

OVERVIEW

This Report contains 48 paragraphs including 3 reviews relating to non-levy/short levy of taxes, duties, interest and penalty involving Rs.677.60 crore. Some of the major findings are mentioned below:-

1. General

1.1 The total revenue receipts of the Government of Gujarat in 2002-03 were Rs. 17,875.34 crore as against Rs.15,986.06 crore during 2001-02. The revenue raised by the State from taxes during 2002-03 was Rs.9,520.66 crore and from non-tax receipts was Rs.3,995.58 crore. State's share of divisible Union taxes and grants-in-aid from Government of India were Rs.1,363.22 crore and Rs. 2,995.88 crore respectively. The main source of tax revenue during 2002-03 was Sales Tax (Rs.6,252.13 crore) and taxes and duties on Electricity (Rs.1,383.84 crore). The main receipts under non-tax revenue were from Interest (Rs.1,684.88 crore) and Non-ferrous Mining and Metallurgical Industries (Rs. 1,072.83 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 108 per cent from Rs. 2,090.94 crore in 2001-02 to Rs. 4,359.10 crore in 2002-03. The amounts received from the Government of India to the total revenue receipts of the State increased from 13 per cent in 2001-02 to 24 per cent in 2002-03. Tax receipts of the State decreased marginally (6 per cent) to Rs. 9,520.66 crore in 2002-03 compared to Rs. 10,134.18 crore in 2001-02.

(Para 1.1)

1.2 During the year 2002-03, 11,61,028 assessment cases were disposed of under various Acts, under the administrative control of Finance Department, which was 233 per cent of the new cases due for assessment.

(Para 1.8)

1.3 A test check of the records in the offices of Sales Tax, Land Revenue, Motor Vehicles Tax and other departmental offices conducted during 2002-03 revealed under assessment and loss of revenue of Rs. 731.01 crore in 1,200 cases. During the year, the concerned departments accepted under assessments etc. of Rs.2.14 crore in 536 cases and recovered Rs. 1.79 crore in 402 cases pointed out during 2002-03 and earlier years.

(Para 1.12)

2. Sales Tax

2.1 A review on Sales Tax - pendency of appeals at various levels and its impact on revenue collection revealed the following:

Tax arrears blocked in appeals with departmental Appellate Authorities increased from Rs.219.26 crore to Rs.995.61 crore between April 1997 and March 2002.

(Para 2.2.5)

Though cases granted stay on recovery were to be disposed of within two months, 121 cases involving tax dues of Rs.30.58 crore were decided with delays beyond two months and delay ranged between 2 months and 100 months.

(Para 2.2.12)

Fresh assessments in 54 cases of 19 dealers remanded by Appellate Authorities were not completed within the stipulated period of 3 years resulting in loss of revenue of Rs.10.74 crore due to becoming time barred.

(Para 2.2.14)

2.2 Under the Sales Tax Incentive Schemes, though the activity of refilling of liquified petroleum gas (LPG) is not considered a manufacturing process, exemption of tax of Rs.7.28 crore was allowed to 3 dealers engaged in refilling of LPG.

(Para 2.3.1)

2.3 Purchase tax of Rs.13.71 crore was not charged from 104 dealers even though they had not fulfilled the conditions prescribed under Gujarat Sales Tax Act.

(Para 2.4.1)

2.4 Mis-classification of goods resulted in non/short levy of tax of Rs.3.77 crore.

(Para 2.6)

2.5 There was non/short levy of turnover tax of Rs.1.19 crore in case of 25 dealers.

(Para 2.8)

3. Land Revenue

3.1 Non- eviction/non-regularisation of encroachment/breach of conditions of allotment resulted in loss of revenue of Rs.15.45 crore.

(Para 3.3.1 & 3.3.2)

3.2 There was non/short levy of conversion tax amounting to Rs.1.46 crore.

(Para 3.4)

4. Taxes on Vehicles

4.1 Composite tax of Rs.10.77 crore was not recovered from the operators of 587 omnibuses in 15 Regional Transport Offices.

(Para 4.2.1)

4.2 Incorrect issue of permit as taxi resulted in short levy of tax of Rs.3.52 crore

(Para 4.3)

4.3 Lumpsum tax of Rs.1.24 crore was not/short recovered from 1181 vehicles by 5 Regional Transport Offices.

(Para 4.4)

5. Stamp Duty and Registration Fees

5.1 Stamp Duty and Registration Fees of Rs.156.84 crore were short levied due to incorrect application of concessional rate.

(Para 5.2.1, 5.2.2 & 5.2.3)

5.2 Stamp duty and registration fees of Rs.49.04 crore were short levied due to misclassification of documents.

(Para 5.3)

5.3 Stamp duty and registration fees of Rs.4.24 crore were short levied on 79 documents comprising several distinct matters.

(Para 5.4)

6. Other Tax Receipts

Entertainments Tax

6.1 Incorrect grant of exemption to cinema owners resulted in non recovery of tax of Rs.1.01 crore

(Para 6.2)

6.2 Non recovery of entertainments tax due to delay in finalisation of offence cases amounted to Rs.1.47 crore.

(Para 6.6)

Luxury Tax

6.3 Luxury tax was short levied to the extent of Rs.1.41 crore due to non payment of tax on the tariff rates declared.

(Para 6.8)

7. Non-Tax Receipts

Water Rates.

7.1 A review on Levy and Collection of Water Rates revealed the following:

Fixed water rates of Rs.104.94 crore were not/short levied from 31 water users
(Para 7.2.7)

Interest and service charge of Rs.37.10 crore were either not levied or levied short from non-irrigation users who defaulted in payment of water rates.

(Para 7.2.8)

Water rates were levied short to the extent of Rs.41.77 crore due to incorrect billing.

(Para 7.2.11)

Mining Receipts

7.2 A review on collection of royalty and dead rent for mines and quarries revealed the following:

Application of incorrect rate resulted in short realisation of royalty on crude oil by Rs.5.37 crore including increased royalty.

(Para 7.3.7 & 7.3.8)

Incorrect adoption of price of natural gas supplied to various consumers for payment of royalty by ONGC resulted in short realisation of royalty by Rs.5.40 crore.

(Para 7.3.9)

Non enforcement of codal provisions and conditions of lease agreement resulted in non/short levy of royalty and interest of Rs.24.10 crore in 64 cases.

(Para 7.3.11)