

OVERVIEW

This report contains 32 paragraphs including 3 reviews relating to non-levy/short levy of taxes, duties, interest and penalty etc., involving Rs.234.05 crore. Some of the major findings are mentioned below:-

1. General

- The total receipt of State Government for the year 2001-2002 was Rs.7,600.55 crore.
 - (a) Revenue raised by the State Government during the year was Rs.6,637.26 crore comprising tax revenue of Rs.4,971.19 crore and non-tax revenue Rs. 1,666.07 crore. Receipts under taxes on Sales, Trade etc. (Rs.2,944.81 crore) and State Excise (Rs.875.39 crore) constituted a major portion of receipts of tax revenue. Under non-tax revenue, major receipt was from road transport (Rs.410.74 crore).
 - (b) The State also received Rs.450.25 crore as its share of net proceeds of divisible union taxes, which had increased by Rs.104.44 crore from previous year. An amount of Rs.513.04 crore was received as grants-in-aid from Government of India. The increase of Rs.34.90 crore compared to previous year was mainly due to receipt of more grants under the Non-Plan, State Plan and Central Plan Schemes.

(Paragraph 1.1)

- Arrears of revenue at the end of March 2002 as reported in the major departments were Rs.515.74 crore.

(Paragraph 1.4)

- Test-check of records of taxes on sales, trade etc., stamp duty and registration fee, State excise duty, taxes on motor vehicles, passengers and goods tax, entertainment and show tax, agriculture (purchase tax, crop husbandry and horticulture), electricity duty, land revenue, public works (irrigation, public health and buildings and roads), home (police), mines and geology, forest, rehabilitation, co-operation, State lotteries, medical, food and supplies, animal husbandry and industries departments conducted during 2001-2002 revealed under-assessment of taxes and duties/loss of revenue etc. amounting to Rs.385.82 crore in 1,54,406 cases. The concerned departments accepted under-assessments etc. of Rs.60.51 crore of which Rs.59.17 crore pertain to the year 2001-2002 and the rest to earlier years. An amount of Rs.5.46 crore in 195 cases had already been recovered.

(Paragraph 1.7)

- **Inspection reports containing 6,863 audit observations with money value of Rs.556.19 crore (issued upto December 2001) were outstanding for want of final replies from the departments.**

(Paragraph 1.8)

2. Taxes on Sales, Trade etc.

- **In 2 cases, exemption/deferment of Rs.26.38 crore was granted for expansion without fulfilling the conditions laid down in the rules.**

{Paragraph 2.2.7 (i)}

- **Due to incorrect computation of fixed capital investment, sales tax incentives of Rs.23.34 crore in 73 units were granted in excess by the Industries Department.**

{Paragraph 2.2.7 (iii)}

- **8 units availed exemption of Rs.3.91 crore without obtaining eligibility/exemption certificates and 9 units availed deferment of Rs.2.41 crore in excess of the quantum prescribed in the eligibility certificates.**

{Paragraph 2.2.8 (a) and (b)}

- **In 48 cases, application of incorrect and concessional rate of tax resulted in under-assessment of tax of Rs.2.24 crore.**

{Paragraph 2.2.9 (i) and (ii)}

- **68 dealers were allowed irregular deductions and the notional sales tax liability was calculated on taxable turnover instead of gross turnover, which resulted in under-assessment of tax of Rs.9.34 crore.**

{Paragraph 2.2.9 (iii)}

- **In 27 cases, notional sales tax liability of Rs.2.18 crore was under-assessed due to non-levy of purchase tax and calculation mistakes.**

{Paragraph 2.2.10(i) and (ii)}

- **Non-levy of purchase tax on cotton, paddy and spirit, purchased from within the State resulted in under-assessment of tax of Rs.1.18 crore including interest of Rs.9.66 lakh in 25 cases.**

(Paragraph 2.3)

- **Misuse of declaration Forms (STD-4) resulted in evasion of tax of Rs.47.24 lakh. Besides penalty of Rs.70.86 lakh was not levied.**

(Paragraph 2.8)

- The sales tax department did not raise the demand for interest of Rs.30.01 lakh against the dealer, who had closed his business within a period of five years after expiry of the exemption period.

(Paragraph 2.10)

- The department did not realise the tax of Rs.26.30 lakh collected by an exempted dealer.

