

## CHAPTER-VI

### REVENUE RECEIPTS

#### 6.1 Trend of revenue receipts

The tax and non-tax revenue raised by the Government of Goa during the year 2002-03, the State's share of divisible Union taxes and grants-in-aid received from the Government of India during the year and the corresponding figures for the preceding four years are given below:

*(In crore of rupees)*

	1998-99	1999-2000	2000-2001	2001-2002	2002-2003
I. Revenue raised by the State Government					
(a) Tax Revenue					
(b) Non-Tax Revenue	357.21	458.48	514.80	569.34	602.20
<b>Total</b>	<b>1007.79</b>	<b>1091.86</b>	<b>1310.94</b>	<b>1705.42</b>	<b>1641.37</b>
II. Receipts from the Government of India					
(a) State's share of divisible Union taxes	97.12	95.92	105.34	107.82	114.62
(b) Grants-in-aid	42.34	40.12	66.95	59.29	77.02
<b>Total</b>	<b>139.46</b>	<b>136.04</b>	<b>172.29</b>	<b>167.11</b>	<b>191.64</b>
III. Total receipts of the State	1147.25	1227.90	1483.23	1872.53	1833.01
IV. Percentage of I to III	88	88	88	91	90

(a) The details of tax revenue raised during the year 2002-03 along with the figures for the preceding four years are given below:

*(In crore of rupees)*

Sr. No.	Head of Revenue	1998-1999	1999-2000	2000-2001	2001-2002	2002-2003	Percentage of increase (+) or decrease (-) in 2002-03 over 2001-02
1.	(a) Sales Tax	235.21	319.99	346.73	365.37	398.93	(+) 9
	(b) Central Sales Tax	19.01	28.19	41.09	36.10	40.26	(+) 12
2.	State Excise	35.17	36.06	38.98	46.13	46.79	(+) 1
3.	Stamps and Registration Fees	16.57	18.13	21.91	26.38	26.56	(+) 1
4.	Taxes on vehicles	24.45	28.32	29.92	32.83	36.78	(+) 12
5.	Taxes on Goods and Passengers	3.83	3.95	13.07	36.19	30.47	(-) 16
6.	Other Taxes and Duties on Commodities and Services	18.93	18.61	20.10	18.80	19.70	(+) 5
7.	Land Revenue	4.04	5.23	3.00	7.54	2.71	(-) 64
8.	Taxes on Agricultural Income	-	-	-	-	-	-
	<b>TOTAL</b>	<b>357.21</b>	<b>458.48</b>	<b>514.80</b>	<b>569.34</b>	<b>602.20</b>	<b>(+) 6</b>

Reasons for major variations though called from the Department were awaited (January 2004).

(b) The details of the major non-tax revenue raised during the year 2002-03 alongwith the figures for the preceding four years are given below:

*(In crore of rupees)*

Sr. No	Head of Revenue	1998-1999	1999-2000	2000-2001	2001-2002	2002-2003	Percentage of increase (+) or decrease (-) in 2002-03 over 2001-02
1.	Interest Receipts	4.89	5.38	3.09	2.62	2.33	(-) 11
2.	Dairy development	Nil	Nil	Nil	0.40	0.49	(+) 23
3.	Other Non-Tax Receipts	55.05	56.42	55.16	63.80	87.65	(+) 37
4.	Forestry and Wild Life	0.71	0.93	1.11	1.18	0.73	(-) 38
5.	Non-ferrous Mining and Metallurgical Industries	12.02	12.59	15.97	13.14	15.78	(+) 20
6.	Miscellaneous General Services (including lottery receipts)	311.14	257.49	380.58	612.43	366.15	(-) 40
7.	Power	259.22	291.23	330.66	418.40	548.35	(+) 31
8.	Major and Medium Irrigation	0.23	0.50	0.22	13.69	4.26	(-) 69
9.	Medical and Public Health	4.45	3.74	4.77	4.67	6.94	(+) 49
10.	Co-operation	0.17	0.31	0.18	0.36	0.20	(-) 44
11.	Public Works	0.78	1.25	1.13	1.21	0.95	(-) 21
12.	Police	0.25	0.23	0.38	0.42	0.66	(+) 57
13.	Other Administrative Services	1.67	3.31	2.89	3.76	4.68	(+) 24
	<b>Total</b>	<b>650.58</b>	<b>633.38</b>	<b>796.14</b>	<b>1136.08</b>	<b>1039.17</b>	<b>(-) 9</b>

Reasons for major variations though called for from the department were awaited.

