

## CHAPTER- 7: OTHER TAX RECEIPTS

### 7.01 Results of Audit

Test check of the records of the following receipts, conducted in audit during the year 2000-2001 revealed under assessment of tax, fee, duty and loss of revenue etc. amounting to Rs. 64.92 crore in 7677 cases which broadly fall under the following categories: -

(Rupees in crore)			
Sl. No.	Category	No. of cases	Amount
<b>A. STAMPS AND REGISTRATION FEES</b>			
1	Short levy due to misclassification of documents	30	0.01
2	Irregular grant of exemption	68	0.39
3	Short realisation of Stamp Duty and Registration Fee due to late receipt of revised rates	87	0.28
4	Other irregularities	7452	22.50
	<b>Total</b>	<b>7637</b>	<b>23.18</b>
<b>B. TAXES ON SUGARCANE</b>			
1.	Non-levy of interest on arrears of tax	6	1.74
2.	Non-recovery of tax on removal of sugar from factory	7	1.46
3.	Other irregularities	3	0.59
	<b>Total</b>	<b>16</b>	<b>3.79</b>
<b>C. P.G.T / ENTRY TAX</b>			
1.	Non-registration/non-levy of Entry Tax/penalty	9	2.05
2.	Suppression/non-payment of Entry Tax	3	0.83
3.	Other irregularities	2	33.24
	<b>Total</b>	<b>14</b>	<b>36.12</b>
<b>D. ELECTRICITY DUTY</b>			
1.	Short levy of surcharge	3	0.36
2.	Non-realisation of demand of Electricity Duty	1	0.70
3.	Non-levy of Penalty on arrears of Electricity Duty	1	0.54
	<b>Total</b>	<b>5</b>	<b>1.60</b>
<b>E. ENTERTAINMENTS TAX</b>			
1.	Short levy of tax	2	0.10
2.	Short payment of Entertainments Tax	1	0.04
3.	Other irregularities	2	0.09
	<b>Total</b>	<b>5</b>	<b>0.23</b>
	<b>Grand Total</b>	<b>7677</b>	<b>64.92</b>

During the year 2000-2001, the concerned departments accepted under assessment etc. of Rs. 0.31 crore involved in 4069 cases pointed out in audit during 2000-2001. A few illustrative cases involving Rs. 2.82 crore are given in the following paragraphs: -

**A. Stamps & Registration Fees**

**7.02 Incorrect grant of exemption on mortgage deeds**

By issue of a notification in June 1996, the Government exempted the instruments executed by any person for securing loan not exceeding two lakh rupees from Nationalised Banks and Land Development Banks to meet expenditure for certain special purposes from levy of Stamp Duty and Registration Fees.

In 6 District Sub-Registrar<sup>1</sup> (DSR) Offices and 3 Sub-Registrar (SR) Offices (Forbesganj, Jokihat and Mahnar), it was noticed (between August and December 2000) that 304 instruments valued at Rs.566.25 lakh executed between the years 1995 and 1997 for securing loans from banks other than Nationalised Banks and Land Development Banks were incorrectly exempted from payment of Stamp Duty and Registration Fees of Rs.49.83 lakh.

On these being pointed out (between August and December 2000) DSR, Jamui stated (August 2000) that action for realisation was being taken. DSRs, Katihar, Araria, Supaul and SR, Jokihat stated (November and December 2000) that exemptions were not allowed after receipt of Government instructions (July 1997). The reply is not tenable as no action was taken to realise the amount of the cases exempted prior to July 1997. In other 4 offices (Sheikhpura, Vaishali, Forbesganj and Mahnar) it was stated (between August and September 2000) that the cases would be reviewed. Further reply has not been received (March 2003).

The cases were reported to the Government (May 2001); their reply has not been received (March 2003).

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<sup>1</sup> Araria, Jamui, Katihar, Sheikhpura, Supaul and Vaishali.

**B. Electricity Duty**

**7.03 Short levy of surcharge**

Under the provisions of the Bihar Electricity Duty Act, 1948, surcharge at the rate of two paise per unit is leviable on the energy sold or consumed by a licensee with effect from 1 August 1985.

In 2 Commercial Taxes Circles (Muzaffarpur and Samastipur), it was noticed (May 2000) that 3 licensees<sup>2</sup> sold 19.10 crore units of energy during the period 1990-91 to 1997-98 but the assessing officers while finalising (between August 1998 and December 1999) the assessment levied surcharge of Rs.2.20 lakh against leviable surcharge of Rs.38.19 lakh. Thus, there was short levy of surcharge of Rs.35.99 lakh.

On these being pointed out (May 2000), the DCCT, Muzaffarpur in 2 cases stated (May 2000) that revised demand notices have been issued and in case of ACCT Samastipur it was stated (June 2000) that the case would be reviewed. Further reply has not been received (March 2003).

The cases were reported to the Government (May 2001); their reply has not been received (March 2003).

**C. Taxes on Sugarcane**

**7.04 Short payment of tax on purchase of sugarcane**

Under provisions of the Bihar Sugarcane (Regulation of Supply and Purchase) Act, 1981, tax at the rate of Re.1 per quintal is leviable on entry of sugarcane into a specified local area for consumption or use of, or sale to a factory situated therein or on the purchase of sugarcane by or on behalf of occupier of a sugar factory. The Act further provides that occupier of any factory shall not remove the sugar from the factory until the tax payable thereon is paid and certificate of payment is obtained from the Cane Officer concerned. The Act does not provide for any exemption from payment of tax or permit part payment.

During the crushing season 1999-2000, 4 sugar factories<sup>3</sup> of the State and 1 sugar factory<sup>4</sup> of Uttar Pradesh had purchased 118.84 lakh quintals and 3.02 lakh quintals of sugarcane respectively. However, they paid tax of Rs.75.05

<sup>2</sup> 1. Executive Engineer, Electric Supply Division (North), Samastipur.

2. Executive Engineer, Electric Supply Division, Maripur, Muzaffarpur.

3. Executive Engineer, Electric Supply Division, Bhagwanpur, Muzaffarpur.

<sup>3</sup> Bagha, Majhoulia, Motihari, Sasamusa

<sup>4</sup> Sevrahi

lakh and Rs.1.20 lakh against Rs. 118.84 lakh and Rs3.02 lakh respectively. Thus, there was short payment of tax of Rs.45.61 lakh.

On this being pointed out (March 2001), the department stated (May 2001) that a sum of Rs. 19.09 lakh has been realised from 3 Sugar factories. Further reply has not been received (March 2003).

The cases were reported to the Government (May 2001); their reply has not been received (March 2003).

#### **7.05 Non-levy of interest on arrears of tax**

Under the provisions of the Bihar Sugarcane (Regulation of Supply and Purchase) Act, 1981 and rules framed thereunder, on arrears of tax on purchase of sugarcane payable by the occupier of a sugar factory, interest shall be recoverable at the rate of 11 per cent per annum, subject to change in bank rates.

In the office of the Cane Commissioner, Patna, arrears of tax aggregating Rs. 13.65 crore pertaining to the years upto 1994-95 and 1995-96 to 1998-99 on account of sugarcane purchased by sugar factories was outstanding for realisation during the year 1999-2000. Interest amounting to Rs.150.12 lakh payable on the arrears of tax was neither levied nor recovered.

On this being pointed out (March 2001), the department stated (June 2001) that action was being taken to recover the amount. Further reply has not been received (March 2003).

The cases were reported to the Government (May 2001); their reply has not been received (March 2003).