

OVERVIEW

This Report contains 27 paragraphs including one review relating to non/short levy/loss of tax/duty having financial implication of ₹ 633.61 crore, of which audit observations of ₹ 513.04 crore have been accepted by the Government/Departments. Some of the major findings are mentioned in the following paragraphs.

I. General

The total receipts of the Government of Jharkhand for the year 2012-13 were ₹ 24,769.55 crore against ₹ 22,419.45 crore during 2011-12. The revenue raised by the State Government amounted to ₹ 11,759.30 crore comprising tax revenue of ₹ 8,223.67 crore and non-tax revenue of ₹ 3,535.63 crore. The receipts from the Government of India were ₹ 13,010.25 crore (State's share of divisible Union taxes: ₹ 8,188.05 crore and grants-in-aid: ₹ 4,822.20 crore). Thus, the State Government could raise only 47 *per cent* of the total revenue. During 2012-13, Taxes on Sales, Trade etc. (₹ 6,421.61 crore) and Non-ferrous Mining and Metallurgical Industries (₹ 3,142.47 crore) were the major source of tax and non-tax revenue respectively.

(Paragraph 1.1)

The number of Inspection Reports (IRs) and audit observations issued upto December 2012, but not settled by June 2013, stood at 994 and 6,945 respectively involving ₹ 10,977.96 crore. In respect of 221 IRs, issued upto December 2012, even the first replies had not been received though these were required to be furnished within one month of the date of issue of the Report.

(Paragraph 1.6.1)

Test check of the records of 130 units relating to Taxes on Sales, Trade etc., State Excise, Land Revenue, Taxes on Vehicles, Stamps and Registration Fees, Taxes and Duties on Electricity and Mining Receipts conducted during 2012-13, revealed underassessment/short levy/loss of revenue aggregating ₹ 1,532.94 crore in 25,784 cases. During the course of the year, the concerned Departments accepted under-assessment and other deficiencies of ₹ 568.52 crore involved in 21,067 cases and effected recovery of ₹ 7.02 crore in 1,024 cases in 2012-13.

(Paragraph 1.9.3)

II. Taxes on Sales, Trade etc.

Cross-verification of records/data obtained from three District Mining Offices, Indian Bureau of Mines, Kolkata and South Eastern Railway, Lohardaga with the records of four Commercial Taxes Circles revealed non-registration of dealers engaged in mining activities/suppression of turnover resulting in non/short realisation of tax of ₹ 12.85 crore including penalty of ₹ 8.38 crore.

(Paragraph 2.10)

Irregularities in determination of sales/purchase turnover of 34 dealers registered in 14 Commercial Taxes Circles resulted in non/short levy of tax and penalty of ₹ 280.70 crore.

(Paragraph 2.11)

In five Commercial Taxes Circles, in case of five assesseees, application of incorrect rate of tax resulted in short levy of tax of ₹ 1.11 crore.

(Paragraph 2.12)

In three Commercial Taxes Circles, in case of five assesseees, there was inadmissible allowance of Input Tax Credit of ₹ 16.98 lakh. Besides, penalty of ₹ 55.59 lakh was also leviable.

(Paragraph 2.14)

In three Commercial Taxes Circles, there was misuse of declarations in Form 'C' by three assesseees. Penalty of ₹ 1.64 crore, though leviable was not levied.

(Paragraph 2.15.1)

Penalty of ₹ 70.90 lakh was not levied for excess collection of tax in case of two dealers registered in two Commercial Taxes Circles. Besides excess collected tax of ₹ 35.45 lakh was also not forfeited.

(Paragraph 2.16)

III. State Excise

There was non/delayed settlement of 138 retail excise shops in eight Excise Districts during the years 2010-11 and 2011-12.

(Paragraph 3.8)

IV. Taxes on Vehicles

Tax and penalty of ₹ 18.97 crore due for the period between May 2009 and February 2013 from 4,204 vehicle owners pertaining to 16 Transport Offices was neither paid by the owners nor demanded by the Department.

