

## OVERVIEW

This report contains 31 paragraphs including two reviews relating to non/short levy of tax, interest *etc.* involving Rs 523.80 crore. Some of the major findings are mentioned below:

### I. General

Total receipts of the Government of Bihar for the year 2007-08 were Rs. 28,209.08 crore. The revenue raised by the State Government amounted to Rs. 5,611.12 crore comprising tax revenue of Rs. 5,085.53 crore and non-tax revenue of Rs. 525.59 crore. The receipts from the Government of India were Rs. 22,597.96 crore (State's share of divisible Union taxes: Rs. 16,766.29 crore and grants-in-aid: Rs. 5,831.67 crore). Thus, the State Government could raise only 20 *per cent* of total revenue.

(Paragraph 1.1.1)

Test check of the records of sales tax, state excise, motor vehicles tax, stamps and registration fees, electricity duty, other tax receipts, forest receipts, interest receipts and other non-tax receipts during the year 2007-08 revealed under assessment/short levy/loss of revenue of Rs. 1,028.80 crore in 1,290 cases, of which, the concerned departments accepted underassessments and other deficiencies of Rs. 211.78 crore involved in 479 cases. The concerned departments also reported recovery of Rs. 1.05 crore.

(Paragraph 1.10)

The number of inspection reports and paragraphs issued upto December 2007 but not settled by June 2008 stood at 3,564 and 18,997 respectively involving Rs. 4,358.62 crore. For 2,721 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.*

A review of "**Assessment, levy and collection of sales tax/value added tax on works/supplies contracts**" revealed the following:

- Failure of the department to frame detailed guidelines on cross verification of records of the buying departments with the Taxation Department resulted in supplies/works contracts by unregistered dealers and suppression of turnover by registered dealers remaining undetected. Consequently, there was non/short realisation of tax of Rs. 106.26 crore.

(Paragraph 2.2.7)

- Non-completion of assessment within the specified time frame resulted in non-realisation of tax of Rs. 1.80 crore.

(Paragraph 2.2.9)

- Two dealers were irregularly allowed exemption of Rs. 84.25 lakh on account of tax deducted at source.

**(Paragraph 2.2.10)**

In one commercial taxes circle, excise duty of Rs. 185.09 crore was not included in the turnover of a dealer, which resulted in short levy of tax of Rs. 32.85 crore including additional tax and surcharge.

**(Paragraph 2.3.1.1)**

In 14 commercial taxes circles, suppression of sales/purchase turnover of Rs. 29.47 crore by 20 dealers resulted in short levy of tax of Rs. 8.35 crore including penalty.

**(Paragraph 2.8)**

In two commercial taxes circles, in case of eight dealers, though the interstate sale of goods valued at Rs. 15.72 crore was not supported by the prescribed declaration forms, tax was levied at lower rates. This resulted in underassessment of tax of Rs. 85.40 lakh.

**(Paragraph 2.9.1)**

In one commercial taxes circle, incorrect allowance of exemption on account of transit sale of goods of Rs. 30.81 crore resulted in short levy of tax of Rs. 1.23 crore.

**(Paragraph 2.9.3)**

### **III. State excise**

In four excise districts, the retail licensees did not lift the minimum guaranteed quota during the year 2006-07 leading to the loss of revenue of Rs. 39.44 crore.

**(Paragraph 3.2)**

In five excise districts, 25 country spirit, eight spiced country spirit and nine India made foreign liquor shops were not settled and also not operated departmentally during 2006-07. This resulted in loss of revenue of Rs. 5.91 crore.

**(Paragraph 3.3.1)**

In five excise districts, due to delayed settlement of 113 country spirit, 71 spiced country spirit and 42 India made foreign liquor shops during 2006-07, the Government lost revenue of Rs. 6.67 crore.

**(Paragraph 3.3.2)**

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

In 37 district transport offices, tax dues of Rs. 30.68 crore (including penalty) pertaining to 1,320 transport vehicles for the period July 2002 to June 2007 were neither paid by the vehicle owners nor action was taken towards realisation of dues by the concerned tax authorities.

**(Paragraph 4.2)**

In 10 district transport offices, certificates of fitness were issued to 71 transport vehicles without ensuring upto date payment of tax, which resulted in non-realisation of tax of Rs. 1.97 crore (including penalty) for the period between July 2002 and June 2007.

**(Paragraph 4.4)**

## **V. Other tax receipts**

In two *khas mahal* offices, 2,701 occupiers of leasehold *khas mahal* land continued to occupy the land unauthorisedly which resulted in non-realisation of revenue of Rs. 153.60 crore for the period from 2003-04 to 2007-08 including penal rent and interest.

**(Paragraph 5.2)**

In two *anchal* offices, rent and cess of Rs. 51.12 crore on 2,532.99 acres of *kabil lagan* land was not assessed for the period 2003-04 to 2007-08.

**(Paragraph 5.3)**

Suppression of import value of scheduled goods by a dealer registered in Gaya commercial taxes circle during 2004-05 resulted in short levy of entry tax of Rs. 33.31 lakh including minimum penalty.

**(Paragraph 5.4)**

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

A review of "**Water rate receipts**" revealed the following:

- Absence of data regarding availability of water resources rendered the determination of available irrigation potential unrealistic and unreliable. Consequently, the department could not achieve the target fixed for irrigation which resulted in loss of revenue of Rs. 50.21 crore.

**(Paragraph 6.2.7)**

- Lack of monitoring on the status of transfer of land to the water users association under the Participatory Irrigation Management programme resulted in shortfall of 98 *per cent* leading to the basic objective of the scheme getting defeated. Besides, the directorate was also unaware about short payment of Rs. 48 lakh by 14 users associations to whom land was transferred under the programme.

**(Paragraph 6.2.8)**

- Due to absence of any report/return, the directorate/Government was unaware of the non-maintenance of records of *chat* land by the divisions and settlement of *chat* land without deposit of settlement amount of Rs. 1.22 crore in advance.

**(Paragraph 6.2.10)**

- Non-preparation of *khatian* of assured and probable irrigable land resulted in non-raising of demand of water rates of Rs. 16.56 crore. In addition, there was short raising of demand of Rs. 4.35 crore in cases where *khatian* was prepared.

**(Paragraph 6.2.11)**

In five district mining offices, 228 brick kilns were operated in brick seasons 2005-06 and 2006-07 without payment of prescribed consolidated royalty and without obtaining valid permit. The competent authorities failed to levy penalty of Rs. 1.17 crore.

**(Paragraph 6.3)**

In three forest divisions, 26.0976 hectares of forest land valued at Rs. 1.51 crore was encroached during 2002-03 to 2006-07.

**(Paragraph 6.7)**