

OVERVIEW

The Audit Report contains 44 audit paragraphs including one review. The irregularities relate to non levy/short levy of tax, penalty, interest etc. The money value involved was Rs.189.69 crore. Some of the major findings are mentioned below:

1 GENERAL

- The total revenue receipts of the State during the year 2005-06 amounted to Rs.34,851.19 crore against Rs.28,749.50 crore in the previous year. 69 *per cent* of this comprised of the State's own tax (Rs. 19,207.41 crore) and non tax revenue (Rs.4,691.37 crore). Balance 31 *per cent* comprised State Government's share of divisible taxes and duties of Rs.6,950.86 crore and grants in aid of Rs.4,001.55 crore, received from the Union Government. The increase in receipts from Government of India during 2005-06 over that of the previous year was 25 *per cent* as against decrease of eight *per cent* in 2004-05 over the previous year.

(Paragraph 1.1)

- At the end of March 2006, the uncollected revenue in sales tax, State excise duties, land revenue, motor vehicles tax, stamp duty and registration fees, purchase tax on sugarcane and taxes and duties on electricity etc., amounted to Rs.5,277.10 crore of which Rs.2,151.36 crore was pending for more than five years.

(Paragraph 1.6)

- Test check of the records of sales tax, State excise, land revenue, motor vehicles, stamp duty and registration fee and other departmental offices conducted during the year 2005-06, revealed under assessment/short-levy/loss of revenue amounting to Rs.879.34 crore in 2,423 cases. During 2005-06, the departments concerned accepted under assessment etc., of Rs.66.02 crore involved in 1,607 cases pointed out in audit during 2005-06 and earlier years. During the year 2005-06 various departments reported collection of Rs.4.83 crore based on audit objections.

(Paragraph 1.11)

2 SALES TAX

IT review on 'integrated check post software (ICPS) in commercial taxes department' revealed the following points:

- Software was procured without following the tender process and execution plan.

(Paragraphs 2.3.5 and 2.3.6)

- The primary objective of ICPS package to provide single window checking facility was defeated due to non utilisation by participating departments.

(Paragraph 2.3.7)

- Analysis of data relating to 18,28,632 vehicles revealed absence of input and validation control of movement type. As a result origin and destination points were misclassified indicating possible tax evasion.

(Paragraph 2.3.8.1)

- Non finalisation of assessments of unsurrendered transit passes led to potential loss of revenue.

(Paragraph 2.3.8.5)

- Due to lack of training in ICPS package, monitoring was continued through normal procedure.

(Paragraph 2.3.9)

- In two large tax payers' units and 52 circles tax on works contracts amounting to Rs.14.03 crore was not/short levied.

(Paragraph 2.4)

- In one circle, tax of Rs.7.90 crore was levied on a sale turnover of Rs.65.83 crore, but only an amount of Rs.65.83 lakh was debited to tax incentive leaving a balance of Rs.7.24 crore.

(Paragraph 2.5.1)

- Incentive of Rs.2.52 crore availed of by six industrial units, that stopped production during the period of availment of exemption was not recovered.

(Paragraph 2.5.2)

- Allowance of incentives by three industrial units without fixing base turnover resulted in incorrect availment of incentives of Rs.91.10 lakh.

(Paragraph 2.5.4)

- In one large tax payer's unit and 11 circles interest of Rs.4.53 crore was not levied on non/delayed remittances of sales tax collection in 15 cases.

(Paragraph 2.6)

- Incorrect exemption of turnover of Rs.33.84 crore in 29 cases resulted in short levy of tax of Rs.3.10 crore in one large tax payers' unit and 19 circles.

(Paragraph 2.7)

- Incorrect exemption on turnover of Rs.20.38 crore on invalid declaration resulted in non levy of tax of Rs.1.99 crore in two large tax payers' units and nine circles.

(Paragraph 2.8.1)

- Adoption of notional/sale value instead of sale value declared in 'F' form led to excess exemption of turnover of Rs.40.57 crore resulting in non levy of tax of Rs.6.49 crore in one large tax payers' unit.

