

OVERVIEW

This Audit Report contains 20 paragraphs including three reviews involving tax effect of Rs.200.60 crore. Some of the major findings are mentioned below:

1. General

- The total receipt of the State Government for the year 2005-06 was Rs.13,853.31 crore.

Revenue raised by the State Government during the year was Rs.11,537.21 crore comprising tax revenue of Rs.9,078.65 crore and non tax revenue of Rs.2,458.56 crore. Receipts under taxes on sales, trade etc. (Rs.5,604.45 crore) and state excise (Rs.1,106.86 crore) constituted a major portion of receipts of tax revenue. Under non tax revenue, major receipt was from road transport (Rs.548.44 crore). The state also received Rs.1,200.97 crore as its share of net proceeds of divisible union taxes, which had increased by Rs.581.71 crore over the previous year. An amount of Rs.1,115.13 crore was received as grants in aid from Government of India.

(Paragraph 1.1)

- Arrears of revenue at the end of March 2006 as reported by the major departments were Rs.1,432.38 crore.

(Paragraph 1.7)

- Test check of records of departmental offices relating to taxes on sales, trade etc., stamp duty and registration fee, state excise duty, passengers and goods tax, taxes on motor vehicles, agriculture (purchase tax and crop husbandry), mines and geology, home (police), public works (building and roads, public health and irrigation), finance (state lotteries), medical, animal husbandry, food and supply, co-operation and electricity duty conducted during the year 2005-06, revealed under assessments, non levy and short levy of taxes, duties and losses of revenue amounting to Rs.415.55 crore in 88,900 cases. The departments concerned accepted under assessment etc. of Rs.41.85 crore in 81,414 cases of which Rs.3.47 crore pertained to the year 2005-06 and the rest to earlier years. An amount of Rs.7.73 crore in 1,287 cases had already been recovered.

(Paragraph 1.13)

- Inspection reports containing 7,305 audit observations with money value of Rs.1,754.69 crore (issued upto December 2005) were outstanding for want of final replies from the departments at the end of June 2006.

(Paragraph 1.14)

2. Taxes on Sales, Trade etc.

A review on “**Evasion in sales tax**” inter alia revealed the following:-

- HUDA and HSAMB divisions and Haryana Police Housing Corporation supplied cement valuing Rs.31.46 crore to contractors. These contractees neither recovered from contractors nor paid sales tax resulting in evasion of tax of Rs.11.32 crore (including penalty).

(Paragraph 2.2.8.1)

- Sales tax of Rs.53.40 crore including penalty on rental charges of electric meters collected by Haryana Bijli Vitran Nigam at Panchkula and Hisar during 2000-01 to 2004-05 was not paid.

(Paragraph 2.2.9.1)

- Five dealers purchased goods amounting to Rs.975.88 crore at concessional rate for use in manufacture of goods for sale and transferred to their branches outside the state resulting in evasion of tax of Rs.33.90 crore.

(Paragraph 2.2.11.1)

- Cross verification of sales/purchase of 1,399 transactions having sale value of Rs.39.75 crore involving tax effect of Rs.3.32 crore was not done and assessments were finalised.

(Paragraph 2.2.12)

- Fifteen dealers suppressed purchase turnover of Rs.14.07 crore by either showing them as tax paid or not showing in their returns/trading accounts which resulted in evasion of tax of Rs.3.08 crore (including penalty).

(Paragraph 2.2.12.1 & 2.2.12.2)

- Six dealers were under assessed to tax of Rs.1.86 crore due to inadmissible deduction.

(Paragraph 2.3)

- Tax of Rs.2.77 crore was under assessed due to application of incorrect rate of tax.

(Paragraph 2.5)

3. Stamp Duty and Registration Fee

- Non execution of conveyance deeds where full payments were made by the allottees, resulted in non realisation of stamp duty of Rs.7.06 crore including registration fee.

(Paragraph 3.2)

4. State Excise Duty

A review on “**Receipts from State Excise Duty**” inter alia revealed the following:-

- Licence fee and interest of Rs.1.78 crore was short recovered from a licensee by Deputy Excise and Taxation Commissioner, Kaithal during 2002-03.

(Paragraph 4.2.9)

- Additional licence fee of Rs.1.31 crore was not recovered for short lifting of quota of liquor.

(Paragraph 4.2.10.1)

5 Other Tax Receipts

A review on “**Receipts from Passengers and Goods tax**” inter alia revealed the following:-

- Passengers tax amounting to Rs.5.78 crore including interest in respect of buses of co-operative transport societies, city bus service owners, maxi cabs, taxis and auto rickshaws for the period from 2000-01 to 2004-05 was not demanded by the department.

(Paragraph 5.2.9)

- Goods tax of Rs.4.18 crore (including interest) had not been deposited by the owners of 5,301 goods vehicles.

(Paragraph 5.2.11)

- Due to lack of co-ordination between the registration branch of motor vehicles and PGT branch in DTO offices, 174 maxi cabs registered with seven RTAs/DTOs, were not registered under the Act during the year from 2000-01 to 2003-04 which resulted in evasion of passengers tax of Rs.20.64 lakh.

(Paragraph 5.2.12)

- Permit/countersignature fee of Rs.18.45 crore was short levied in 40,421 cases.

(Paragraph 5.3)

- Token tax of Rs.14.01 lakh was neither demanded by the department nor deposited by private service vehicles.

(Paragraph 5.4)

6. Non Tax Receipts

Technical Education, Animal Husbandry and Revenue Department

- An amount of Rs.1.55 crore was retained unauthorisedly by the Technical Education, Animal Husbandry and Revenue Departments.

(Paragraph 6.2)

Agriculture Department

- Purchase tax and interest of Rs.30.43 lakh was not recovered from Assistant Cane Development Officer.

(Paragraph 6.3)

Mines and Geology Department

- Royalty and interest of Rs.11.14 lakh was not recovered from 78 brick kiln owners.

(Paragraph 6.4)