

## CHAPTER VII

### OTHER TAX AND NON-TAX RECEIPTS

#### 7.1 Results of Audit

Test check of records of offices of the following Departments<sup>187</sup> conducted during the year 2015-16 showed under-assessments of tax and other irregularities involving ₹ 837.79 crore in 34 cases, which broadly fell under the following categories:

**Table 7.1: Results of Audit**

(₹ in crore)			
Sl. No.	Category	No. of cases	Amount
<b>I</b>	<b>INDUSTRIES AND COMMERCE DEPARTMENT</b>		
	<b>Mines and Geology</b>		
1.	Short levy of royalty	7	0.13
2.	Short recovery of seigniorage fee	2	0.03
3.	Non-forfeiture of security deposit	5	0.14
4.	Other irregularities	3	0.03
<b>II</b>	<b>ENERGY DEPARTMENT</b>		
1.	Short payment of electricity duty	1	133.15
<b>III</b>	<b>REVENUE DEPARTMENT</b>		
	<b>A. Land Revenue</b>		
1.	Non-levy / short levy of road cess	3	0.04
2.	Non-levy of interest	6	0.08
3.	Short levy of water tax	1	0.02
4.	Remission of water tax	1	0.03
5.	Non-resumption of leased lands on expiry of lease	1	704.08
	<b>B. Registration and Stamps</b>		
1.	Non-collection of profession tax	4	0.06
<b>Total</b>		<b>34</b>	<b>837.79</b>

During the year 2015-16, the Departments accepted under-assessments and other deficiencies of ₹ 0.13 crore in seven cases, of which five cases involving ₹ 0.07 crore were pointed out during the year 2015-16 and the rest in earlier years. An amount of ₹ 0.06 crore was realised in two cases during the year.

A few illustrative cases, involving ₹ 0.17 crore, are discussed in the following paragraphs.

<sup>187</sup> Number of offices under Industries and Commerce (Mines and Geology) Department: 18; Energy Department: 14; Endowments Department: 14; Number of offices under Revenue Department are included in Results of Audit paras of respective Chapters.

## REVENUE DEPARTMENT

### Land Revenue

#### 7.2 Non-levy of Interest on Arrears of Water Tax

As per Section 8 of Telangana Water Tax Act, 1988, water tax payable by a land owner in respect of any land shall be deemed to be public revenue due and provisions of Telangana Revenue Recovery (TSRR) Act, 1864<sup>188</sup> shall apply. Further, under Section 7 of TSRR Act, arrears of revenue shall bear interest at the rate of six *per cent* per annum.

During the scrutiny (December 2015 and January 2016) of statements showing water tax collection particulars in two Tahsildar offices<sup>189</sup>, Audit observed that though arrears of water tax of ₹ 90.97 lakh was collected for *fasli* years<sup>190</sup> 1416 to 1422 (1 July 2006 to 30 June 2013), interest amounting to ₹ 5.46 lakh, leviable under Section 7 of TSRR Act, was not levied. The interest was computed by Audit at the rate of six *per cent* for a minimum period of one year as the period of delay could not be checked on account of non-maintenance or improper maintenance of Demand, Collection and Balance (DCB) registers.

After Audit pointed out these cases, Tahsildar, Kalluru replied (January 2016) that matter would be examined and detailed reply furnished in due course. Tahsildar, Miryalaguda replied (December 2015) that action would be taken to levy interest under TSRR Act.

The matter was referred to the Department in May 2016 and to the Government in August 2016; replies have not been received (December 2016).

### Registration and Stamps

#### 7.3 Non-collection of Profession Tax

Under Section 4 of AP Tax on Professions, Trades, Callings and Employments Act 1987,<sup>191</sup> every person engaged in any profession in the State shall be liable to pay a tax as specified in the first Schedule to the Act. Government in their order<sup>192</sup> dated 30 May 2006 appointed Sub-Registrars of Registration and Stamps Department as collecting agents for collection of Profession Tax (PT) from chit fund companies. As per amendment<sup>193</sup> to first Schedule, an amount of ₹ 2,500 per annum has to be collected as PT from individuals or institutions conducting / running chit funds.

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<sup>188</sup> Government of Telangana through G.O.Ms.No.45, Law (F) Department, dated 1 June 2016 adapted the Act of combined State of Andhra Pradesh.

