

OVERVIEW

This Report contains 20 paragraphs including one review involving underassessment/short levy/loss of revenue etc. of Rs.177.85 crore. Some of the major findings are mentioned below:

I. General

The total receipts of Government for the year 2005-06 were Rs.10,843.53 crore. The revenue receipts of Rs.10,338.24 crore consisted of Rs.8,939.28 crore from tax and Rs.1,398.96 crore from non tax revenue. Government of NCT of Delhi received Rs.505.29 crore as grants in aid in lieu of share in central taxes and duties.

(Paragraph 1.1)

Test check of records of sales tax/value added tax, state excise/entertainment tax, motor vehicles tax, stamp duty and other departmental receipts conducted during the year 2005-06 revealed under assessment/short levy/loss of revenue etc. amounting to Rs.491.49 crore in 1,330 cases. During the course of the year 2005-06, the concerned departments accepted underassessment, non recovery etc. of Rs.20.07 crore involved in 122 cases which were pointed out in audit during 2005-06 and earlier years. Of these, the department recovered Rs.62 lakh in three cases and raised additional demands of Rs.11.55 crore during the year 2005-06.

(Paragraph 1.9)

433 inspection reports issued upto 31 March 2006, containing 3,745 audit observations involving Rs.927.71 crore were outstanding as on 30 June 2006 for want of response or final action by the concerned departments.

(Paragraph 1.10)

II. Sales Tax/Value Added Tax

Short accountal of purchase, sales and stock resulted in short levy of tax amounting to Rs.9 crore inclusive of interest and penalty.

(Paragraph 2.2)

Incorrect application of rate of tax resulted in short levy of tax amounting to Rs.1.92 crore. In addition, interest of Rs.73.24 lakh and penalty of Rs.4.79 crore were also leviable.

(Paragraph 2.3)

Incorrect grant of exemption of tax on invalid 'F' forms resulted in short levy of tax of Rs.4.46 crore along with interest of Rs.1.54 crore.

(Paragraph 2.4.1.1)

Incorrect grant of exemption of tax without 'F' forms resulted in short levy of tax amounting to Rs.2.21 crore inclusive of interest and penalty.

(Paragraph 2.4.1.2)

Irregular grant of exemption of tax on branch transfer/consignment sales resulted in short levy of tax amounting to Rs.4.17 crore inclusive of interest and penalty.

(Paragraph 2.4.2)

Irregular grant of excess exemption on tax paid sales resulted in short levy of tax amounting to Rs.4.99 crore inclusive of interest and penalty.

(Paragraph 2.6)

Irregular sale of goods against statutory form ST-35 resulted in non levy of tax of Rs.3.40 crore inclusive of interest and penalty.

(Paragraph 2.7.2)

Failure of the department to take action to recover arrears of sales tax in time resulted in loss of revenue of Rs.29.80 crore.

(Paragraph 2.12)

III. State Excise, Entertainment and Luxury Tax

A review on “**Assessment, levy and collection of entertainment, betting and luxury tax**” during the period from 2000-01 to 2004-05 revealed inter alia the following:

- Short realisation of entertainment tax of Rs.53.60 lakh due to incorrect exhibition of numbers of cable connection.

(Paragraph 3.2.7.1)

- Penalty of Rs.20.10 lakh for non filing of returns by 201 cable operators was not levied. Further, there was also no proof of deposit of entertainment tax amounting to Rs.3.19 crore.

(Paragraph 3.2.7.2)

- Rent/hire charges for banquet/conference halls received by hotels were not included as receipt of the hotels for the purpose of levy of luxury tax. This resulted in short levy of luxury tax of Rs.13.74 crore.

(Paragraph 3.2.7.3)

- System of internal control and monitoring was weak and inadequate. The department did not have any definitive mechanism for monitoring and pursuance of tax dues which resulted in non adherence to the statutory provisions and significantly compromised the ability of the department to take action against defaulters. Returns submitted by proprietors of cinema halls were not verified and demand and collection registers in respect of luxury tax were not properly maintained. No internal audit had been conducted during the years from 2000-01 to 2004-05.

(Paragraph 3.2.9)

IV. Motor Vehicle Tax and Stamp Duty

The department failed to recover revenue of Rs.11.37 lakh from the owners of vehicles being irregularly operated as commercial vehicles.

(Paragraph 4.2)

Failure of the Divisional Commissioner, Delhi, to take into account the market rate for valuation of land/property notified by the Union Ministry of Urban Affairs and Employment resulted in short levy of stamp duty of Rs.31.27 crore on land/properties registered at sub registrar offices in Delhi.

(Paragraph 4.3)

V. Non Tax Receipts

Failure of the Development Department to recover interest due to loans sanctioned to the Municipal Corporation of Delhi and impose penal interest resulted in non realisation of interest receipts of Rs.32.93 crore. Similarly, the department of Urban Development failed to levy penal interest in respect of loans sanctioned to the Corporation after 1 April 1996 in accordance with the terms of the sanction. This resulted in non realisation of penal interest receipts of another Rs.4.48 crore.

(Paragraph 5.2)

General Manager, Inter State Bus Terminus, Kashmeri Gate utilised revenue receipts of Rs.78.47 crore generated at the bus terminus during 2001-02 to 2005-06 for meeting departmental expenditure and investment purposes instead of depositing the same into Government account.

(Paragraph 5.3.1)

Director General of Home Guards and Civil Defence retained and utilised receipts of Rs.1.03 crore earned by the Home Guards band instead of depositing it in Government account as required under the extant rules.

(Paragraph 5.3.2)

Failure of the Public Works Department to regularly review unclaimed deposits lying with Public Works divisions resulted in non crediting of lapsed deposits amounting to Rs.1.96 crore into Government account.

(Paragraph 5.4)

Undue delay in determining the rent and in arranging the requisite staff for newly constructed private wards of Dr. Hedgewar Arogya Sansthan hospital resulted in loss of revenue of Rs.1.02 crore

(Paragraph 5.5)

Failure of the Land and Building Department to effectively monitor and pursue recovery of outstanding dues from allottees of Government accommodation resulted in non recovery of Rs.44.97 lakh.

(Paragraph 5.6)