## **6.2 Variations between Budget estimates and actuals**

The variations between the Budget estimates and actuals of revenue receipts for the year 2002-2003 in respect of the principal heads of tax and non-tax revenue are given below:-

*(In crore of rupees)*

Sr. No.	Head of Revenue	Budget estimates	Actuals	Variations excess (+) or shortfall (-)	Percentage of variation
<b>Tax Revenue</b>					
1.	Sales Tax	525.00	439.19	(-) 85.81	(-) 16
2.	State Excise	60.00	46.79	(-) 13.21	(-) 22
3.	Land Revenue	5.96	2.71	(-) 3.25	(-) 54
4.	Other taxes and duties on commodities & Services	29.58	19.70	(-) 9.88	(-) 33

Non-Tax Revenue					
5.	Interest Receipts	5.56	2.33	(-) 3.23	(-) 58
6.	Police	1.00	0.66	(-) 0.34	(-) 34
7.	Public Works	2.50	0.95	(-) 1.55	(-) 62
8.	Misc. General Services	695.61	373.62	(-)321.99	(-) 46
9.	Roads & Bridges	15.14	2.78	(-) 12.36	(-) 82

The reasons for variations between Budget estimates and actuals in respect of "Miscellaneous General Services" was mainly due to stoppage of lotteries. In respect of Luxury Tax reduction of luxury tax with effect from August 2002 and lesser tourist inflow affected the revenue collections under this levy. As regards the reasons for wide variations in land revenue and the other heads between Budget estimates and actuals were awaited from Government (December 2003).

### 6.3 Cost of collection

The gross collection in respect of major revenue receipts, expenditure incurred on collection and the percentage of such expenditure to gross collection during the years 2000-2001, 2001-2002 and 2002-2003 along with the relevant all India average percentage of expenditure on collection to gross collection for 2002-2003 are as follows:-

*(In crore of rupees)*

Sr. No.	Head of Revenue	Year	Collection	Expenditure on collection of revenue	Percentage of expenditure on collection	All India average percentage for the year 2001-2002
1.	Sales Tax	2000-2001	387.82	2.22	0.57	1.26
		2001-2002	401.47	3.83	0.95	
		2002-2003	439.19	2.62	0.60	
2.	Taxes on vehicles	2000-2001	29.92	0.76	2.54	2.99
		2001-2002	32.83	0.76	2.31	
		2002-2003	36.78	0.76	2.06	
3.	State Excise	2000-2001	38.98	2.13	5.46	3.21
		2001-2002	46.13	2.04	4.42	
		2002-2003	46.79	2.18	4.65	
4.	Stamp duty and Registration fees	2000-2001	21.91	1.27	5.80	3.51
		2001-2002	26.38	1.27	4.81	
		2002-2003	26.56	1.22	4.59	

The reasons for higher percentage of expenditure to gross collection of State Excise as compared to All India average percentage were stated to be due to lower excise duty structure on IMFL/CL in the State of Goa as compared to All India level. The higher percentage of expenditure to gross collection of Stamp Duty

and Registration Fees was attributed to handling of other compulsory works like registering marriages, drawing notarial wills, births and deaths etc. for which maintenance of skeleton establishment could not be avoided.

#### **6.4 Collection of Sales Tax per assessee**

<i>(In crore of rupees)</i>			
Year	No. of assesseees	Sales tax revenue	Revenue/assessee
2000-2001	19581	387.82	0.020
2001-2002	14019	401.47	0.029
2002-2003	13075	439.19	0.033

#### **6.5 Analysis of arrears of revenue**

The arrears of revenue as on 31 March 2003 in respect of some principal heads of revenue amounted to Rs.295.98 crore of which Rs.64.19 crore were outstanding for more than 3 years as detailed in the following table:

Head of Revenue	Amount of arrears as on 31 March 2003	Arrears more than three years old	Remarks
<i>(In crore of rupees)</i>			
<b>Finance Department</b>			
Sales Tax	107.64	59.47	Out of total outstanding demand of Rs.107.64 crore, demands of Rs.29.49 crore were covered under recovery certificate in 2451 cases.
Excise	0.20	0.04	Out of total outstanding demand of Rs.0.20 crore only 2 cases involving Rs.3000/- had been referred to Revenue Recovery Court (RRC). The department had not intimated the action taken to recover the amount of Rs.0.04 crore from two units.
<b>Transport</b>			
Taxes on vehicles	6.48	3.01	Recovery was proposed to be effected issuing show cause notice.
<b>Water Resources</b>			
i) Water Tax	1.42	0.17	Out of total dues of Rs.1.42 crore, 266 cases involving an amount of Rs.0.03 crore were referred to RRC.

