

## OVERVIEW

### I. General

This Report contains 37 paragraphs including two Performance Audits relating to under-assessment/ non-realisation/ loss of revenue etc. involving ₹ 632.75 crore. Some of the major findings are mentioned in the following paragraphs:

- The total receipts of the Government for the year 2013-14 increased to ₹ 72,881.79 crore from ₹ 68,295.75 crore in the previous year. 52 per cent of the total revenue collected in 2013-14 was raised by the Government through tax revenue (₹ 35,830.56 crore) and non-tax revenue (₹ 2,022.72 crore). The balance 48 per cent was received from the Government of India as the State's share of net proceeds of divisible Union taxes (₹ 23,175.02 crore) and Grants-in-aid (₹ 11,853.49 crore).

(Paragraph 1.1.1)

- As on 30 June 2014, 882 inspection reports issued upto December 2013 containing 3,997 audit observations involving ₹ 1,472.12 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, transport, state excise, stamp duty and registration fees, profession tax, electricity duty, amusement tax, other tax and non-tax receipts conducted during the year 2013-14 indicated under-assessment/ short levy/ loss of revenue amounting to ₹ 735.95 crore in 1,797 audit observations. During the course of the year, the departments accepted under-assessment of ₹ 177.72 crore in 895 audit observations and recovered ₹ 3.65 crore at the instance of audit.

(Paragraph 1.10)

### II. Value Added Tax

- A Performance Audit on “Assessment, Levy and Collection of Value Added Tax from Works Contractors” revealed the following:

- Failure on the part of Directorate of Commercial Tax (DCT) to monitor deduction of tax at applicable rates from payments made to 30 works contractors with cancelled certificates of registration resulted in short deduction of tax of ₹ 0.78 crore.

(Paragraph 2.4.7.1)

- In the absence of a system for cross verification of data available with the STDS Cell with the returns/assessment status filed by 111 works contractors, the AAs failed to detect non/short disclosure of Contractual Transfer Price (CTP) in returns with consequent evasion of tax of ₹ 5.82 crore.

(Paragraphs 2.4.7.2, 2.4.7.3 and 2.4.7.4)

- Absence of a system to detect non-deduction of tax from payments made to dealers for execution of works contracts resulted in non-deduction of tax at source of ₹ 0.65 crore.

**(Paragraph 2.4.8)**

- In the absence of a provision for levy of interest on delayed deposit of Tax Deducted at Source (TDS) into Government Treasury, 36 persons in 112 cases made delays ranging between 20 days to two years and six months in depositing tax deducted at source.

**(Paragraph 2.4.9.1)**

- In the absence of a provision to impose late fee on delayed submission of TDS certificates in Form 18 and scrolls in Form 19, compliance of the provisions of the Act for filing such returns within the prescribed time limit could not be enforced in 72 cases against 17 contractees.

**(Paragraph 2.4.9.2)**

- In assessing 45 cases of 40 works contractors for the assessment periods between 2006-07 and 2010-11, CTP was determined short of payments as per TDS allowed in assessment/returns/books of accounts resulting in short determination of CTP of ₹ 592.01 crore with consequent short levy of tax of ₹ 33.02 crore.

**(Paragraphs 2.4.11.1 and 2.4.11.2)**

- In assessing 17 cases of 12 dealers, deductions towards labour, service and other like charges and payments to sub-contractors were incorrectly allowed for ₹ 1,969.71 crore against deductions allowable for ₹ 606.66 crore resulting in short determination of taxable CTP of ₹ 1,361.18 crore with consequent short levy of tax of ₹ 131.62 crore.

**(Paragraph 2.4.15.3)**

- Due to short determination of turnover of sales, there was short levy of tax of ₹ 10.01 crore in 35 cases.

**(Paragraph 2.5)**

- Application of incorrect rate of tax resulted in short levy of tax of ₹ 2.66 crore in 18 cases.

**(Paragraph 2.6)**

- In 19 cases Assessing Authorities (AAs) allowed ITC to the dealers without thorough scrutiny of the accounts and without cross-checking the status/accounts of the selling dealers which resulted in irregular allowance of ITC of ₹ 1.59 crore.

**(Paragraph 2.7)**

- Non/short levy of interest on non/short payment of tax by prescribed/specified dates and on disallowed claim of ITC resulted in non/short levy of interest of ₹ 10.75 crore in 55 cases.

**(Paragraph 2.9)**

- Failure of the Department to realise the disallowed remission resulted in non-realisation of tax of ₹ 52.44 crore in one case.

