

OVERVIEW

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This Report contains 44 paragraphs including one performance audit relating to non/short levy of tax, interest etc. involving ₹ 1,403.80 crore. Some of the major findings are mentioned below:

I. General

Total receipts of the Government of Bihar for the year 2013-14 were ₹ 68,918.65 crore. The revenue raised by the State Government amounted to ₹ 21,505.51 crore comprising tax revenue of ₹ 19,960.68 crore and non-tax revenue of ₹ 1,544.83 crore. The receipts from the Government of India were ₹ 47,413.14 crore (States' share of divisible Union taxes: ₹ 34,829.11 crore and grants-in-aid: ₹ 12,584.03 crore). Thus, the State Government's own contribution was only 31 *per cent* of total revenue.

(Paragraph 1.1.1)

The number of inspection reports (IRs) and paragraphs issued up to December 2013 but not settled by June 2014 stood at 4,806 and 27,764 respectively involving ₹ 17,825.55 crore. We are yet to receive even first replies for 1,773 IRs though these were required to be furnished within one month from the date of issue.

(Paragraph 1.6)

We conducted test-check of the records of commercial taxes, State excise, taxes on vehicles, land revenue, non-ferrous mining and metallurgical industries and other departmental offices during the year 2013-14 and observed underassessment/short levy/loss of revenue of ₹ 2,310.97 crore in 3,357 cases. During the period April 2013 to August 2014, the concerned departments accepted underassessment and other deficiencies of ₹ 785.06 crore which were pointed out in audit during 2013-14.

(Paragraph 1.9)

II. Commercial Taxes

A Performance Audit on '**Levy and Collection of Entry Tax**' indicated the following deficiencies:

Deviation from the cabinet decision was made while issuing notification for increase of rate of entry tax from four to five *per cent*, which involved revenue impact of ₹ 8.37 crore.

(Paragraph 2.3.7.1)

Provisions relating to scrutiny of returns, levy of interest and fine and tax audit was not applicable under the BTEG Act due to non-amendment of the provision of Section 8 of the BTEG Act after the introduction of BVAT Act bringing out these new features.

(Paragraph 2.3.8.1)

A sum of ₹ 7,482.61 crore collected under Bihar Trade Development Fund was not utilised for the purposes and the manner prescribed under the BTEG Act.

(Paragraph 2.3.9)

In 15 circles, 26 dealers did not get themselves registered under the BTEG Act despite import of scheduled goods of ₹ 37.88 crore which resulted into short levy of entry tax of ₹ 4.24 crore including penalty.

(Paragraph 2.3.11)

In 13 circles, only 12.57 to 17.48 *per cent* dealers were assessed during the year 2008-09 to 2012-13.

(Paragraph 2.3.13)

In 14 circles, suppression of import value of ₹ 714.89 crore by 21 dealers resulted into short levy of entry tax of ₹ 223.29 crore including leviable penalty during 2009-10 to 2012-13.

(Paragraph 2.3.14)

In nine circles, application of incorrect rate of entry tax by 22 dealers resulted into short levy of entry tax of ₹ 66.66 crore including leviable penalty during 2009-10 to 2012-13.

(Paragraph 2.3.15)

Cross-verification of transactions revealed suppression of import value of ₹ 1,416.22 crore and short levy of entry tax of ₹ 119.03 crore including penalty during 2010-11 to 2013-14.

(Paragraphs 2.3.21.1 and 2.3.21.2)

In two check-posts, 12,552 vehicles with consignment value of ₹ 5,402.37 crore used out to out *savidha* for transit through Bihar. Though they entered into Bihar but did not exit leading to leakage of revenue.

(Paragraph 2.3.22)

In 11 commercial taxes circles, suppression of sales/purchase turnover of ₹ 217.87 crore by 15 dealers resulted in underassessment of tax of ₹ 76.27 crore including leviable penalty and interest.

(Paragraph 2.5)

Irregular claim of Input Tax Credit (ITC) by the seven dealers in four commercial taxes circles resulted in excess allowance of ITC of ₹ 33.80 crore including leviable penalty and interest.

(Paragraph 2.6)

In Bhagalpur commercial taxes circle, there was non-levy of electricity duty amounting to ₹ 416.96 crore including penalty on sales of energy.

(Paragraph 2.18)

III. State Excise

Due to allowing payment of differential amount on the basis of their tendered rate instead of rate quoted by lowest tenderer the Department would be deprived of ₹ 341.32 crore during 2014-15 to 2018-19.

(Paragraph 3.4.2.1)

Non-verification of the amount deposited by licensees from the records of treasury and non-observance of condition of sale notification by the Excise officers resulted in defalcation of ₹ 8.15 crore in three Excise offices.

(Paragraph 3.5)

IV. Taxes on Vehicles

In 30 District Transport Offices, tax dues of ₹ 2.09 crore pertaining to 1,608 transport vehicles for the period between April 2008 and March 2014 were neither paid by the vehicle owners nor notices of demand for realisation of dues of ₹ 5.84 crore (including penalty) were issued by the concerned District Transport Officers.

(Paragraph 4.4)

V. Other Tax Receipts

Stamp duty of ₹ 18.34 lakh was not levied on lease agreements entered into between the Mobile companies and land owners.

(Paragraph 5.7)

VI. Non-Tax Receipts

Penalty of ₹ 5.47 crore for illegal procurement of minerals against the works contractors in six district mining offices, though leviable, was not levied.

(Paragraph 6.4)

Due to non-registration of deeds of settlement of sand *ghats* in six district mining offices there was a loss of ₹ 2.94 crore in registration fees.

(Paragraph 6.6)