

OVERVIEW

This report contains 24 paragraphs including one review relating to non levy/short levy of taxes, duties, fees, interest and penalty etc., involving Rs.54.39 crore. Some of the major findings are mentioned below:

1. General

- The total receipts of the Government for the year 2004-2005 were Rs. 4,634.51 crore. The revenue receipts of Rs. 1,862.65 crore consisted of Rs. 1,251.88 crore from tax revenue and Rs. 610.77 crore from non tax revenue. The State received Rs. 537.32 crore as its share of divisible Union taxes and Rs.2,234.54 crore as grants in aid from Government of India. Receipts under sales tax (Rs. 542.37 crore), state excise (Rs.299.90 crore), taxes on vehicles (Rs. 107.82 crore), taxes and duties on electricity (Rs. 88 crore), taxes on goods and passengers (Rs. 38.32 crore) and stamps and registration fee (Rs. 75.34 crore) accounted for major portion of tax receipts. Under non tax revenue, the main receipts were from power (Rs. 284.71 crore), forestry and wild life (Rs. 102.17 crore) and non ferrous, mining and metallurgical industries (Rs. 38.42 crore).

(Paragraph 1.1)

- The arrears of revenue under principal heads of revenue as on 31 March 2005 amounted to Rs. 364.89 crore, of which Rs. 133.25 crore pertained to taxes on sales, trade etc.

(Paragraph 1.6)

- Test check of records of sales tax, state excise, taxes on vehicles, goods and passengers, forest receipts and other tax and non tax receipts conducted during the year 2004-2005, revealed under-assessments/ short levy/ loss of revenue amounting to Rs. 154.56 crore, in 872 cases. During the course of the year 2004-2005, the concerned departments accepted under-assessments etc., of Rs. 67.41 crore in 491 cases which had been pointed out in audit in earlier years.

(Paragraph 1.10)

2. Sales Tax

A review on “**Assessment and collection of Sales Tax**” revealed the following:

- Incorrect grant/ claim of exemption in respect of 18 dealers, resulted in non levy/ non realisation of sales tax of Rs. 23.57 crore.

(Paragraph 2.2.7 & 2.2.8)

- Evasion of tax of Rs.2.16 crore due to suppression of purchases/ sales by the registered dealers, in eight AETCs.

(Paragraph 2.2.9)

- Incorrect classification of 16 industrial units as manufacturing units, resulted in short levy of sales tax of Rs.1.22 crore.

(Paragraph 2.2.10)

- Sales tax of Rs. 6.59 crore was not levied by the assessing authorities on rental charges of electric meters and service line worth Rs.60.51 crore.

(Paragraph 2.2.12)

- Sales tax of Rs.1.10 crore was not levied due to non registration of dealers in five AETCs.

(Paragraph 2.2.13)

- Application of incorrect rate of tax and non levy of tax on the sale of tender papers resulted in evasion of sales tax (including interest) of Rs. 90.37 lakh.

(Paragraph 2.2.11 & 2.2.17)

3. State Excise

- Three licensees of Hamirpur and Mandi districts failed to pay the monthly instalments of license fee in time resulting in short realisation of interest of Rs.30.60 lakh.

(Paragraph 3.2)

- Three licensees paid renewal fee of Rs. 2.25 lakh against payable license fee of Rs. 97.25 lakh resulting in short realisation of Rs. 95.00 lakh.

(Paragraph 3.3)

4. Taxes on Vehicles, Goods and Passengers

- In two Registering and Licensing Offices, penalty amounting to Rs.20.58 lakh was not recovered in 111 cases for non payment of token tax.

(Paragraph 4.2)

- Special registration fee amounting to Rs.16.35 lakh was not recovered in three Registering and Licensing Offices.

(Paragraph 4.3)

5. Forest Receipts

- In 13 forest divisions, export permit fee of Rs. 4.45 crore was not levied on intra State transport of 2,02,540.32 quintals of khair wood.

(Paragraph 5.2)

- Non/short recovery of Net Present Value in four forest divisions, resulted in loss of revenue of Rs. 2.36 crore.

(Paragraph 5.3)

- In 11 forest divisions, non charging of cost of fence posts from the user agencies for compensatory afforestation in 2,388 hectares of land resulted in loss of revenue of Rs. 2.17 crore.

(Paragraph 5.8)

6. Other Tax- Non Tax Receipts

- Undervaluation of immovable property in 925 cases resulted in short realisation of stamp duty and registration fee of Rs. 2.21 crore.

(Paragraph 6.2.2)

- Incorrect grant of exemption in 882 cases resulted in non realisation of stamp duty and registration fee of Rs. 86.09 lakh.

(Paragraph 6.2.5 & 6.2.6)

- Misclassification of documents in 234 cases resulted in short realisation of stamp duty and registration fee of Rs. 1.24 crore.

(Paragraph 6.2.7, 6.2.8 & 6.2.9)