(Paragraph 2.8.2)

- In 18 circles tax was either levied at concessional/incorrect rate or exempted though transactions were not supported by relevant forms leading to short levy of tax of Rs.1.67 crore.

(Paragraph 2.8.4)

- In two large tax payers' units, 22 circles and one unit office misclassification of goods led to short levy of tax of Rs.3.70 crore.

(Paragraph 2.9.1)

- Allowance of incorrect concession on turnover of Rs.26.17 crore in two large tax payers' units and four circles led to short levy of tax of Rs.1.09 crore.

(Paragraph 2.10)

- In 23 circles involving 31 cases sales tax of Rs.1.14 crore was short levied due to levy of tax at lower rates.

(Paragraph 2.12)

- Penalty of Rs.68.92 lakh was not levied in two circles for misusing declaration forms.

(Paragraph 2.13)

3 LAND REVENUE

- In four mandal revenue offices, water tax amounting to Rs.33.73 lakh was remitted without obtaining orders from Government.

(Paragraph 3.2)

- In four mandal revenue offices and a district collectorate, market value of Rs.21.39 crore towards alienated land was not realised in 10 cases.

(Paragraph 3.5)

- In 33 mandal revenue offices interest of Rs.3.98 crore was not levied on arrears of land revenue.

(Paragraph 3.6)

4 TAXES ON VEHICLES

- Licence fee of Rs.3.74 crore was short levied on 7,48,750 driving licences issued during 2004-05.

(Paragraph 4.2)

- In 38 offices, non/short levy of quarterly tax and penalty amounted to Rs.6.90 crore.

(Paragraph 4.3)

- In 22 offices, life tax, quarterly tax and penalty of Rs.1.36 crore was not levied on omnibuses.

(Paragraph 4.4)

5 STAMP DUTY AND REGISTRATION FEES

- In 17 district registries and 96 sub registries adoption of incorrect rate resulted in short levy of stamp duty of Rs.48.49 crore.

(Paragraph 5.2)

- In three district registries and 20 sub registries incorrect adjustment of stamp duty resulted in loss of revenue of Rs.2.97 crore.

(Paragraph 5.3)

- In one district registry adoption of incorrect rate of stamp duty on the General Power of Attorney (GPA) document resulted in short levy of stamp duty of Rs.2.35 crore.

(Paragraph 5.4)

- In five district registries and three sub registries, undervaluation of properties resulted in short levy of duties aggregating to Rs. 67.73 lakh.

(Paragraph 5.5)

6 OTHER TAX RECEIPTS

INDUSTRIES AND COMMERCE DEPARTMENT

- In five assistant cane commissioners' offices, purchase tax and penalty of Rs. 9.96 crore on sugarcane was not levied.

(Paragraph 6.2)

- Interest of Rs. 25.26 crore on purchase tax on sugarcane was not levied in eight sugar factories.

(Paragraph 6.3)

REVENUE DEPARTMENT

Commercial Taxes

- Professions tax of Rs.24.21 crore was not levied and collected from owners of 3,22,844 vehicles on road for the year 2004-05.

(Paragraph 6.4.1)

State Excise Duties

- Annual licence fee of Rs.31.06 lakh was short levied due to non adoption of revised census figures.

(Paragraph 6.6)

7 NON TAX RECEIPTS

INDUSTRIES AND COMMERCE DEPARTMENT

Mines and Minerals

- Seigniorage fee of Rs.2.78 crore recovered from contractors' bills for the years 2001-02 to 2004-05 was not remitted to Government account.

(Paragraph 7.2)

- Royalty of Rs.43.84 lakh on limestone was short levied in a cement company.

(Paragraph 7.3)

REVENUE DEPARTMENT

Commercial Taxes

- Rural development (RD) cess of Rs.84.34 lakh was short levied in one circle.

(Paragraph 7.6)

- RD cess of Rs.78.46 lakh was retained by assesseees in 14 cases in one large tax payers' unit and four circles without remitting it to Government account.

(Paragraph 7.7)

GENERAL ADMINISTRATION DEPARTMENT

- Penal rent of Rs.81.27 lakh on unauthorised occupation of Government residential accommodation was not recovered.

(Paragraph 7.9)