

OVERVIEW

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I. General

This Report contains 25 paragraphs besides two Performance Audits and two theme based compliance audits relating to under-assessment/non-realisation/ loss of revenue etc. of ₹ 812.61 crore. A follow-up audit on ‘Computerisation of Motor Vehicles Department’ featured in the Audit Report (Revenue Receipts) for the year 2010-11 has also been included in this Report. Some of the major findings are mentioned in the following paragraphs:

- Total receipts of the Government for the year 2015-16 increased to ₹ 1,09,732.21 crore from ₹ 86,514.21 crore in the previous year. Forty *per cent* of the total revenue collected in 2015-16 was raised by the Government through tax revenue (₹ 42,492.08 crore) and non-tax revenue (₹ 1,861.79 crore). The balance 60 *per cent* was received from the Government of India as State’s share of net proceeds of divisible Union taxes (₹ 37,163.93 crore) and Grants-in-aid (₹ 28,214.41 crore).

(Paragraph 1.1.1)

- As on 30 June 2016, 853 inspection reports issued up to December 2015, containing 4,460 audit observations involving ₹ 2,536.06 crore were outstanding for want of response or final action by the concerned departments.

(Paragraph 1.6)

- Test check of records of Sales Tax/Value Added Tax, Land Revenue, Motor Vehicles Tax, State Excise, Stamp Duty and Registration Fees, Profession Tax, Electricity Duty, Amusement/Entertainment Tax and other tax and non-tax receipts conducted during the year 2015-16 indicated under assessment /short levy/loss of revenue amounting to ₹ 1,121.01 crore in 1,830 audit observations. During the course of the year, departments accepted under-assessment etc. of ₹ 256.95 crore in 955 audit observations and recovered ₹ 3.98 crore at the instance of audit.

(Paragraph 1.10)

II. Value Added Tax/Sales Tax

- A theme-based compliance audit on “**Administration of Recovery of assessed dues by the Tax Recovery Officers under the Directorate of Commercial Taxes**” showed the following:
 - Disposal of certificate cases during the period from 2010-11 to 2014-15 was merely 16.18 *per cent* and 4.01 *per cent*, respectively, in terms of number and amount of the certificate cases received during the period. Such poor disposal resulted in accumulation of pending certificate cases.

(Paragraph 2.4.3)

- Failure of the Tax Recovery Officers to serve notices on the defaulters in 134 cases resulted in non-recovery of certificate dues of ₹ 29.62 crore.

(Paragraph 2.4.4)

- Inaction of the Tax Recovery Officers in 737 cases to comply with the provisions of the Acts regarding execution of certificate cases resulted in non-recovery of Government dues of ₹ 178.06 crore.

(Paragraphs 2.4.6.1 and 2.4.6.2)

- Non-attachment of property of defaulters even after issuing warrants of attachment issued by the Tax Recovery Officers in 69 cases resulted in non-recovery of Government dues of ₹ 12.38 crore.

(Paragraph 2.4.8)

- Failure of the Tax Recovery Officers to settle the certificate cases under WBST Act, 1994 resulted in non-settlement of 471 certificate cases involving ₹ 100.91 crore.

(Paragraphs 2.4.10.1 and 2.4.10.2)

- Deficiencies in the Internal Control Mechanism like non-monitoring of instalments under certificate cases of BPDR Act and absence of a database of certificate cases were also noticed.

(Paragraphs 2.4.15 and 2.4.16)

- In assessing five cases, contractual transfer price was determined short of that shown in certificates of tax deducted at source, resulting in short determination of contractual transfer price by ₹ 73.79 crore with consequent short levy of tax by ₹ 5.25 crore.

(Paragraph 2.10)

III. Land Revenue

- Non-initiation of any action to realise the dues from defaulting *raiyyats* resulted in non/short realisation of rent, cess and surcharge of ₹ 53.24 crore in 5,903 cases.

(Paragraph 3.7)

IV. Motor Vehicles Tax

- A theme-based compliance audit on “**Receipts under the State Transport Authority**” showed the following:

- In 14,078 cases application fees of ₹ 80.79 lakh for counter-signature of permits issued by State Transport Authority were not realised.

(Paragraph 4.4.5)

- Permit issued by the State Transport Authority in respect of 25 inter-region stage carriages and 16 inter-State stage carriages were not renewed even after expiry of their validity periods, resulting in non-realisation of fees for application and counter-signature and fine of ₹ 7.24 lakh.

(Paragraph 4.4.6)

- Non-maintenance of Tax Demand Registers led to non-realisation of tax, additional tax, penalty and special fee of ₹ 205.64 crore from the owners of 75,864 vehicles.

(Paragraph 4.5)

V. Stamp Duty and Registration Fees

- There was short levy of stamp duty and registration fees of ₹ 16.20 crore on a deed comprising several distinct matters.

(Paragraph 5.4)

VI. Mines and Minerals

- There was non/short recovery of price of brick earth of ₹ 5.41 crore on unauthorised extraction of brick earth of 845.12 lakh cft in 401 cases.

(Paragraph 6.4)

- Three DL&LROs did not levy penalty for short extraction of 87.92 lakh cft of sand in 20 cases resulting in non-realisation of revenue of ₹ 1.75 crore.

(Paragraph 6.5)

VII. State Excise

- A Performance Audit on “Assessment, Levy and Collection of Excise Revenue” showed the following:

- Absence of any departmental norms to identify the category of a hotel and non-verification of facilities/amenities available within the hotel premises in accordance with the norms prescribed by Indian Tourism Department, Government of India resulted in short realisation of revenue of ₹ 24.83 lakh.

(Paragraph 7.4.11)

- In the absence of any mechanism to cross verify utilisation of way bills shown for import of intoxicants from outside West Bengal with that shown to have been utilised to the Directorate of Commercial Taxes, West Bengal, there was evasion of excise duty of ₹ 23.89 crore.

(Paragraph 7.4.12)

- There was short disclosure of production of beer as per norms prescribed under Excise Manual, resulting in non-realisation of excise revenue of ₹ 116.04 crore.

(Paragraph 7.4.14)

- In two breweries, export passes were issued to the licensees without realisation of excise duty of ₹ 42.05 crore.

(Paragraph 7.4.15)

- Due to non-application of higher rate of excise duty prevailing in West Bengal in export of beer for civil consumption in two States, there was short realisation of excise revenue of ₹ 66.16 crore.

(Paragraph 7.4.16.1)

VIII. State Lotteries

- A Performance Audit on “West Bengal State Lotteries” showed the following:

- In the absence of a system to cross-verify the records with that of Organising States, evasion of lottery charges of ₹ 79.17 crore involving 4,013 lottery draws could not be detected.

(Paragraph 8.3.1.1)

- Collection of sale proceeds of ₹ 237.68 crore against ₹ 317.02 crore due to sale of lottery tickets at prices below the face value of tickets resulted in short realisation of sale proceeds of ₹ 79.34 crore.

(Paragraph 8.3.2.1)

- Adoption of improper procedure of adjustment of departmental expenditure with the revenue receipts and delayed processing of transfer bills resulted in credit of Government revenue of ₹ 80.24 crore with delays ranging between five and 918 days.

(Paragraph 8.3.2.2)