

## Overview

This Report contains 37 paragraphs including three reviews relating to non/short levy of taxes, duties, royalty, fees, interest and penalty etc., involving ₹ 141.27 crore. Some of the major findings are mentioned below:

### 1. General

The total receipts of the Government for the year 2010-11 were ₹ 12,710.61 crore. The revenue raised by the State Government during the year was ₹ 5,337.69 crore comprising tax revenue of ₹ 3,642.38 crore and non-tax revenue of ₹ 1,695.31 crore. The State Government also received ₹ 1,715.35 crore as State's share of divisible Union taxes and ₹ 5,657.57 crore as grants-in-aid from the Government of India.

(Paragraph 1.1)

Test check of the records of sales tax, state excise, taxes on vehicles, goods and passengers, forest receipts and other tax and non-tax receipts conducted during the year 2010-11, revealed under assessments/short levy/loss of revenue aggregating ₹ 431.05 crore in 1,062 cases. During the course of the year 2010-11, the concerned departments accepted under assessments etc., of ₹ 30.43 crore in 317 cases.

(Paragraph 1.5.1)

### 2. Taxes/VAT on Sales, Trade etc.

A performance audit on “Utilisation of declaration forms in inter-state trade” revealed the following:

- Concealment of interstate purchase of ₹ 7.82 crore resulted in evasion of tax of ₹ 1.77 crore.

(Paragraph 2.8.12.1)

- Irregular grant of exemption of tax on sales without submission of declaration in form 'C' resulted in non-levy of tax of ₹ 11.05 crore.

(Paragraph 2.8.12.2)

- Incorrect grant of concessional rate of tax on sales against defective/invalid 'C' forms resulted in short levy of tax of ₹ 12.14 crore including interest.

(Paragraph 2.8.13)

- Incorrect allowance of exemption of tax on invalid 'F' forms resulted in short realisation of tax of ₹ 6.24 crore.

(Paragraph 2.8.14)

- Incorrect allowance of exemption on transfer of goods to places not mentioned in registration certificate resulted in underassessment of tax of ₹ 4.73 crore.

(Paragraph 2.8.16)

- Incorrect allowance of exemption of tax on incomplete 'F' forms resulted in non-levy of tax of ₹ 27.77 crore.

**(Paragraph 2.8.17)**

### **3. State Excise**

Low yield of spirit from molasses in a distillery of Una district resulted in short collection of excise duty of ₹ 25.92 lakh.

**(Paragraph 3.8)**

In AETC Bilaspur, the Department had to forgo revenue of ₹ 39.46 lakh on account of lesser fixation of minimum guaranteed quota for the year 2009-10.

**(Paragraph 3.9)**

Indecisiveness on the part of the department to seal vend and re-allot the unit, deprived the Government of annual license fee of ₹ 32.05 lakh.

**(Paragraph 3.11)**

### **4. Taxes on Vehicles, Goods and Passengers**

A performance audit on “**Computerisation in the Transport Department**” revealed the following:

- Lack of various controls such as application controls, process controls, validation controls etc. in the 'VAHAN' software resulted in incomplete database maintained by the Registering Authorities (RAs).

**(Paragraphs 4.6.9.1 to 4.6.9.4)**

- Necessary controls to levy penalty/fine at the prescribed rates were not built in the software leading to non/short levy of penalty/fine.

**(Paragraphs 4.6.9.5, 4.6.9.7 and 4.6.9.8)**

- The certificates of fitness of 18,854 transport vehicles renewable as on 31 March 2011 were not renewed and fee amounting to ₹ 47.71 lakh remained unclaimed/unrecovered.

**(Paragraph 4.6.9.6)**

- Due to non-maintenance of central server, giving access to all the RAs across the state there was duplication of data leading to increase in the number of records of vehicles in the database of different RAs.

**(Paragraph 4.6.14)**

Token tax of ₹ 2.23 crore was neither paid by 5,173 vehicle owners nor recovered by 29 registering and licensing authorities.

**(Paragraph 4.9)**

In 10 regional transport authorities, non-payment of special road tax by Private Stage Carriages (PSCs) and non-recovery of tax/penalty resulted in non-recovery of Government dues of ₹ 6.36 crore.

**(Paragraphs 4.10 and 4.11)**

Application of incorrect rate of composite fee in all the 7,050 vehicles entering into the State through barriers without National Permit resulted in short realisation of ₹ 1.76 crore during 2008-09 and 2009-10.

**(Paragraph 4.12)**

### **5. Forest Receipts**

In seven forest divisions payment of royalty of ₹ 2.65 crore was made late by the Himachal Pradesh State Forest Corporation (HPSFC), on which interest of ₹ 38.64 lakh was not levied by the Department.

**(Paragraph 5.8)**

Non-seizure of 166 illicitly felled trees resulted in loss of revenue to the tune of ₹ 78.38 lakh.

**(Paragraph 5.9)**

### **6. Other Tax and Non-Tax Receipts**

A performance audit on “**Interest Receipts including Dividends and Profits**” revealed the following:

- During 2005-06 to 2009-10 the Budget estimates and actual receipts fluctuated between (-) 27 per cent and 5,872 per cent indicating defective budgetary preparation.

**(Paragraph 6.3.7)**

- Terms and conditions of loans of ₹ 6.13 crore by Multi Purpose Projects and Power Department and Horticulture Departments were not prescribed. Thus, monitoring and recovery of interest was not possible.

**(Paragraph 6.3.8.3)**