

## OVERVIEW

This Report contains 31 paragraphs including two reviews relating to non-levy/ short levy/loss of tax involving Rs 319.72 crore. Some of the major findings are mentioned below: -

### I. General

The total receipts of the Government of Jharkhand for the year 2003-2004 were Rs 5,637.77 crore against Rs 4,936.78 crore during 2002-2003. The revenue raised by the State Government amounted to Rs 3,091.77 crore comprising tax revenue of Rs 1,986.22 crore and non-tax revenue of Rs 1,105.55 crore. The receipts from Government of India were Rs 2,546.00 crore (State's share of divisible Union taxes: Rs 1,979.73 crore and grants-in-aid: Rs 566.27 crore). Thus, the State Government could raise only 55 per cent of total revenue. Taxes on Sales, Trade etc. (Rs 1,601.02 crore) and Non-ferrous Mining and Metallurgical Industries (Rs 919.94 crore) were the major source of tax and non-tax revenue respectively during the year 2003-2004.

*(Paragraph 1.1, 1.1.1, 1.1.2)*

The percentage of cost of collection in respect of State Excise and Stamps and Registration fees during the year 2003-2004 was notably higher than that of all India average percentage for the year 2002-2003.

*(Paragraph 1.4)*

Test check of the records of Sales Tax, State Excise, Taxes on Vehicles, Land Revenue, Non-ferrous Mining and Metallurgical Industries and other departmental offices conducted during the year 2003-2004 revealed under-assessment/short levy/loss of revenue amounting to Rs 808.02 crore in 65,000 cases. During the year 2003-2004, the concerned departments accepted under-assessments etc of Rs 157.65 crore involved in 2,324 cases of which 1,709 cases involving Rs 112.12 crore had been pointed out in audit during 2003-2004 and the rest in earlier years.

*(Paragraph 1.10)*

The number of inspection reports and audit observations issued upto December 2003 but not settled by June 2004 stood at 3,404 and 16,999 respectively involving Rs 3,416.70 crore. In respect of 1,195 inspection reports issued between 1980-81 and 1999-2000, even the first replies have not been received although these were required to be furnished within one month of their receipts.

*(Paragraph 1.11)*

## II. Taxes on Sales, Trade etc.

A review on **Arrears of Revenue in Sales Tax** revealed as under:

- In the case of 78 dealers in nine circles though demand notices were issued between May 1995 and March 2003 for recovery of assessed dues no action was taken by the Department for realisation of the dues of Rs 13.58 crore as arrears of land revenue.

In 10 circles, tax amounting to Rs 6.47 crore had not been paid by 483 dealers who had either closed down their business or had surrendered registration certificates. No certificate proceeding was initiated against them even after a lapse of one to 12 years.

*(Paragraph 2.2.7)*

- In five circles, certificate proceedings were initiated against 20 dealers between March 2000 and March 2003 for recovery of unpaid amount of Rs 15.72 crore but the assessing officers while sending the cases to certificate officers did not levy penalty of Rs 61.17 crore.

*(Paragraph 2.2.8)*

- In the case of two dealers of two circles interest of Rs 2.55 crore was not levied for non- payment of deferred tax of Rs 75 lakh resulting in non- realisation of revenue of Rs 3.30 crore including interest.

*(Paragraph 2.2.9)*

- A vehicle dealer of Ranchi East Circle, whose registration was cancelled in December 1998, had not paid assessed tax dues of Rs 9.15 crore. The dues were certified in June 2002 after delays ranging between 17 months and 65 months from the date of assessments.

*(Paragraph 2.2.11)*

- The claims for realisation of dues of Rs 3.22 crore from two cement manufacturing companies declared insolvent/ sick by the Board of Industrial and Financial Reconstruction, had not been filed with the appropriate authority.

*(Paragraph 2.2.12)*

Cross verification of data collected from five District Mining Offices with the records of five commercial taxes circles revealed concealment of turnover, furnishing of incorrect information and non-registration of dealers resulting in loss of revenue of Rs 15.62 crore.

*(Paragraph 2.3)*

Cross verification of assessment records of three contractors and a supplier with the records of other four contractors of three commercial taxes circles revealed concealment of turnover amounting to Rs 22.99 crore and consequential loss of revenue of Rs 8.56 crore including penalty of Rs 6.26 crore.