ii) Rent on building	1.43	0.15	Out of total outstanding revenue of Rs.1.43 crore, 24 cases involving an amount of Rs.0.09 crore had been referred to RRC.
iii) Hire charges	0.58	0.03	Proposal for waiving of the amount of interest due from beneficiaries of SIP has been moved to Government.
<b>Industries and Mines</b>			
i) Royalty, Surface rent	2.74	0.57	Out of total outstanding demand of Rs.2.74 crore, 284 cases involving an amount of Rs.0.44 crore had been referred to RRC.
ii) Sale of Furniture	0.09	0.09	The department had not furnished the details regarding departments or persons from whom this amount was recoverable.
<b>Revenue Department Collectorate of South Goa, Revenue Branch</b>			
Land Tax	0.41	0.33	(i) Nil (ii) No information had been received from Collector (North), Panaji, Goa despite reminders.
<b>Agriculture</b>			
Hire charges	0.27	0.20	Out of total amount of Rs.0.27 crore outstanding 5 cases involving amount of Rs.0.15 crore were of Government Departments/Autonomous Bodies. Of these Rs.0.11 crore was outstanding from District Rural Development Agency (RDA), Panaji. The reasons for non-recovery of the amount from RDA had not been stated.
<b>Animal Husbandry and Veterinary Services</b>			
Sale of raw milk, eggs, service charges etc.	0.10	0.01	Out of total outstanding dues of Rs.0.10 crore, only 4 cases involving Rs.0.01 crore had been referred to RRC.
<b>Registrar of Co-operative Societies</b>			
Audit Fees	0.22	0.03	-
<b>Power</b>			
Chief Electrical Engineer	174.26	Not furnished	Out of total demand of Rs.174.26 crore, 4690 cases had been referred to Revenue Recovery Court involving an amount of Rs.69.17 crore.

<b>Forest</b>			
<b>Chief Conservator Forest</b>			
Sale of Forest produce	0.14	0.09	Out of total demand of Rs.0.14 crore, 255 cases had been referred to Revenue Recovery Court involving an amount of Rs.0.08 crore.
<b>TOTAL</b>	<b>295.98</b>	<b>64.19</b>	

## **6.6 Results of Audit**

Test check of records of Sales Tax, Land Revenue, State Excise, Motor Vehicles Tax, Stamps and Registration Fees, conducted during the year 2002-03 revealed under-assessment/short levy/loss of revenue amounting to Rs.1.41 crore in 57 cases. The departments accepted under-assessment of Rs.1.90 crore in 60 cases pointed out in 2002-03 and in earlier years and recovered Rs.0.86 crore as of August 2003. No replies have been received in respect of the remaining cases.

This chapter contains two paragraphs relating to non-levy/short levy of taxes, duties, interest and penalties etc., involving Rs.0.20 crore. The Department/Government have accepted audit observations involving Rs.0.06 crore.

## **6.7 Failure of senior officials to enforce accountability and protect interest of Government**

Accountant General, Goa arranges to conduct periodical inspection of the various offices of the Government Departments to test check the transactions of tax receipts and verify the maintenance of important accounting and other records as per the prescribed rules and procedures. These inspections are followed by Inspection Reports (IRs) issued to the Heads of offices with a copy to next higher authorities. Government of Goa issued instructions for the executive for response within one month to the IR's issued by Accountant General, Goa after ensuring action in compliance of the prescribed Acts, rules and procedures noticed during audit inspection. A half yearly report is sent to the Secretary of the Department in respect of pending IRs to facilitate monitoring of the audit observations by the Government.

Inspection Reports issued upto 31 December 2002 pertaining to offices under the Finance, Revenue, Transport, Law, disclosed that 223 paras relating to 94 IRs involving Rs.3.41 crore in 61 cases remained outstanding at the end of June 2003. Of these 35 IRs containing 45 paras involving Rs.0.48 crore in two cases had not been settled for more than four years. Yearwise position of outstanding IRs and paras are detailed in *Appendix XVIII*.