(Paragraph 2.11)

3. Stamp Duty and Registration Fee

- Under-valuation of immovable property with an intent to defraud the Government resulted in evasion of stamp duty of Rs.15.48 lakh and penalty of Rs.2.20 lakh.

(Paragraph 3.2)

- Stamp duty of Rs.10.02 lakh was short levied on 18 compromise decrees registered by the department.

(Paragraph 3.3)

- Inadmissible exemption allowed in 111 releases of ancestral properties resulted in evasion of stamp duty of Rs.1.44 crore.

(Paragraph 3.6)

4. State Excise Duty

- An amount of Rs.22.86 crore had been pending collection as on 31 March 2001, of which Rs.10.64 crore was outstanding for more than 5 years.

(Paragraph 4.2.6)

- Revenue of Rs.1.86 crore (licence fee: Rs.0.67 crore and interest: Rs.1.19 crore) was short recovered from licencees by 12 Deputy Excise and Taxation Commissioners.

{Paragraph 4.2.7 (i) and (ii)}

- Loss of revenue of Rs.8.73 crore due to re-auction of vends remained unrecovered.

(Paragraph 4.2.8)

- Short lifting of 5.54 lakh proof litres of quota of country liquor and non-levy of excise duty on excess lifting of additional quota of 16,171 proof litres of IMFL resulted in revenue loss of Rs.1.19 crore on account of excise duty.

(Paragraph 4.3 and 4.4)

5. Other Tax Receipts

Electricity Duty

- As on 31 March 2001, electricity duty of Rs.50.65 crore remained in arrears of which Rs.33.83 crore was recoverable from defaulting consumers.

(Paragraph 5.2.7)

- Electricity duty of Rs.9.21 crore was mis-classified as sale of power instead of electricity duty, which resulted in loss of interest of Rs.2.68 crore.

(Paragraph 5.2.8)

- Shortfall in statutory inspection of power installations resulted in revenue loss of Rs.1.31 crore on account of inspection fees.

(Paragraph 5.2.11)

- Excessive auxiliary consumption of power reduced the availability of power for sale depriving the Government from the electricity duty of Rs.7.52 crore.

(Paragraph 5.2.12)

Taxes on Motor Vehicles

- Token tax of Rs.70.88 lakh was neither demanded by the department nor deposited by the Transport Co-operative Societies.

(Paragraph 5.3)

- Passing fee of Rs.79.42 lakh for grant or renewal of fitness certificate in respect of 1,53,603 Light Motor Vehicles (non-transport) was not charged.

(Paragraph 5.4)

- Permit fee/countersignature fee of Rs.3.30 crore was short charged in 24303 cases.

(Paragraph 5.5)

Passengers and Goods Tax

- Passengers tax of Rs.1.06 crore due from 166 Transport Co-operative Societies was neither deposited by the societies nor demanded by the department.

(Paragraph 5.6)

Agriculture

- Purchase tax of Rs.85.20 lakh and interest of Rs.12.42 lakh was not recovered from two sugar mills.

(Paragraph 5.8)

6. Non-Tax Receipts

(A) Town and country planning

- Delayed remittances of 116 bank drafts amounting to Rs.18.57 crore on account of scrutiny fee, licence fee, conversion charges and service charges etc. into bank/treasury resulted in loss of interest of Rs.15.99 lakh.

(Paragraph 6.2)

(B) Public Works Department (Irrigation and Public Health) and Home Department (Police)

- Departmental receipts amounting to Rs.62.36 lakh were utilised towards expenditure in contravention of codal provisions.

(Paragraph 6.3)

(C) Mines and Geology

- Short raising of demand against a contractor resulted in short recovery of bid money of Rs.4.49 lakh including interest of Rs.1.31 lakh.

(Paragraph 6.4)

(D) Forest Department

- Sales tax amounting to Rs.17.71 lakh was not levied/recovered on the sale of timber valued at Rs.2.21 crore sold to Haryana Forest Development Corporation.

(Paragraph 6.5)

(E) Rehabilitation Department

- Rent amounting to Rs.20.83 lakh for unauthorised occupation of evacuee land was not recovered from the occupants.

(Paragraph 6.6)

(F) Co-operation Department

- Dividend of Rs.80.70 lakh on share capital was not deposited into Government account by 6 Co-operative banks.

{Paragraph 6.7 (i)}

- Government share capital amounting to Rs.7.38 crore was not redeemed by 3 Co-operative societies.

(Paragraph 6.8)