

OVERVIEW

This Report contains 16 paragraphs including one review relating to underassessment/short levy/loss of revenue etc. involving Rs. 254.93 crore. Some of the major findings are mentioned below:

I General

The total receipts of the State during the year 2006-07 amounted to Rs. 12,193.61 crore, of which the revenue raised by the State Government was Rs. 11,619.38 crore and receipts from the Government of India were Rs. 574.23 crore. The revenue raised constituted 95 *per cent* of the total receipts of the State.

(Paragraph 1.1)

Test check of the records of the departments of trade and taxes, state excise, entertainment, transport, registration etc. conducted during the year 2006-07, revealed underassessment/short levy/loss of revenue etc. aggregating Rs. 270.99 crore in 219 cases. During the course of the year 2006-07, the departments concerned accepted underassessments and other deficiencies of Rs. 209.06 crore in 113 cases. Of these, the department recovered Rs. 27 lakh in 12 cases and raised an additional demand of Rs. 7.72 crore during the year 2006-07.

(Paragraph 1.8)

At the end of June 2007, 1,582 audit observations involving Rs. 530.98 crore relating to 123 inspection reports issued upto March 2007 remained outstanding.

(Paragraph 1.9)

II Sales tax/Value added tax

A review of “**Exemption of tax on account of export and high sea sales**” revealed the following:

- In the absence of any system for ascertaining the genuineness and correctness of ‘H’ forms submitted by the dealers in support of exemption of tax on account of export through cross verification of transactions from the states concerned, the assessing authorities could not detect the irregularities which led to non-realisation of revenue of Rs. 37.77 crore.

(Paragraph 2.2.7)

- Both the Internal audit cell and the Enforcement branch of the department functioned ineffectively.

(Paragraph 2.2.8 and 2.2.9)

- Grant of incorrect exemption due to non-adherence to the provisions resulted in irregular export exemption of Rs. 12.39 crore.

(Paragraph 2.2.10)

- Grant of incorrect exemption on high sea sale resulted in non-realisation of revenue of Rs. 2.09 crore.

(Paragraph 2.2.11)

- Grant of excess exemption on purchases on H form resulted in non-realisation of revenue of Rs. 80.93 lakh.

(Paragraph 2.2.12)

- Grant of incorrect exemption on sale on ST-49 & H forms resulted in non-realisation of revenue of Rs. 71.28 lakh.

(Paragraph 2.2.13)

Irregular grant of exemption of tax on branch transfer/consignment sales resulted in short levy of tax of Rs. 7.58 crore including interest of Rs. 1.93 crore.

(Paragraph 2.3)

Incorrect application of rate of tax resulted in short levy of tax of Rs. 4.70 crore including interest of Rs. 1.19 crore.

(Paragraph 2.4)

Irregular grant of excess exemption on tax paid sales resulted in short levy of tax of Rs. 3.04 crore including interest of Rs. 81.54 lakh. Additionally, maximum penalty of Rs. 5.55 crore was also leviable.

(Paragraph 2.5)

Short accounting of purchases, sales and stock resulted in short levy of tax of Rs. 2.71 crore including interest of Rs. 70.41 lakh. Additionally, maximum penalty of Rs. 4.85 crore was also leviable.

(Paragraph 2.6)

Irregular grant of exemption of tax on transit sales without obtaining valid statutory forms resulted in short levy of tax of Rs. 2.48 crore including interest of Rs. 62.84 lakh. Additionally, maximum penalty of Rs. 4.62 crore was also leviable.

(Paragraph 2.7)

Irregular grant of exemption of tax against statutory forms ST-1/ST-35 resulted in short levy of tax of Rs. 2.08 crore including interest of Rs. 52.82 lakh.

(Paragraph 2.8)

Irregular grant of concessional rate/exemption of tax on interstate sale/branch transfer/consignment sale without obtaining valid statutory forms resulted in short assessment of tax of Rs. 1.03 crore including interest of Rs. 26.37 lakh.

(Paragraph 2.9)

III State excise

Short realisation of licence/additional licence fee of Rs. 8.84 lakh due to failure of the department to detect non-deposit of fees while renewing L-4 licence for serving imported foreign liquor (IFL).

(Paragraph 3.2)

IV Motor vehicle tax and stamp duty and registration fee

Failure of the Transport Department to enforce the mandatory provision to recover the fees and road tax chargeable for renewal of registration resulted in loss of revenue of Rs. 32.76 crore.

(Paragraph 4.2)

V Non-tax receipts

Failure to take action to recover the interest due and impose penal interest resulted in non-realisation of interest of Rs. 162.06 crore including penal interest.

(Paragraph 5.2)