh (₹ 88.78 lakh - ₹ 59.00 lakh). This resulted in short levy of stamp duty and registration fees⁷ of ₹ 1.94 lakh (Stamp duty: ₹ 1.49 lakh+ Fees: ₹ 0.45 lakh).

(ii) A document was registered in March 2009 under Agartala Mouja for land measuring 0.036 acres (1,568.16 sq ft) and building measuring 11,490 sq ft (ground floor: 1,100 sq ft; 1st floor: 1,990 sq ft; 2nd floor: 2,800 sq ft; 3rd floor: 2,800 sq ft; and 4th floor: 2,800 sq ft) at a total value of ₹ 2.50 crore (land: ₹ 0.50 crore and building: ₹ 2.00 crore). But on a plot of land measuring 1,568.16 sq ft, construction of building area of 2,800 sq ft is not

⁷ Stamp duty is leviable @ ₹ 50/- if the amount or value of consideration exceeds ₹ 900 but does not exceed ₹ 1000 and for every ₹ 500 or part thereof in excess of ₹ 1000 @ ₹ 25/-. Registration fees are leviable @ ₹ 18/- when the value expressed in the document exceeds ₹ 500 but does not exceed ₹ 1000 and for every additional ₹ 1000 or part thereof @ ₹ 15/-.

found to be feasible. Hence, there is concealment of actual area of land by at least 1,231.84 sq ft (2,800.00 – 1,568.16) valuing ₹ 39.28 lakh⁸. This resulted in short levy of stamp duty and registration fees of ₹ 2.56 lakh (Stamp duty: ₹ 1.96 lakh + Fees: ₹ 0.60 lakh).

Thus, under-valuation of land and buildings in case of three deeds registered between July 2007 and December 2009 resulted in short levy of stamp duty and registration fees of ₹ 4.50 lakh⁹.

We reported the matter to the Government in June 2010; their reply had not been received (October 2010).

⁸ Value of 1,568.16 sq ft is ₹ 50 lakh, therefore value of 1,231.84 sq ft is ₹ 39.28 lakh.

⁹ ₹ 1.94 lakh + ₹ 2.56 lakh.