

OVERVIEW

This Report contains 40 paragraphs including two reviews relating to non-levy/short levy of taxes, duties, interest and penalty involving Rs.1,076.89 crore. Some of the major findings are mentioned below:-

I. General

1.1 The total revenue receipts of the Government of Gujarat in 2003-04 were Rs. 18,247.52 crore as against Rs.17,875.34 crore during 2002-03. The revenue raised by the State from taxes during 2003-04 was Rs.11,173.43 crore and from non-tax receipts was Rs.3,271.96 crore. State's share of divisible Union taxes and grants-in-aid from Government of India were Rs.1,965.48 crore and Rs.1,836.65 crore respectively. The main source of tax revenue during 2003-04 was Sales Tax (Rs.7,169.58 crore) and taxes and duties on Electricity (Rs.1,592.19 crore). The main receipts under non-tax revenue were from Interest (Rs.897.12 crore) and Non-ferrous Mining and Metallurgical Industries (Rs.1,342.34 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 decreased by 13 *per cent* from Rs.4,359.10 crore in 2002-03 to Rs.3,802.13 crore in 2003-04. The amounts received from the Government of India to the total revenue receipts of the State decreased from 24 *per cent* in 2002-03 to 21 *per cent* in 2003-04. Tax receipts of the State increased marginally (17 *per cent*) to Rs.11,173.43 crore in 2003-04 compared to Rs.9,520.66 crore in 2002-03.

(Para 1.1)

During the year 2003-04, 7,16,847 assessment cases were disposed of under various Acts, under the administrative control of Finance Department. Cases pending finalization under various heads ranged between 43 and 86 *per cent* of total cases as on 31 March 2004.

(Para 1.7)

A test check of the records in the offices of Sales Tax, Land Revenue, Motor Vehicles Tax and other departmental offices conducted during 2003-04 revealed under assessment and loss of revenue of Rs.1358.24 crore in 1,324 cases. During the year, the concerned departments accepted under assessments etc. of Rs.1.81 crore in 457 cases and recovered Rs.2.06 crore in 478 cases pointed out during 2003-04 and earlier years.

(Para 1.11)

II. Sales Tax

A review on **Utilisation of declaration forms prescribed under Gujarat Sales Tax Act, 1969 and Central Sales Tax Act, 1956** revealed the followings:

- Purchase tax of Rs.139.67 crore was not levied due to breach of recitals of certificate.

(Para 2.2.7)

- There was short recovery of tax of Rs.14.85 crore due to incorrect levy of concessional rates of tax against Form C and Form D.

(Para 2.2.14)

- Due to irregular allowance of deductions of goods exported without Form H or incomplete Form H tax of Rs.12.54 crore was short levied.

(Para 2.2.15)

Under the Sales Tax Incentive Schemes, incorrect benefit of exemption of Rs.7.97 crore was allowed to four dealers who either stopped production or disposed of their assets.

(Para 2.3.1)

Tax of Rs.1.32 crore was not recovered from six dealers who committed default in payment of deferred tax.

(Para 2.3.2)

Purchase tax of Rs.13.07 crore was not charged from 140 dealers even though they had not fulfilled the conditions prescribed under Gujarat Sales Tax Act.

(Para 2.4)

Misclassification of goods resulted in non/short levy of tax of Rs.4.02 crore.

(Para 2.5)

There was non/short levy of turnover tax of Rs.1.65 crore in case of 29 dealers.

(Para 2.7)

III. Land Revenue

Non fixation/non recovery of occupancy price before handing over possession of land resulted in non recovery of estimated occupancy price of Rs.11.82 crore.

(Para 3.2)

Conversion tax of Rs.1.07 crore was levied short due to incorrect application of rates and non levy of tax.

(Para 3.3)

Correction of records of rights without registered deeds resulted in loss of revenue of Rs.5 crore.

(Para 3.4)

IV. Taxes on Vehicles

Composite tax of Rs.11.63 crore was not recovered from the operators of 820 omnibuses in 16 Regional Transport Offices.

(Para 4.2.1)

Lumpsum tax of Rs.1.11 crore was non/short levied on 1,108 vehicles in 12 Regional Transport Offices.

(Para 4.3)

V. Stamp Duty and Registration Fees

A review on **Stamp Duty** revealed the followings:

There was discrepancy in quantity and value of stamps supplied by Nasik Press and that accounted for by the State Sale Depot.

(Para 5.2.6)

The stamp duty involved in documents presented for registration was more than that supplied by the treasuries during the years 1999-2000.

(Para 5.2.7)

Incorrect extension of benefit of scheme to 574 remand cases resulted in loss of revenue of Rs.1.98 crore.

(Para 5.3.3)

Incorrect application of concessional rate of duty resulted in short levy of stamp duty and registration fees of Rs.53.69 crore.

(Para 5.4)

Stamp duty and registration fees of Rs.12.70 crore were short levied due to misclassification of documents.

(Para 5.5)

Acceptance of time barred cases in appeal by CCRA resulted in non levy/postponement of recovery of stamp duty of Rs.5.41 crore.

(Para 5.6)

Stamp duty and registration fees of Rs.2.12 crore were short levied on 50 documents comprising several distinct matters

(Para 5.7)

VI. Other Tax Receipts

Entertainments Tax

Owners of six multiplex cinemas availed excess tax exemption to the extent of Rs.22.69 crore.

(Para 6.2)

Non recovery of entertainments tax from owners of cinema houses, video parlours and cable operators resulted in short levy of Rs.3.21 crore.

(Para 6.3 and 6.4)

VII. Non-Tax Receipts

Interest Receipts

Interest of Rs.31.50 crore was not recovered from GIIC on conversion of loan of Rs.68.31 crore into equity.

(Para 7.2.1)

Demands for principal and interest aggregating Rs.30 crore were not raised due to non finalisation of terms and conditions.

(Para 7.2.3)

Failure to raise demand resulted in non/short levy of royalty, dead rent and surface rent to the extent of Rs.10.48 crore.

(Para 7.3.1)