The Heads of offices and Heads of the Departments (Secretaries) did not send convincing reply to a large number of IRs/Paragraphs indicating their failure to initiate action to rectify the defects, omissions and irregularities pointed out in audit. The Secretaries of the Department, who were informed of the position through yearly report also did not ensure prompt and timely action. Such inaction would result in continuation of serious financial irregularities and loss of revenue to the Government despite these having been pointed out in Audit.

It is recommended that Government should look into the matter again and ensure that procedures exists for (a) action against the officials who failed to send replies to IRs/paras within the prescribed time schedule, (b) action to recover loss/under-assessments in a time bound manner and (c) revamping the system for ensuring proper response to the audit observations in the department.

The details of outstanding inspection reports were reported to Government in August 2003.

## FINANCE DEPARTMENT

### **6.8 Non-levy of additional licence fee**

**There was loss of revenue to the State Excise Department of Rs.13.50 lakh due to non-levy of additional licence fee for keeping the licenced premises open by the vendors, beyond 11 p.m.**

According to the provisions of Goa Excise Duty Rules, 1964, the licenced premises for retail sale of Indian Made Foreign Liquor (IMFL) or country liquors for consumption in the premises can be kept open from 9.00 a.m to 1.00 a.m, in case of three star and five star hotels and from 9 a.m to 11 p.m in all other cases. With effect from April 2000 by a notification under the Goa Excise Duty Act, 1964, Government provided for a levy of Rs.1.50 lakh per annum in addition to the annual licence fee at the prescribed rates, in respect of those vendors, who kept their licenced premises open for serving their clientele beyond 11 p.m. In the absence of specific exemption, this was applicable to all licenced premises for retail sale of IMFL open beyond 11 p.m.

It was noticed in audit that in respect of a three star hotel at Panaji and two five star hotels at Miramar and Dona Paula holding licences for retail sale of IMFL and country liquor for consumption in their premises, additional amount at the rate of Rs.1.50 lakh each during 2000-01 to 2002-03, was not levied and collected, though they were allowed to keep their premises open beyond 11 p.m. This resulted in a loss of revenue of Rs.13.50 lakh to the Government.

The Department replied in June 2003 that conditional licences are issued to three star and five star hotels for sale of IMFL/country liquor upto 01.00 a.m. and the amount of Rs.1.50 lakh per annum in addition to annual licence fee is not applicable to three star and five star hotels and is applicable to those vendors of IMFL/country liquor whose premises are to be closed at 11.00 p.m. The reply is not tenable, as the relevant Government Notification, did not specifically exclude these hotels from payment of this additional amount, though they are allowed to keep their premises open beyond 11.00 p.m.

The matter was referred to the Government in July 2003. The Government endorsed the reply of the department, without any specific comment (July 2003).



**6.9 Loss of revenue due to application of incorrect rate of tax**

**Application of incorrect rate of Sales Tax by a dealer and its acceptance by the Sales Tax Department without assessment, resulted in a loss of revenue of Rs.6.28 lakh to the Government**

Under the Goa Sales Tax Act, 1964 assessment of tax has to be completed within two years from the end of the year in respect of which the assessment is made and when an assessment is not completed within such time, the total taxable turnover declared by a dealer in his return shall be deemed to have been assessed for that year on the basis of such returns.

During the test check of records of the Sales Tax Office, Margao, it was noticed that the tax payable by a dealer dealing in sales of batteries, for the year 1999-2000 was not assessed within the specified period and accordingly deemed to have been assessed on the basis of the return. As per the return, the taxable turnover of sales was Rs.2.73 crore on which tax of Rs.16.39 lakh, at the rate of 6 *per cent* and additional tax of Rs.2.46 lakh at the rate of 15 *per cent* on tax was paid by the dealer. As per Government Notification issued in March 1995, the item "spare parts of motor vehicles including batteries" was omitted from twelfth schedule of the Act, and as such the item 'batteries' came under non-specified goods and rate of tax applicable was 8 *per cent*. Thus as against Rs.25.13 lakh payable, the dealer had paid Rs.18.85 lakh only. The incorrect application of rate by the dealer, and its acceptance by the department without assessment, resulted in loss of revenue of Rs.6.28 lakh to the Government.

This was pointed out in audit in February 2003 to the department. The case was reassessed in July 2003 and additional demands amounting to Rs.6.67 lakh (including interest of Rs.0.39 lakh) was raised.

The matter was referred to the Government in July 2003. The Government endorsed the action taken by the Department (August 2003).