*(Paragraph 2.4.1)*

In 11 commercial taxes circles, suppression of sales/purchase turnover of Rs 123.42 crore by 20 dealers resulted in short levy of tax amounting to Rs 14.31 crore including penalty of Rs 6.87 crore.

*(Paragraph 2.5)*

In two commercial taxes circles, incorrect determination of turnover by the Assessing Officers in case of two dealers resulted in short levy of tax amounting to Rs 4.26 crore including additional tax and surcharge.

*(Paragraph 2.6)*

Incorrect allowance of exemption to three dealers in three commercial taxes circles on goods valued at Rs 37.58 crore resulted in non-levy of tax amounting to Rs 3.33 crore.

*(Paragraph 2.7)*

### **III. State Excise**

Non-settlement of 347 Excise shops in 11 Excise Districts and failure of the Department to run them departmentally resulted in loss of excise revenue amounting to Rs 27.16 crore.

*(Paragraph 3.2)*

Non-institution of certificate proceedings in six excise districts resulted in loss of interest of Rs 45.04 lakh besides non-recovery of excise revenue of Rs 75.07 lakh.

*(Paragraph 3.3)*

### **IV. Taxes on Vehicles**

In 13 District Transport Offices, demand notices were not issued against the owners of 560 tax defaulter vehicles resulting in non-realisation of tax dues of Rs 3.93 crore.

*(Paragraph 4.2)*

## V. Land Revenue

In 12 revenue anchals, non- settlement of 1.20 lakh acres of G.M. Khas land on fair and equitable rent had a potential revenue effect of Rs 42.64 lakh in the shape of rent and cesses.

*(Paragraph 5.2)*

## VI. Other Tax Receipts

A review on **Sale and Purchase of stamps** revealed as under:

- Irregular purchase and sale of Insurance stamps of Rs 2.07 crore and Rs 18.71 crore respectively from the places other than those mentioned in licences by two vendors of Jamshedpur was in violation of terms and conditions of the licences and the provisions of Rules.
- Purchase of insurance stamps by LIC from unauthorised agencies resulted in loss of revenue of Rs 40.78 lakh in shape of commission.

*(Paragraph 6.2.9)*

- The vendors account and the accounts of six Divisional LIC Offices revealed discrepancy of Rs 1.36 crore.

*(Paragraph 6.2.10)*

- Against the requirement of stamps valued at Rs 3.07 crore between 1998-99 and 2002-03 for the execution of 12.25 lakh policies, of the assured value of Rs 7,681 crore, the Divisional Office of LIC, Hazaribagh purchased stamps valued at Rs 2.68 crore, resulting in loss of Government revenue of Rs 0.39 crore due to short purchase of Insurance stamps.

*(Paragraph 6.2.11)*

- Irregular sale of Insurance stamps by Treasury Officer, Jamshedpur to vendors resulted in loss of Rs 12.47 lakh in shape of commission .

*(Paragraph 6.2.12)*

In six District Sub-Registrar offices, differential stamp duty of Rs 62.42 lakh involved in 106 cases in respect of referred cases remained uncollected.

*(Paragraph 6.3)*

## **VII. Mineral Concession, Fees and Royalties**

In five District Mining Offices, 24.33 lakh MT of various minerals remained undisposed during the period between 2000-01 and 2002-03 which resulted in blockage of royalty of Rs 20.68 crore.

*(Paragraph 7.2)*

In six District Mining Offices, 44 lessees holding 66 leases of lime stone, iron ore, graphite, dolomite, bauxite, manganese, coal, fire clay, soap stone, copper and uranium used 14,070 acres of land for mining operation. Surface rent was either not levied or was levied short resulting in loss of revenue of Rs 2.54 crore.

*(Paragraph 7.3)*

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

Non-finalisation of terms and conditions by the Department resulted in non-assessment and non-recovery of interest amounting to Rs 7.80 crore and penal interest of Rs 1.39 crore.

*(Paragraph 8.2.6)*

Lack of timely action by the Department in raising Net Present Value in respect of illegal mining operation in three divisions resulted in non-realisation of Rs 35.88 crore.

*(Paragraph 8.3)*

Incorrect raising of demand by the Department in case of two user agencies in two forest divisions involving 226.724 hectares of forest land resulted in short raising of demand of Rs 8.39 crore.

*(Paragraph 8.4)*