

## OVERVIEW

This Report contains 25 paragraphs including two reviews relating to non/short levy of tax; interest etc. involving Rs 176.92 crore. Some of the major findings are mentioned below:

### I. General

Total receipts of the Government of Bihar for the year 2004-05 were Rs 15,714.14 crore. The revenue raised by the State Government amounted to Rs 3,765.18 crore comprising tax revenue of Rs 3,347.39 crore and non tax revenue of Rs 417.79 crore. The receipts from the Government of India were Rs 11,948.96 crore (States' share of divisible Union taxes: Rs 9,117.13 crore and grants in aid: Rs 2,831.83 crore). Thus, the State Government could raise only 24 *per cent* of total revenue. Taxes on sales, trade etc. (Rs 1,890.54 crore) and non ferrous mining and metallurgical industries (Rs 80.09 crore) were the major source of tax and non tax revenue respectively during the year 2004-05.

**(Paragraph 1.1.1, 1.1.2 and 1.1.3)**

The percentage of cost of collection for state excise and stamps and registration fee during the year 2004-05 was notably higher than the all India average percentage for the year 2003-04.

**(Paragraph 1.3)**

Test check of the records of commercial taxes, state excise, taxes on vehicles, land revenue, non ferrous mining and metallurgical industries and other departmental offices conducted during the year 2004-05 revealed under assessment/short levy/loss of revenue of Rs 1,047.08 crore in 1,833 cases. During the year 2004-05, the concerned departments accepted under assessments etc. of Rs 337.92 crore involved in 60 cases out of which 54 cases involving Rs 329.54 crore were pointed out in audit during 2004-05 and rest in earlier years. The concerned departments also reported recovery in 10 cases involving Rs 67.35 lakh.

**(Paragraph 1.10)**

The number of inspection reports and audit observations issued upto December 2004 but not settled by June 2005 stood at 8,275 and 34,331 respectively involving Rs 3,780.24 crore. For 2,123 inspection reports, even first replies have not been received though these were required to be furnished within one month of their receipt.

**(Paragraph 1.11)**

### II. Taxes on sales, trade etc.

Suppression of turnover by 26 dealers of various commodities registered in nine circles resulted in short levy of tax of Rs 4.65 crore including penalty.

**(Paragraph 2.2)**

In Patna Special circle, in case of a dealer engaged in business of petroleum products, additional tax was levied by the assessing officer on tax of Rs 98.36 crore instead of correct amount of Rs 764.06 crore which resulted in short levy of additional tax of Rs 7.32 crore including surcharge.

**(Paragraph 2.3)**

### **III. State excise**

In 14 excise offices 104 CS shops, 49 SCS shops and 26 IMFL shops remained unsettled or inoperative departmentally during 2001-02 to 2003-04. This resulted in loss of excise duty and licence fee of Rs 10.06 crore.

**(Paragraph 3.2)**

### **IV. Taxes on motor vehicles**

A review on “**Levy and collection of motor vehicles tax**” revealed the following:

- There was wide variation between budget estimates and revenue realised. Variation was also noticed in figures as appearing in Finance Accounts and those furnished by the Department for which reconciliation was not done as of 31 March 2004.

**(Paragraph 4.2.6)**

- In 24 district transport offices, tax dues of Rs 22.92 crore pertaining to 1,215 transport vehicles for the period April 1999 to November 2004 were neither paid by the vehicle owners nor demanded by the concerned tax authorities.

**(Paragraph 4.2.8)**

- The Department did not realise tax of Rs. 2.22 crore for 299 vehicles from the vehicle owners who failed to secure exemption from payment of tax on surrendered vehicles.

**(Paragraph 4.2.9)**

- In seven districts, the motor vehicle inspectors issued fitness certificate for 77 vehicles without ensuring upto date payment of tax of Rs 1.95 crore.

**(Paragraph 4.2.11)**

- DTO Patna issued documents without verifying the actual credit of revenue of Rs. 5.07 lakh into Government account. Of this, Rs 4.95 lakh was realised at the instance of audit.

**(Paragraph 4.2.13)**

An Information technology based review on “**Road transport management information system (NICTRAN)**” revealed the following:

- lack of control over registration on the basis of duplicate engine/chassis number.

- lack of control over registration on the basis of duplicate insurance certificate/cover note number.

**(Paragraph 4.3.5)**

#### **V. Other tax receipts**

Non renewal of expired leases/non payment of rent by 990 residential lessees resulted in non levy/recovery of Rs 28.70 crore for the period 1998-99 to 2003-04 in the shape of *salami*, penal rent and penal interest.

**(Paragraph 5.2.1)**

Suppression of import value by 43 dealers of scheduled goods registered in five commercial taxes circles during 2000-01 to 2003-04 resulted in short levy of entry tax of Rs 16.29 crore including penalty.

**(Paragraph 5.3.1)**

In five commercial taxes circles, 37 dealers imported scheduled goods worth Rs 30.76 crore during 2000-01 to 2003-04 on which entry tax of Rs 1.26 crore could not be levied due to non registration of the dealers under BTEG Act.

**(Paragraph 5.3.3)**

#### **VI. Non tax receipts**

Non adherence to the provisions of Forest Conservation Act and Wild life (Protection) Act resulted in loss in shape of depletion of forest affecting environmental stability and ecological balance besides non realisation of net present value of Rs 184.62 crore including cost of compensatory afforestation and cost of forest produce.

**(Paragraph 6.2)**

#### **VII. Other non tax receipts**

In six districts mining offices, 232 brick kilns were operated in brick season 2002-03 and 2003-04 without payment of prescribed consolidated royalty and without obtaining valid permit. The competent authorities failed to stop such business and levy penalty of Rs 1.97 crore.

**(Paragraph 7.2)**

In four water ways divisions, *khatiani* for 1.73 lakh acres of *kharif* and 2.09 lakh acres of *rabi* land irrigated during the years 2001-02 to 2003-04 were not prepared and forwarded to the concerned revenue divisions for raising demand and collection of water rates for Rs 3.03 crore.

**(Paragraph 7.4)**

Interest and penal interest of Rs 41.40 crore accrued as of March 2005 was neither worked out nor demanded by Transport Department and Rural Development Department.

**(Paragraph 7.8)**