

OVERVIEW

This Report contains 39 paragraphs including three reviews relating to non/short levy of taxes, duties, interest and penalty involving Rs.441.53 crore. Some of the major findings are mentioned below:-

I. General

1.1 The total revenue receipts of the Government of Gujarat in 2005-06 were Rs.25,066.87 crore as against Rs.20,264.95 crore during 2004-05. The revenue raised by the State from tax receipts during 2005-06 was Rs.15,698.11 crore and from non tax receipts was Rs.3,353.37 crore. State's share of divisible Union taxes and grants in aid from Government of India were Rs.3,372.43 crore and Rs.2,642.96 crore respectively. The main source of tax revenue during 2005-06 was sales tax (Rs.10561.34 crore) and taxes and duties on electricity (Rs.1,899.68 crore). The main receipts under non-tax revenue were from non ferrous mining and metallurgical industries (Rs.1,880.18 crore).

The aggregate of the amount received by the State Government on account of the State's share of Union taxes and grants in aid increased by 43 *per cent* from Rs. 4,216.75 crore in 2004-05 to Rs.6,015.39 crore in 2005-06. The amounts received from the Government of India to the total revenue receipts of the State increased from 21 to 24 *per cent* in 2005-06 as compared to 2004-05. Tax receipts of the State increased marginally (21 *per cent*) to Rs.15,698.11 crore in 2005-06 compared to Rs. 12,957.70 crore in 2004-05.

(Paragraph 1.1)

During the year 2005-06, 7,07,451 assessment cases were disposed of under various Acts, under the administrative control of Finance Department. Cases pending finalisation under various heads ranged between 34 and 100 *per cent* of total cases as on 31 March 2006.

(Paragraph 1.7)

A test check of the records in the offices of sales tax, land revenue, state excise, motor vehicles tax, stamp duty and registration fees, electricity duty and other departmental offices conducted during 2005-06 revealed under assessment, short levy and loss of revenue of Rs.351.73 crore in 1,062 cases. During the year, the concerned departments accepted under assessments etc. of Rs.10.16 crore in 686 cases and recovered Rs.3.11 crore in 487 cases pointed out during 2005-06 and earlier years.

(Paragraph 1.11)

II. Sales Tax

A review on **Assessments and collection of tax** revealed the following:

As on 31 March 2005 sales tax arrears of Rs.12,744 crore were pending recovery, out of which, Rs.2,950.72 crore pertained to the period between 1959-60 and 1999-2000.

(Paragraph 2.2.10)

Incorrect grant of benefit under the scheme “*Vechan vera samadhan yojna*” to six dealers resulted in short realisation of Rs.43.50 lakh on account of interest and penalty, while under “*Gokul gram yojna*”, contribution including interest of Rs.1.13 crore was not recovered from 12 dealers.

(Paragraph 2.2.11, 2.2.12)

The internal controls of the department needed strengthening. Internal inspection and internal audit conducted by the department were found insufficient. Some important registers/returns submitted by AAs to controlling officers were found incomplete.

Out of 35 units, verification of amounts of challans noted in Register six with treasury records was completed only in six units, it was completed partially in 20 whereas the same was not done by nine units indicating therein that revenue realisation reported during assessments was not confirmed with the treasury receipts.

(Paragraph 2.2.14, 2.2.15)

Under the Sales Tax Incentive Schemes, benefit of exemption of Rs.293.11 crore was granted to 92 dealers contrary to the provisions of the schemes.

(Paragraph 2.3)

Application of incorrect rate of tax resulted in short levy of tax of Rs.36.34 lakh from eight dealers.

(Paragraph 2.4)

Set off of Rs.8.76 crore was granted to 104 dealers in violation of the provisions of the GST Rules.

(Paragraph 2.6)

Irregular allowance of deduction from turnover and application of concessional rate resulted in short levy of central sales tax of Rs.91.16 lakh from 15 dealers.

(Paragraph 2.7)

III. Land Revenue

Failure to initiate action as per codal provisions resulted in non/short recovery of non-agricultural assessment of Rs.1.13 crore.

(Paragraph 3.2)

Correction of records of rights without registered deeds resulted in loss of revenue of Rs.62.70 lakh.

(Paragraph 3.3)

Conversion tax of Rs.45.07 lakh was levied short in 108 cases due to non-levy of tax and application of incorrect rates.

(Paragraph 3.4)

IV. Taxes on Vehicles

Demand notices for recovery of motor vehicle tax of Rs.17.16 crore were not issued to operators of 697 omnibuses and 479 vehicles used for transport of goods.

(Paragraph 4.3)

V. Stamp Duty and Registration Fees

Acceptance of time barred cases in appeal by CCRA resulted in loss of revenue of Rs.5.59 lakh and non realisation of stamp duty of Rs.10.44 crore.

(Paragraph 5.2)

Stamp duty and registration fees of Rs.26.90 crore were short levied due to misclassification of 363 documents.

(Paragraph 5.3)

Stamp duty and registration fees of Rs.10.71 crore were short levied on 88 documents comprising distinct matters

(Paragraph 5.4)

VI. Other Tax Receipts

A review on “**Levy and collection of electricity duty and fees**” revealed the following:

Despite express direction of the Government, duty was levied at incorrect rate resulting in short levy of duty of Rs. 14.65 crore.

(Paragraph 6.2.7)

Interest of Rs.2.29 crore was not levied on belated payment of duty.

(Paragraph 6.2.9)

Duty was levied at reduced rate treating non-manufacturing activity as manufacturing activity resulting in short levy of duty of Rs.6.68 crore.

(Paragraph 6.2.14)

Though Government lowered rate of duty w.e.f. 1 April 2005, this rate was applied for electricity consumed prior to this period resulting in short levy of duty of Rs.1.42 crore.

(Paragraph 6.2.15)

Incorrect exemption from payment of duty of Rs. 8.02 crore was granted to Board/Club considering them as government offices.

(Paragraph 6.2.17)

Out of 166 new industrial units situated in Ahmedabad, granted exemption, during 2001-02 to 2004-05, department took more than one year for finalization in 39 to 50 *per cent* cases. In 21 cases, exemption was granted after the period of exemption was over.

(Paragraph 6.2.21)

Non levy of entertainments tax from the company operating ropeway at Saputara worked out to Rs.4.10 crore

(Paragraph 6.3)

VII. Non Tax Receipts

Failure to raise demand resulted in non/short levy of royalty, dead rent, and interest to the extent of Rs. 10.09 crore.

(Paragraph 7.2)