**(Paragraph 2.10)**

- Computation mistakes/omissions on the part of AAs resulted in short levy of tax of ₹ 2.45 crore in 12 cases.

**(Paragraph 2.14)**

### III. Land Revenue

- Non-initiation of any action to realise the dues from defaulting *raiya*s and application of rates lower than the prescribed rates resulted in non/short realisation of rent, cess and surcharge of ₹ 9.26 crore in 1,259 cases.

**(Paragraph 3.4)**

- Failure of the Department to settle the land through lease with six unauthorised occupants within the prescribed time-limit resulted in non-realisation of rent and *salami* of ₹ 4.55 crore.

**(Paragraph 3.6)**

### IV. Motor Vehicles Tax

- VAHAN software was not customised to make the field “audio fee” mandatory for realisation of the due audio fees at the time of payment of road tax which resulted in non-realisation of audio fee of ₹ 1.83 crore from the owners of 52,150 audio fitted vehicles.

**(Paragraph 4.4)**

- Non-mapping of provisions in the VAHAN software regarding realisation of fee for Certificate of Fitness at the rate of 150 *per cent*, resulted in short realisation of fitness fee of ₹ 1.04 crore in cases of 68,089 vehicles.

**(Paragraph 4.5)**

- Although provided in VAHAN for generation of list of defaulters, concerned RAs did not monitor defaults and did not issue demand notices to the owners for realisation of dues which resulted in non-realisation of tax, additional tax, penalty and special fee of ₹ 125.68 crore from 2,16,217 defaulter vehicles.

**(Paragraph 4.10)**

- Owners of 69,390 air-conditioned vehicles did not pay special tax and penalty of ₹ 20.77 crore.

**(Paragraph 4.11)**

### V. Stamp Duty and Registration Fees

- Incorrect mapping of business rules in the CORD software resulted in short levy of stamp duty of ₹ 1.42 crore in 452 cases.

**(Paragraph 5.4)**

- Undervaluation of properties by furnishing incorrect property details led to evasion of stamp duty and registration fees of ₹ 94.37 lakh in 307 cases.

**(Paragraph 5.6)**

## **VI. Other Tax Receipts**

A Performance Audit on “Administration of Taxes under various Acts by Directorate of Agricultural Income Tax in West Bengal”, revealed the following:

- Weakness in tax administration in respect of Agricultural Income Tax resulted in non-inclusion of 1,274 tea gardens having an area of 61,632 acres of land into the tax net.

**(Paragraph 6.3.8)**

- Absence of a system of cross verification of information with other sources resulted in non-inclusion of 1,849 omnibuses, 364 AC restaurants, 58 AC hotels and 54 AC banquet halls into the tax net and consequent non-realisation of ₹ 85.29 lakh.

**(Paragraph 6.3.14)**

- Absence of a system to monitor the compliance of the Appellate orders resulted in non-realisation of revenue of ₹ 39.63 lakh.

**(Paragraph 6.3.15)**

- Due to limited application of provision for taxation on complimentary tickets, the Government had to forgo ₹ 9.43 crore in sports/amusement events.

**(Paragraph 6.3.17)**

- Absence of a time limit for assessment resulted in non assessment of 1,083 cases of 255 Cable operators/Multi System Operators/Cinema halls and consequent non-realisation of ₹ 100.78 crore.

**(Paragraph 6.3.18)**

- Undue delay in initiation of recovery proceedings resulted in non-realisation of revenue of ₹ 11.16 crore in 438 cases of 229 cinema halls/parks, hotels and restaurants, tea gardens and cable operators.

**(Paragraph 6.3.19)**

- Absence of a time limit for disposal of appeal cases resulted in non-disposal of 3,519 appeal cases in which amount of ₹ 18.91 crore was blocked in 1,571 cases. Out of 3,519 appeal cases, 3,299 cases were pending for more than five years.

**(Paragraph 6.3.21)**

- Deficiencies in the Internal Control Mechanism like absence of an effective Internal Audit Wing, Manual on office procedures,

mechanism to monitor compliance of instructions/orders, adequate infrastructure and proper record keeping were noticed.

**(Paragraph 6.3.23)**

## VII. Mines and Minerals

- Two DL&LROs did not levy penalty for short extraction of 170.34 lakh cu ft of sand in 34 cases resulting in non-realisation of revenue of ₹ 2.15 crore.

**(Paragraph 7.5)**

- There was non/short realisation of price of brick earth of ₹ 3.38 crore on unauthorised extraction of brick earth of 6.30 crore cu ft in 338 cases.

**(Paragraph 7.7)**