<sup>189</sup> Kalluru and Miryalaguda.

<sup>190</sup> *Fasli* year means period of 12 months from July to June.

<sup>191</sup> Adapted by the State of Telangana by a Government Order G.O.Ms.No169 Revenue (CT-II) Department, dated 18 September 2015.

<sup>192</sup> G.O.Ms.No.610, Revenue (CT-IV) Department, dated 30 May 2006.

<sup>193</sup> G.O.Ms.No.82, Revenue (CT-IV) Department, dated 4 February 2013.

During scrutiny (May and September 2015) of records of offices of two District Registrars<sup>194</sup> and two Sub-Registrars<sup>195</sup>, Audit observed that PT for the years 2011-12 to 2014-15 amounting to ₹ 6.07 lakh was not collected by the Registrars concerned from 184 institutions conducting chit funds.

The matter was referred to the Department and to the Government in August 2016; replies have not been received (December 2016).

## **INDUSTRIES AND COMMERCE DEPARTMENT**

### **Mines and Geology**

#### **7.4 Short Levy of Royalty / Seigniorage Fee on Minerals**

**7.4.1** As per Rule 10 of Andhra Pradesh Minor Mineral Concession Rules, 1966 as adapted by the Government of Telangana through an order<sup>196</sup> read with Government Order<sup>197</sup> seigniorage fee or dead rent, whichever is higher shall be charged on all minor minerals despatched or consumed from the land at the rates specified in the Schedule to the Rules.

During scrutiny (August 2014 and January 2016) of records relating to seigniorage fee in office of the Assistant Director of Mines and Geology (ADMG), Karimnagar, Audit observed that the seigniorage fee was collected short by ₹ 3.31 lakh on sand, stone metal, muram (minor minerals) for the period from 2011-12 to 2013-14 in respect of works awarded by National Thermal Power Corporation Limited (NTPC) to private agencies. Further, during the scrutiny of assessment files in the office of Zonal Joint Director of Mines & Geology (ZJDMG), it was observed (October 2015) from the Mineral Revenue Assessment (MRA) of a lessee for the year 2013-14 that the quantities of colour granite despatches adopted were less than the quantities shown in the annual accounts resulting in short levy of seigniorage fee amounting to ₹ 1.12 lakh. Thus, there was a total short collection/levy of seigniorage fee amounting to ₹ 4.43 lakh.

After Audit pointed out these cases, ZJDMG, Hyderabad replied (October 2015) that necessary instructions would be issued to the ADMG, Karimnagar to revise the MRAs duly examining the despatched quantity submitted by the lessee under intimation to Audit. ADMG, Karimnagar replied (September 2014 and January 2016) that action would be initiated to collect seigniorage fee under intimation to Audit.

The matter was referred to the Department in August 2016 and to the Government in September 2016; replies have not been received (December 2016).

<sup>194</sup> Karimnagar and Mahabubnagar.

<sup>195</sup> Golconda and Tandur.

<sup>196</sup> G.O.Ms.No.55, Industries and Commerce (M.I) Department, dated 26 August 2015.

<sup>197</sup> G.O.Ms.No.198, Industries and Commerce (M.I) Department, dated 13 August 2009.

**7.4.2** As per Section 9 of Mines and Minerals (Development & Regulation) (MMDR) Act, 1957, the holder of a mining lease shall pay royalty in respect of any mineral (other than minor minerals) removed or consumed by him or by his agent, manager, employee, contractor or sub-lessee from the leased area at the rates specified in the Second Schedule. As per Second Schedule to the Act, the rate of royalty for 'Dolomite' shall be charged on tonnage basis. The rate of royalty to be levied on 'Dolomite' was ₹ 63 per tonne up to 31 August 2014 and ₹ 75 per tonne with effect from 1 September 2014.

During scrutiny of assessment files in the office of ADMG, Khammam, Audit observed (January 2016) that the ADMG while finalising the MRA, had adopted fewer quantities of mineral despatches than the quantities of despatches shown in the annual returns submitted by the lessee for 'Dolomite' mineral. Consequently, there was short levy of royalty amounting to ₹ 0.63 lakh.

The matter was referred to the Department in August 2016 and to the Government in September 2016. The Director of Mines & Geology replied (October 2016) that the MRA was revised. However, reply from Government has not been received (December 2016).