

CHAPTER 6 : Other Tax Receipts

6.01 Results of Audit

Test check of the records of the following receipts, conducted in audit during the year 2001-02, revealed under assessments of tax, fee, duty and losses of revenue etc., amounting to Rs. 20.77 crore in 126 cases which broadly fall under the following categories: -

(Rupees in crore)			
Sl. No.	Category	No. of cases	Amount
A.	STAMPS AND REGISTRATION FEES		
1.	Short levy due to misclassification of documents	8	0.14
2.	Short realisation of Stamp duty and Registration fee due to late receipt of revised rates.	7	0.04
3.	Irregular grant of exemption	2	0.02
4.	Other cases	68	4.84
	Total	85	5.04
B.	ELECTRICITY DUTY		
1.	Short levy of surcharge	1	1.03
2.	Short levy of duty	3	0.83
3.	Under assessment of duty	1	0.48
4.	Other cases	5	10.91
	Total	10	13.25
C.	TAXES ON GOODS AND PASSENGERS-TAX ON ENTRY OF GOODS INTO LOCAL AREAS		
1.	Non/short levy of tax	28	2.38
2.	Other cases	3	0.10
	Total	31	2.48
	Grand Total	126	20.77

During the year 2001-02, the concerned department accepted under assessments etc. of Rs.0.22 crore in 19 cases of which 10 cases involving Rs. 0.07 crore had been pointed out in audit during 2001-02 and rest in earlier years.

A few illustrative cases involving tax effect of Rs. 1.20 crore are given in the following paragraphs:-

A: STAMPS & REGISTRATION FEES

6.02 Misclassification of instruments

Under the Indian Stamp Act, 1899, "Mortgage deed" includes every instrument for securing money advanced or to be advanced by way of loan or for securing an existing or future debt. The rate of Stamp duty and Registration fees is higher on mortgage deeds than that on instruments of agreement.

In the office of the District Sub-Registrar (DSR), Saraikela it was noticed (June 2001) that in respect of 6 instruments registered between 1995-96 and 1997-98 as deeds of agreement on which the Bihar State Financial Corporation (Corporation) had advanced loan to the parties, the loanees mortgaged their properties in favour of the corporation as security for loan together with interest due thereon and executed irrevocable agreement on their behalf. Thus, the instruments were to be classified as 'Mortgage deeds' and not as instruments of agreement. Misclassification of instruments resulted in short levy of Stamp duty and Registration fees amounting to Rs.11.99 lakh.

On this being pointed out (June 2001), the department stated (June 2001) that necessary action would be taken. Further reply has not been received (January 2004).

The matter was reported to the Government (May 2002); their reply has not been received (January 2004).

B: ELECTRICITY DUTY

6.03 Short levy of Surcharge

Under the Bihar Electricity Duty Act, 1948, surcharge at the rate of 2 paise per unit is leviable on the energy sold or consumed by a licensee with effect from 1 August 1985.

In Ranchi Special Circle, it was noticed (November and December 2001) that a licensee (a unit of Bihar State Electricity Board) sold 5522 lakh units of energy during the period 1988-89 to 1997-98 but the Assessing Officer while finalising (January 2001) the assessment, levied surcharge incorrectly at the rate of 2 per cent for the years 1988-89, 1990-91 to 1997-98 and 5 per cent for the year 1989-90 on duty instead of 2 paise per unit on the energy sold. This resulted in short levy of surcharge amounting to Rs.1.03 crore.

On this being pointed out (November and December 2001) the department stated (May 2002) that the demand has been raised. Report on realisation has not been received (January 2004).

The case was reported to the Government (May 2002); their reply has not been received (January 2004).

C: ENTRY TAX

6.04 Non/short levy of Entry Tax and penalty

Every dealer/person dealing in scheduled goods, who is either registered under BF Act, 1981 or imports goods above the specified quantum, is required to be registered under the BTEG Act, 1993. Failure to apply for registration may render him liable for penalty at prescribed rates.

In 2 Circles (Jamshedpur and Singhbhum), it was noticed (September 2000 and January 2001) that 3 unregistered dealers under the BTEG Act, did not pay entry tax on entry of goods valued at Rs. 84.36 lakh during 1996-97 and 1997-1998. This resulted in non-levy of tax amounting to Rs. 5.25 lakh including penalty.

On these being pointed out (September 2000 and January 2001), the department in two cases (Jamshedpur) ordered (August 2002) to raise demand and in one case stated (February 2001) that the case would be examined. Further reply and report on realisation have not been received (January 2004).

The cases were reported to the Government (May 2002); their reply has not been received (January 2004).