

## **OVERVIEW**

This report contains 28 paragraphs including one review relating to non/short levy of taxes, duties, fees, interest and penalty etc., involving Rs.58.32 crore. Some of the major findings are mentioned below:

### **1. General**

- The total receipts of the Government for the year 2005-06 were Rs.6,558.62 crore. The revenue receipts of Rs.2,186.69 crore consisted of Rs.1,497.02 crore from tax and Rs.689.67 crore from non tax revenue. The State received Rs.493.26 crore as its share of divisible union taxes and Rs.3,878.67 crore as grants in aid from Government of India. Receipts under taxes on sales, trade etc. (Rs.726.98 crore), state excise (Rs.328.97 crore), taxes on vehicles (Rs.101.51 crore), taxes and duties on electricity (Rs.89.29 crore), taxes on goods and passengers (Rs.42.61 crore) and stamps and registration fee (Rs.82.43 crore) accounted for major portion of tax receipts. Under non tax revenue, the main receipts were from power (Rs.251.47 crore), forestry and wild life (Rs.149.63 crore) and non-ferrous, mining and metallurgical industries (Rs.42.90 crore).

**(Paragraph 1.1)**

- The arrears of revenue under principal heads of revenue as on 31 March 2006 amounted to Rs.396.96 crore, of which Rs.100.00 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 2005-06, revealed under-assessments/ short levy/ loss of revenue, revenue foregone amounting to Rs.219.88 crore, in 1037 cases. During the course of the year 2005-06, the concerned departments accepted under assessments etc., of Rs.28.11 crore in 850 cases which had been pointed out in audit in earlier years.

**(Paragraph 1.10)**

### **2. Sales Tax**

Government dues pending for recovery as arrears of land revenue revealed as under:

- In four districts, interest of Rs.1.64 crore and tax dues of Rs.1.55 crore were not included in the arrear certificates. This resulted in short declaration of Government revenue of Rs.3.19 crore.

**(Paragraph 2.2.9 & 2.2.10)**

- In eight districts, properties of 18 defaulters were attached for auction. But permission for their auction, as required under rules, was not obtained from the respective divisional commissioners. This resulted in non realisation of Government revenue of Rs.19.93 crore.

**(Paragraph 2.2.11)**

- Inadequate action by the department resulted in non recovery of Rs.1.18 crore in nine cases of four districts.

**(Paragraph 2.2.13)**

- Incorrect exemption/grant of concessional rate of tax in two AETCs resulted in non levy/ short realisation of tax of Rs.1.07 crore.

**(Paragraph 2.4)**

### **3. State Excise**

- Five licensees of five districts failed to pay the monthly instalments of license fee and interest thereon during 2004-05 resulting in non recovery of Government dues of Rs.39.97 lakh.

**(Paragraph 3.2)**

### **4. Taxes on Vehicles, Goods and Passengers**

- In seven regional transport authorities, non payment of special road tax and non levy of penalty resulted in non recovery of Government dues of Rs.18.98 crore.

**(Paragraph 4.3)**

- Token tax of Rs.99.61 lakh was not recovered in 18 registering and licensing offices and State Transport Authority, Shimla. Besides, for non payment of token tax, penalty of Rs.99.61 lakh was also leviable.

**(Paragraph 4.4)**

### **5. Forest Receipts**

A review on “**Exploitation of Forests**” revealed the following:

- The department failed to ascertain correct position of arrears pending collection as on 31 March 2005. It showed Rs.91.70 crore pending collection against corporation while the latter admitted only Rs.11.70 crore.

**(Paragraph 5.2.9)**

- No mechanism existed to ascertain correctness of weighted average sale rate, furnished by the corporation, which formed basis for fixation of rates of royalty.
- Variation was found in figures supplied to Pricing Committee/Hon'ble Vidhan Sabha and to PCCF. Accordingly correct fixation of royalty rates could not be ascertained.

**(Paragraph 5.2.12)**

- Lacuna in the decision of pricing committee in grant of rebate to half broken trees resulted in less assessment of royalty by Rs.1.63 crore.

**(Paragraph 5.2.14)**

- Extension in working period of 276 lots during 2001-02 to 2004-05 though applied for by the corporation was not granted. This resulted in non recovery of extension fee of Rs.1.04 crore.

**(Paragraph 5.2.18)**

- Non charging of interest on belated payment of royalty of resin blazes resulted in less realisation of revenue of Rs.1.75 crore.

**(Paragraph 5.2.20)**

- Short handing over of resin blazes for tapping and non recovery of registration fee from resin tappers resulted in non realisation of revenue of Rs.1.78 crore.

**(Paragraph 5.2.23 & 5.2.24)**

- Delay in transportation of timber to sale depots after extraction resulted in its degradation which adversely affected fixation of royalty rates. This resulted in loss of revenue of Rs.6.38 crore.

**(Paragraph 5.2.27)**

## **6. Other Tax- Non Tax Receipts**

- In 33 sub registrars, misclassification of documents in 137 cases and incorrect determination of market value in a conveyance deed resulted in short levy of stamp duty and registration fee of Rs.57.81 lakh.

**(Paragraph 6.2 & 6.3)**

- In 20 irrigation cum public health divisions, water charges amounting to Rs.12.37 crore remained unrealised as on 31 March 2005 resulting in loss of revenue to that extent.

**(Paragraph 6.6)**