(Paragraph 4.8)

In 15 Transport Offices, in case of 3,495 private vehicles, one-time tax of ₹ 6.52 crore though leviable after expiry of tax validity, was not levied. Besides, interest and penalty of ₹ 1.75 crore was also leviable.

(Paragraph 4.9)

In eight Transport offices, collecting banks remitted the tax revenue collected by them into the Government account after delay ranging between one and eleven months. But the interest of ₹ 7.60 crore payable on delayed remittance was not credited by the collecting banks.

(Paragraph 4.10)

V. Land Revenue

GM *Khas/Aam* land measuring 13.341 acres were transferred for commercial purposes by seven *Anchal* offices without realisation/short computation of *salami* and capitalised value of ₹ 4.06 crore.

(Paragraph 5.8)

VI. Other Tax Receipts

Stamps and Registration Fees

A paragraph on “Levy and Collection of Stamp duty and Registration fees on lease agreements of immovable properties and Development Agreements” revealed the following:

- Non-renewal of 82 mining leases deprived the Government of Stamp duty and Registration fees of ₹ 47.39 crore.
(Paragraph 6.7.3.1)
- Absence of a mechanism of inter-departmental exchange of data/information resulted in non-registration of leases by Urban Local Bodies/Committees/Anchal Offices/ATMs and consequent non-levy of Stamp duty and Registration fees of ₹ 74.56 lakh.
(Paragraph 6.7.3.2)
- Non-execution/non-registration of lease deeds of 6,764 residential quarters leased out by a Public Sector Undertaking resulted in non-levy of Stamp duty and Registration fees of ₹ 1.51 crore.
(Paragraph 6.7.3.3)

Taxes and Duties on Electricity

A review of “Levy and Collection of Electricity Duty in Jharkhand” revealed the following:

- There is no system in place for internal audit and cross-verification of transaction of electrical energy.
(Paragraph 6.10.9)
- Inspection fee amounting to ₹ 3.42 crore was not realised by the Chief Electrical Inspector from 924 industries/units pertaining to the periods between 2008-09 and 2012-13.
(Paragraph 6.10.10.1)
- There was short levy of electricity duty amounting to ₹ 15.80 crore including penalty of ₹ 13.10 crore during the period between 1996-97 and 2008-09 from 16 assesseees in four Commercial Taxes Circles due to application of incorrect rates.
(Paragraph 6.10.12)
- Allowance of incorrect exemption to an assessee during the period between 2003-04 and 2012-13 resulting in underassessment of electricity duty of ₹ 55.43 crore including mandatory penalty of ₹ 43.33 crore.
(Paragraphs 6.10.15.1 & 6.10.15.2)
- Cross-verification of data of the Jharkhand State Energy Regulatory Commission pertaining to the period 2007-08 with the returns furnished by the Jharkhand State Electricity Board led to detection of suppression of 912.46 million units of electrical energy which resulted in non-levy of electricity duty and surcharge of ₹ 8.01 crore besides mandatory penalty of ₹ 22.62 crore.
(Paragraph 6.10.16.1)

- Cross-verification of data of fitness certificate issued to diesel generating sets by the Chief Electrical Inspector to industries and other business establishments led to detection of 804 unregistered assesses of which 48 found registered after due date and consequent non-levy of penalty of ₹ 6.60 crore.

(Paragraph 6.10.18)

VII. Mining Receipts

Application of incorrect rate of royalty on dispatch of 96.31 lakh MT of coal and Iron ore by three District Mining Officers in case of 28 lessees resulted in short levy of royalty of ₹ 32.22 crore.

(Paragraph 7.7)

Downgrading of dispatched coal of 3.88 lakh MT by two collieries and failure of the District Mining Officers (Godda and Ramgarh) to detect the same through scrutiny of returns resulted in short levy of royalty of ₹ 1.22 crore.

(Paragraph 7.8)

Non-scrutiny of monthly returns *vis-à-vis* demand, collection and balance register by the District Mining Officer, Deoghar resulted in suppression of dispatch of 67,740.94 MT of coal by a lessee and consequent short levy of royalty of ₹ 1.18 crore.

(Paragraph 7.9)