

## OVERVIEW

This Audit Report contains 21 paragraphs including three reviews involving tax effect of Rs.407.54 crore. Some of the major findings are mentioned below:

### **1. General**

- The total receipt of the State Government for the year 2006-07 was Rs.17,952.43 crore.

Revenue raised by the State Government during the year was Rs.15,518.52 crore comprising tax revenue of Rs.10,927.76 crore and non tax revenue of Rs.4,590.76 crore. Receipts under taxes on sales, trade etc. (Rs.6,853.24 crore), stamp duty and registration fee (Rs.1,764.98 crore) and state excise (Rs.1,217.10 crore) constituted a major portion of receipts of tax revenue. Under non tax revenue, major receipt was from urban development (Rs.2,562.34 crore), interest receipts (Rs.648.63 crore) and road transport (Rs.571.18 crore). The State also received Rs.1,295.64 crore as its share of net proceeds of divisible union taxes, which had increased by Rs.94.67 crore over the previous year. An amount of Rs.1,138.27 crore was received as grants in aid from Government of India.

*(Paragraph 1.1)*

- Arrears of revenue at the end of March 2007 as reported by the major departments were Rs.1,601.84 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, forest, co-operation and electricity duty conducted during the year 2006-07, revealed under assessments, non levy and short levy of taxes, duties and loss of revenue amounting to Rs.563.60 crore in 1,04,329 cases. The departments concerned accepted under assessment etc. of Rs.14.09 crore in 3,311 cases of which Rs.0.53 crore pertained to the year 2006-07 and the rest to earlier years. An amount of Rs.7.15 crore in 408 cases had been recovered of which Rs.2.94 crore in 281 cases pertains to earlier years.

*(Paragraph 1.13)*

- Inspection reports containing 8,364 audit observations with money value of Rs.4,374.78 crore (issued upto December 2006) were outstanding for want of final replies from the departments at the end of June 2007.

*(Paragraph 1.14)*

## **2. Taxes on Sales, Trade etc.**

A review on “**Levy and collection of sales tax**” inter alia revealed the following:-

- Sales tax of Rs.56.99 crore on rental charges of telephone sets/ teleprinters apparatus collected by Department of Telecommunication during April 1989 to July 2002 was not levied, besides penalty of Rs.113.98 crore.

*(Paragraph 2.2.7)*

- Interest of Rs.8.85 crore was not levied besides penalty on non payment of purchase tax of Rs.9.51 crore.

*(Paragraph 2.2.8)*

- Penal actions involving minimum penalty of Rs.117.42 crore and interest of Rs.17.57 crore in 50 cases of 17 dealers were not finalised alongwith regular assessments in contravention of provisions of State sales tax laws and departmental instructions.

*(Paragraph 2.2.9)*

- Tax of Rs.4.13 crore was under assessed due to arithmetical mistake in calculation.

*(Paragraph 2.3)*

- Tax of Rs.75.55 lakh was under assessed due to incorrect determination of gross turnover of two mining contractors.

*(Paragraph 2.4)*

- Application of incorrect rate of tax on sale of various goods in four DETC offices during 1999-2000 and 2002-03 resulted in short levy of tax of Rs.88.57 lakh.

*(Paragraph 2.5)*

- Incorrect allowance of deductions of inter State sales of Rs.7.80 crore resulted in short levy of tax of Rs.31.19 lakh.

*(Paragraph 2.6)*

### **3. Stamp Duty and Registration Fee**

- Failure of the Department to follow the rates fixed by Evaluation Committee resulted in under valuation of property and consequent short levy of stamp duty of Rs.20.46 lakh.

*(Paragraph 3.2.1 and 3.2.2)*

### **4 Other Tax Receipts**

#### **Taxes on Motor vehicles**

IT review on “**Activities of registration of vehicles in regulatory wing of Transport Department**” inter alia revealed the following:

- Unauthorised softwares, lacking proper validation checks, were operational in various Registering Authorities (RAs) with the result captured data was neither comprehensive nor reliable. Due to different database structure, data of different RAs was not integrable.

*(Paragraph 4.2.6.1)*

- There were a large number of cases of same chassis numbers and engine numbers for more than one vehicle which were not only illegal but was also fraught with risk of plying of invalid/stolen vehicles.

*(Paragraph 4.2.9.1)*

- In RA, Faridabad, data analysis revealed 787 cases where same receipt number was shown against amount received for registration of different vehicles. Due to lack of validation checks, the captured data was unreliable and might facilitate misappropriation of cash.

*(Paragraph 4.2.9.5)*

- Permit fee of Rs.65.54 lakh was not demanded from holders of 2,608 permits allowed transfer of their permits.

*(Paragraph 4.3)*

- Bid money was either short deposited or not deposited by 15 transport co-operative societies plying buses on various link roads which resulted in short realisation of Rs.27.32 lakh.

*(Paragraph 4.4)*

- Token tax of Rs.27.26 lakh was neither demanded by the department nor deposited by 115 transport co-operative societies.

*(Paragraph 4.5)*

#### **Passengers and goods tax**

- Passengers tax amounting to Rs.1.12 crore in respect of buses of transport co-operative societies and city bus service owners for the period 2005-06 was not demanded by the department.

*(Paragraph 4.6.1 and 4.6.2)*

#### **State Excise**

- Non imposition and recovery of penalty on illicit liquor resulted in non recovery of Government revenue of Rs.45.72 lakh.

*(Paragraph 4.7.1 and 4.7.2)*

### **5. Non Tax Receipts**

#### **Finance Department**

A review on “**Interest receipts from loans and advances**” inter alia revealed the following:-

- Out of short term loans of Rs.88.52 crore for making payment of compensation to retrenched employees, loans of Rs.85.86 crore and interest of Rs.42.12 crore had not been recovered from Haryana State Minor Irrigation and Tubewell Corporation and Haryana State Small Industries and Export Corporation.

*(Paragraph 5.2.6.1 and 5.2.6.2)*

- Failure in repayment of loans granted to 20 industrial units by Industries Department under scheme of exemption/deferment of sales tax to new or existing entrepreneurs under industrial policy resulted in accumulation of loans and interest of Rs.60.21 crore, of which a sum of Rs.1.80 crore had since been recovered.

*(Paragraph 5.2.9)*

### **Co-operation Department**

- Delay in granting approval to the proposal of the Board of Directors of two Central Co-operative Banks for payment of dividend for the years 2002-03 to 2005-06 by Registrar Co-operative Societies, Haryana, Chandigarh resulted in non deposit of dividend of Rs.33.93 lakh on State share capital of Rs.9.51 crore.

*(Paragraph 5.3)*

### **Mines and Geology Department**

- Royalty and interest of Rs.14.53 lakh was not recovered from 98 brick kiln owners.

*(Paragraph 5.4)*