

OVERVIEW

This report contains 35 paragraphs including 2 reviews relating to non-levy/short levy of taxes, duties, interest and penalty etc., involving Rs.19.55 crore. Some of the major findings are mentioned below:-

1. General

(i) The total receipts of the Government for the year 2001-2002 were Rs.3,715.80 crore. The revenue receipts of Rs.1,114.83 crore consisted of Rs.916.50 crore from taxes and Rs. 198.33 crore from non-tax revenue. The State received Rs. 324.13 crore as its share of divisible Union Taxes against Rs.330.34 crore received during 2000-2001. Receipts under state excise (Rs.236.28 crore), sales tax (Rs.355.08 crore), taxes on goods and passengers (Rs. 34.27 crore) and taxes on vehicles (Rs. 132.70 crore) and stamps and registration fee (Rs. 34.27 crore) accounted for major portion of tax receipts. Under non-tax revenue, the main receipts were from non-ferrous mining and metallurgical industries (Rs.32.97 crore) and forestry and wild life (Rs. 28.98 crore).

(Paragraph 1.1.)

(ii) The arrears of revenue under principal heads of revenue as on 31 March 2002 amounted to Rs.263.50 crore, of which Rs.111.10 crore pertained to Forestry and Wild Life.

(Paragraph 1.5.)

(iii) Test check of records of sales tax, state excise, taxes on vehicles goods and passengers, forest receipts and other tax receipts conducted during the year 2001-2002, revealed under-assessments/ short levy/ loss of revenue amounting to Rs.54.45 crore, in 951 cases. During the course of the year 2001-2002, the concerned departments accepted under-assessments etc. of Rs.33.62 crore in 439 cases, of which 9 cases involving Rs.2.73 crore had been pointed out in audit during 2001-2002 and the rest in earlier years.

(Paragraph 1.8.)

(iv) 3180 audit and inspection reports containing 8,778 objections with money value of Rs.436.44 crore issued up to 31 December 2001, were not settled up to 30 June 2002.

(Paragraph 1.9.)

2. Sales Tax

A review on “Working of Multi-purpose Check Posts” revealed the following:-

(i) Test check of 11 barriers revealed that 2,68,529 goods vehicles carrying bricks, sand and *bajri* worth Rs. 62.64 crore and *Katha* valued Rs.1.16 crore were allowed to cross the barriers without obtaining the

declaration forms, which resulted in revenue foregone of Rs. 5.13 crore. Consequently, the department also failed to register these dealers under the Sales Tax Act.

[Paragraph 2.2.6(i) & (ii)]

(ii) In 309 cases, goods valued at Rs.5.20 crore on which a minimum penalty of Rs.78.01 lakh was leviable, crossed the State without handing over the ST-XXVII forms by the owners of vehicles at the exit barriers.

(Paragraph 2.2.7)

(iii) 186 declaration forms submitted by the unregistered dealers were pending verification. As such these dealers were not registered and brought under tax net.

[Paragraph 2.2.9(i)]

Inadmissible exemption in respect of Inter-State sales resulted in under-assessment of tax of Rs. 40.08 lakh.

(Paragraph 2.3.)

3. Taxes on Vehicles, Goods and Passengers

(i) Token tax of Rs. 17.23 lakh recoverable in 67 cases was not deposited.

(Paragraph 4.2.)

(ii) Incorrect application of rates resulted in short realisation of special road tax of Rs. 20.01 lakh.

(Paragraph 4.3.)

(iii) Revenue of Rs. 13.88 lakh was embezzled by the counter-clerk due to failure of Registering and Licensing Authority to ensure the continuity of serial numbers of receipts while signing the cash book.

(Paragraph 4.4.)

(iv) Goods tax of Rs. 26.37 lakh was either not realised or realised short.

(Paragraph 4.8 and 4.9.)

4. Forest Receipts

(i) Timber valued at Rs.1.18 crore (including sales tax) illicitly felled could not be seized by the department due to lack of vigil and failure to take timely cognizance of offences in four divisions.

(Paragraph 5.2.)

(ii) In eight forest divisions, extension fee of Rs.52.29 lakh was not demanded by the department from the State Forest Corporation.

(Paragraph 5.4.)

(iii) In ten forest divisions, 2,01,097 resin blazes could not be tapped between tapping seasons 1997 and 2001 due to deletion of blazes from the marking lists and non-enumeration of blazes depriving the Government of revenue amounting to Rs.53.24 lakh.

(Paragraph 5.5.)

(iv) In two forest divisions, irregular grant of 71 trees in timber distribution resulted in loss of Rs. 30.38 lakh.

(Paragraph 5.7.)

(v) In a forest division, four offence cases involving Rs.14.75 lakh became time barred due to failure of the department to either compound them or to take them to the court of law within the prescribed period.

(Paragraph 5.11.)

5. Other Tax Receipts

A review on “Assessment and Collection of Tax on Luxuries in Hotels and Lodging Houses” revealed the following:-

(i) Non-levy/ under assessment of luxury tax of Rs.10.41 lakh was noticed in case of 13 hoteliers.

[Paragraph 6.2.8(i),(iii), (iv) and (v).]

(ii) The department’s failure to levy luxury tax on receipts from time-share customers in two hotels resulted in loss of revenue of Rs. 47.62 lakh.

[Paragraph 6.2.8(ii)(a) and (b).]

(iii) The department allowed inadmissible benefit of luxury tax of Rs.36.77 lakh to 3 hoteliers under deferred payment schemes.

(Paragraph 6.2.9.)

(iv) The department's failure to detect the suppression of room rent receipts and unauthorised operation of unregistered rooms in respect of 12 hoteliers resulted in evasion of luxury tax of Rs.27.28 lakh.

(Paragraph 6.2.10.)

(v) Interest of Rs. 13.48 lakh for non-payment of luxury tax on due dates was neither demanded nor recovered from 71 hoteliers.

(Paragraph 6.2.13)