

OVERVIEW

This report contains 33 paragraphs including three reviews relating to non-levy/short levy of taxes, interest and penalties etc., involving Rs.315.26 crore. Some of the major findings are mentioned below :

1. General

- The total receipt of the State Government for the year 2003-2004 was Rs.9,843.48 crore.

Revenue raised by the State Government during the year was Rs.8,571.10 crore comprising tax revenue of Rs.6,348.05 crore and non-tax revenue of Rs.2,223.05 crore. Receipts under taxes on sales, trade etc. (Rs.3,838 crore) and state excise (Rs.923.28 crore) constituted a major portion of receipts of tax revenue. Under non-tax revenue, major receipt was from road transport (Rs.482.21 crore). The State also received Rs.600.75 crore as its share of net proceeds of divisible union taxes, which had decreased by Rs.155.84 crore over the previous year. An amount of Rs.671.63 crore was received as grants-in-aid from Government of India. The increase of Rs.128.73 crore compared to the 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 2004 as reported by the major departments were Rs.851.46 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, Entertainment and Show Tax, Agriculture (Purchase Tax and Crop Husbandry), Mines and Geology, Home (Police), Public Works (Building and Roads, Public Health, and Irrigation), Forest, Finance (State Lotteries), Medical, Animal Husbandry, Food and Supply, Industries, Co-operation and Tourism conducted during the year 2003-04, revealed under-assessments, non-levy and short levy of taxes, duties and losses of revenue amounting to Rs.441.80 crore in 1,03,489 cases. The Departments concerned accepted under-assessment etc. of Rs.27.63 crore of which Rs.25.30 crore pertained to the year 2003-04 and the rest to earlier years. An amount of Rs.15.22 crore in 707 cases had already been recovered.

(Paragraph 1.13)

- Inspection reports containing 6,975 audit observations with money value of Rs.1,208.21 crore (issued upto June 2004) were outstanding for want of final replies from the Departments.

(Paragraph 1.14)

2. Taxes on Sales, Trade etc.

A review on “Delay in assessments and their impact on revenue and collection of sales tax demands” inter-alia revealed the following:-

- **Delay in finalising assessments resulted in non-recovery of tax of Rs.63.69 crore in 232 cases.**

(Paragraph 2.2.6)

- **Sales tax arrears amounting to Rs.440.49 crore were outstanding as on 31 March 2003.**

(Paragraph 2.2.7)

- **Non-pursuance of cases where recovery certificates were issued to collectors resulted in blockade of revenue of Rs.35.29 crore in 563 cases.**

(Paragraph 2.2.8)

- **Delay in revising assessments resulted in non raising/delay in raising of demands for Rs.1.56 crore in 78 cases.**

(Paragraph 2.2.12)

- **In 41 cases, issue of demand notices amounting to Rs.2.68 crore were delayed from 39 to 297 days.**

(Paragraph 2.2.13)

- **In 18 cases, notional sales tax liability of Rs.1.63 crore was under assessed due to inadmissible deductions from gross turnover, non-levy of purchase tax, sale proceeds of goods exported out of India and due to application of incorrect rate of tax.**

(Paragraph 2.3)

- **Tax of Rs.2.92 crore was under assessed due to incorrect deduction in seven cases.**

(Paragraph 2.4)

- **Purchase tax of Rs.1.07 crore was not levied in 19 cases.**

(Paragraph 2.6)

- **Irregular grant of exemption by the Department resulted in short levy of tax amounting to Rs.2.68 crore.**

(Paragraph 2.11)

3. Stamp Duty and Registration Fee

A review on “Levy and Collection of Stamp Duty and Registration Fees” inter-alia revealed the following:-

- There was no control over monitoring of progress in recovery of arrears. As on 31 March 2003, arrears on account of levy and collection of stamp duty and registration fee amounting to Rs.19.13 crore were outstanding.

(Paragraph 3.2.5)

- In 5,471 registered documents involving stamp duty of Rs.6.67 crore, genuineness of the stamp papers used could not be ascertained due to non-recording of the source of their issue/purchase on the back of the true copies of the deeds available in the Registrars’ offices.

(Paragraph 3.2.7)

- There was lack of control over the stamp vendors. Stamp vendor registers were not inspected in six test checked districts by the Tehsildars, Naib Tehsildars and Collectors.

(Paragraph 3.2.12 & 3.2.13)

- Mis-classification of instruments of release deeds in 1,446 cases resulted in short levy of stamp duty of Rs.9.11 crore.

(Paragraph 3.2.14)

- Under-valuation of property in 567 cases resulted in short levy of stamp duty and registration fees amounting to Rs.1.73 crore.

(Paragraph 3.2.17)

4. Other Tax Receipts

State Excise

- Department short recovered licence fee of Rs.8.49 crore and did not raise demand for interest of Rs.2.85 crore for delayed payment of licence fee.

(Paragraph 4.2)

Passengers and Goods Tax

- Passengers tax was either not deposited or was deposited short by 89 Transport Co-operative Societies plying buses on various link roads resulting in short realisation of Rs.58.84 lakh.

(Paragraph 4.3)

Taxes on Motor Vehicles/Transport

- **Permit fee/countersignature fee of Rs.10.07 crore was not levied in 22,112 cases.**

(Paragraph 4.4)

- **Fitness fee of Rs.1.95 crore for grant of renewal of fitness certificate in respect of 1,53,492 light motor vehicles (non-transport) was not charged.**

(Paragraph 4.6)

Purchase Tax

- **Purchase tax and interest of Rs.1.73 crore was not recovered from two co-operative sugar mill.**

(Paragraph 4.7)

5. Non-Tax Receipts

Mines and Minerals

A review on Receipts from Mines and Minerals inter-alia revealed the following :-

- **As on 31 March 2003 arrears of revenue under “Mines and Minerals” pending collection was Rs.6.29 crore.**

(Paragraph 5.2.6)

- **Delay in auction of mining contracts of Ambala and Faridabad Districts resulted in loss of Rs.1.09 crore and Rs.9.15 crore respectively.**

(Paragraph 5.2.7 and 5.2.8)

- **Non-forfeiture of security and advance lease money due to non-execution of agreement deeds led to a loss of Rs.3.24 crore.**

(Paragraph 5.2.9)

- **Non-payment of dead rent and royalty in case of 65 leases led to a loss of Rs.6.28 crore including interest.**

(Paragraph 5.2.10)

- **Penalty of Rs.29.98 crore due to violation of conditions of agreements was not levied.**

(Paragraph 5.2.11)

- Lack of action on the part of department resulted in a loss of Rs.11.43 crore.

(Paragraph 5.2.14)

6. Other Non-Tax Receipts

Tourism Department

- Rent of Rs.1.85 crore of non-commercial buildings from 1995-96 to 2001-02 was not recovered from Tourism Corporation.

(Paragraph 6.2)

Co-operation Department

- Government share capital amounting to Rs.7.05 crore was not redeemed by Bhuna Co-operative Sugar Mill.

(Paragraph 6.3)

Forest Department

- Sales tax amounting to Rs.12.02 lakh was not levied/recovered on sale of timber valuing Rs.1.50 crore.

(Paragraph 6.6)