

OVERVIEW

The Audit Report contains 43 audit paragraphs including two reviews. The irregularities relate to non/short levy of tax, penalty, interest etc. The money value involved was Rs.265.68 crore. Some of the major findings are mentioned below:

1 GENERAL

- The total revenue receipts of the State during the year 2004-05 amounted to Rs.28,749.50 crore against Rs.26,868.50 crore in the previous year. Seventy *per cent* of this comprised of the State's own tax (Rs.16,254.50 crore) and non tax revenue (Rs.3,755.57 crore). Balance 30 *per cent* comprised State Government's share of divisible taxes and duties of Rs.6,058.51 crore and grants in aid of Rs.2,680.92 crore, received from the Union Government. The decrease in receipts from Government of India during 2004-05 over that of the previous year was 7.6 *per cent* as against increase of 37.95 *per cent* in 2003-04 over the previous year.

(Paragraph 1.1)

- At the end of March 2005, the arrears in revenue in Sales Tax, Land Revenue, Motor Vehicles Tax, Stamp Duty and Registration Fees, Purchase Tax on Sugarcane, State Excise and Taxes and Duties on Electricity etc., amounted to Rs.5,027.72 crore of which Rs.1,748.60 crore were pending for more than five years.

(Paragraph 1.6)

- Test check of the records of Sales Tax, State Excise, Land Revenue, Motor Vehicles Tax, Stamp Duty and Registration Fee and other departmental offices conducted during the year 2004-05 revealed under assessment/short levy/loss of revenue amounting to Rs.869.01 crore in 2,627 cases. During 2004-05, the Departments concerned accepted under assessment etc., of Rs.80.07 crore involved in 1,707 cases pointed out in audit during 2004-05 and earlier years. During the year 2004-05, various Departments reported collection of Rs.4.49 crore based on audit objections.

(Paragraph 1.11)

2 SALES TAX

A review on 'cross verification of 'C' and 'F' forms' revealed the following points:

- Exemptions allowed on branch and consignment transfers not duly supported by declarations resulted in short levy of tax of Rs.6.68 crore in 10 circles and one large tax payers' unit during the period 1999-2000 to 2002-03.

(Paragraph 2.2.8)

- Incorrect exemption allowed on ineligible components included in the value of goods involved in branch transfers resulted in short levy of tax of Rs.1.33 crore in one large tax payers' unit and one circle.

(Paragraph 2.2.9)

- Variations between value of goods transferred by manufacturers and goods brought to tax by branches/agents in other States in one large tax payers' unit and one circle resulted in short levy of tax of Rs.1.51 crore.

(Paragraph 2.2.10)

- Short levy of tax of Rs.7.16 crore including penalty of Rs.5.74 crore due to excess accountal of inter State sales turnover, in three circles and one LTU.

(Paragraph 2.2.11)

- Short levy of tax of Rs.1.16 crore in 12 cases due to application of incorrect rate of tax on inter State sales not covered by relevant declaration forms.

(Paragraph 2.2.12)

- In three large tax payers' units, 63 circles and four unit offices, tax on works contracts amounting to Rs.26.24 crore was short levied in 195 cases.

(Paragraph 2.3)

- Incorrect sanction of incentive to an industrial unit which had not started commercial production by the due date resulted in incorrect availment of Rs.8.44 crore during the year 2002-03.

(Paragraph 2.4.1)

- In two circles, incorrect sanction of incentives without fixing base production turnover resulted in grant of incorrect allowance of sales tax incentive of Rs.2.13 crore.

(Paragraph 2.4.2)

- Incorrect allowance of exemption from turnover below the base turnover resulted in short recovery of tax of Rs.6.95 crore in two offices.

(Paragraph 2.4.3)

- Sales tax exemption amounting to Rs.1.32 crore was incorrectly availed in 17 cases during the years 1999-2000 to 2001-02 though the products were not covered by sanction/there was no manufacturing activity in nine circles.

(Paragraph 2.4.5)

- In three large tax payers' units, 23 circles and one unit office interest of Rs.8.87 crore was not levied on non/delayed remittances of sales tax collection in 42 cases.

(Paragraph 2.5)

- In 24 circles and three unit offices, misclassification of goods led to short levy of tax of Rs.7.29 crore in 63 cases.

(Paragraph 2.6)

- In 29 circles, turnover tax of Rs.1.24 crore was not levied in 48 cases.

(Paragraph 2.7)

- Incorrect exemption of turnover of Rs.9.33 crore in 22 cases resulted in non/short levy of tax of Rs.85.47 lakh in one large tax payers' unit, 11 circles and two unit offices.

(Paragraph 2.8)

- Penalty of Rs.61.74 lakh was not levied in five cases involving one large tax payers' unit and four circles.

(Paragraph 2.9)

3 STATE EXCISE DUTIES

- Annual licence fee of Rs.35.75 lakh was short levied due to non adoption of revised census figures.

(Paragraph 3.2)

4 LAND REVENUE

- In nine mandal revenue offices, water tax of Rs.24.67 lakh was short levied.

(Paragraph 4.2)

- In 31 mandal revenue offices, water tax amounting to Rs.3.21 crore was remitted without obtaining orders from Government.

(Paragraph 4.3)

5 TAXES ON VEHICLES

- In 36 offices, non/short levy of quarterly tax and penalty amounted to Rs.2.96 crore.

(Paragraph 5.2)

- Licence fee of Rs.2.46 crore was short levied on 4,91,087 driving licences issued between June 2002 and March 2004.

(Paragraph 5.3)

6 STAMP DUTY AND REGISTRATION FEES

- In eight district registries and 41 sub registries, adoption of incorrect rate resulted in short levy of stamp duty of Rs.21.70 crore.

(Paragraph 6.2)

- In one district registry and 11 sub registries, incorrect adjustment of stamp duty resulted in loss of revenue of Rs.1.35 crore.

(Paragraph 6.3)

7 OTHER TAX RECEIPTS

REVENUE DEPARTMENT

Commercial Taxes

- Professions tax of Rs.29.45 crore was not levied and collected from owners of 3,92,605 transport vehicles on road for the year 2003-04.

(Paragraph 7.2.1)

8 NON TAX RECEIPTS

INDUSTRIES AND COMMERCE DEPARTMENT

Mines and Minerals

Review on 'Assessment of major and minor minerals' revealed the following:

- Royalty of Rs.1.89 crore on crude oil was short levied during the years 1999-2000 and 2002-03.

(Paragraph 8.2.9)

- Licence fee of Rs.1.07 crore on petroleum exploratory licence was short levied during the years 1999-2000 to 2003-04.

(Paragraph 8.2.11)

- Interest on arrears of royalty in respect of coal amounting to Rs.98.62 crore was unauthorisedly exempted.

(Paragraph 8.2.12)

- Seigniorage fee of Rs.4.64 crore which was collected from contractors' bills during the years 1999-2000 to 2003-04, was not remitted to Government account.

(Paragraph 8.2.19)

- A construction company did not pay seigniorage fee and penalty of Rs.1.01 crore during the year 2001-02.

(Paragraph 8.2.22)

REVENUE DEPARTMENT

Commercial taxes

- Rural development cess of Rs.7.47 crore was short levied in four circles in 150 cases.

(Paragraph 8.3)

IRRIGATION AND COMMAND AREA DEVELOPMENT DEPARTMENT

Irrigation Wing

- Royalty on water was short levied by Rs.47.67 lakh in two industrial units.

(Paragraph 8.6)