

OVERVIEW

This report contains 47 paragraphs, including two reviews, relating to non/short-levy of tax, interest, penalty etc., involving Rs.85.85 crore. Some of the major findings are mentioned below:

I. General

The Government of Madhya Pradesh raised a total revenue of Rs.11,322.90 crore in 2005-2006, comprising tax revenue of Rs.9,114.70 crore and non tax revenue of Rs.2,208.20 crore. The Government also received Rs.6,341.35 crore from the Government of India as its share of the net proceeds of divisible Union taxes and grant-in-aid of Rs.2,932.54 crore. Total receipts during the year were thus, Rs.20,596.79 crore. Sales Tax/Central Sales Tax (Rs.4,508.42 crore) formed a major portion (49.46 percent) of the tax revenue. Receipts from non ferrous mining and metallurgical industries (Rs.815.31 crore) accounted for 36.92 percent of the non tax revenue.

(Paragraph 1.1.1 to 1.1.3)

- (ii) Test check of records of Sales tax, Land revenue, State excise, Motor vehicles tax, Stamps and registration fee, Other tax receipts, Forest receipts and Other non tax receipts conducted during the year 2005-06 revealed under assessment/short-levy/loss of revenue amounting to Rs.1,284.61 crore in 1,99,985 cases. During the course of the year the departments accepted under assessment and other losses of Rs.548.59 crore in 1,20,915 cases pointed out in 2005-06 and earlier years.

(Paragraph 1.9)

II. Commercial Tax

Review on **Commercial Tax Incentives to New Industries** revealed the following:

- Short levy of tax of Rs.6.85 crore was due to incorrect issue of eligibility certificates

(Paragraph 2.2.6)

- In 12 cases, industrial units holding eligibility certificates were closed before currency of their certificates or were closed within five years from the date of expiry of eligibility certificates.

(Paragraph 2.2.7)

- Grant of exemption/deferment of tax of Rs.9.92 crore to seven ineligible units resulted in short levy of tax to that extent.

(Paragraph 2.2.9)

- Exemption of tax of Rs.50.83 lakh allowed on goods not specified in eligibility certificates of two units was incorrect and resulted in short realisation of Government revenue to that extent.

(Paragraph 2.2.11)

- Tax of Rs.64.51 lakh was adjusted less against exemption limit due to application of incorrect rate of tax.

(Paragraph 2.2.13)

Irregular grant of exemption from payment of tax on provisional EC resulted in non realisation of Government revenue of Rs.3.43 crore.

(Paragraph 2.5)

Non levy of penalty on concealment of turnover, resulted in non-realisation of Government revenue of Rs.2.38 crore.

(Paragraph 2.6)

Non/short levy of entry tax resulted in non realisation of Government revenue of Rs.1.06 crore

(Paragraph 2.9)

III. State Excise

Non realisation of Government revenue of Rs.1.96 crore was due to failure of the department to take timely action against defaulted licensees.

(Paragraph 3.2)

Failure of the department to recover excise duty from licensees from which verification reports were not received resulted in non realisation of Government revenue of Rs.3.10 crore.

(Paragraph 3.3)

Incorrect allowance of wastages resulted in non realisation of excise duty of Rs.1.98 crore

(Paragraph 3.4)

IV. Taxes on Vehicles

Review on Receipts from transport department revealed following:

- Vehicle tax of Rs.6.17 crore and penalty of Rs.3.88 crore in respect of 1,770 motor vehicles for the period between April 2001 and March 2005 was neither paid by the owners of the vehicles nor was it demanded by the Taxation Authorities.

(Paragraph 4.2.8)

- Vehicle tax and penalty of Rs.37.01 lakh in respect of 149 motor vehicles of other States plying in Madhya Pradesh under reciprocal transport agreement was not recovered.

(Paragraph 4.2.9)

- No action was initiated for issuance of RRCs against 92 vehicle owners. This resulted in non realisation of Government revenue of Rs.37.70 lakh.

(Paragraph 4.2.10)

- Failure of the department to recover the balance amount of life time tax and penalty on maxicab, plying on all India tourist permits resulted in short levy of life time tax and penalty of Rs.39.49 lakh.

(Paragraph 4.2.18)

V. Other Tax Receipts

Stamp Duty and Registration fees

For breach of conditions of exemption in instruments executed by societies Government revenue of Rs.79.36 lakh was not recovered.

(Paragraph 5.2)

Land Revenue

Non renewal of lease deed of *nazul* plots resulted in loss of revenue of Rs.3.08 crore for the period from 2001-02 to 2005-06.

(Paragraph 5.12)

VI. Forest Receipts

Short levy of transit fee resulted in non realisation of revenue of Rs.7.00 crore.

(Paragraph 6.2)

VII. Mining Receipts

Non-renewal of mining lease deed resulted in non-realisation of revenue of Rs.1.66 crore.

(Paragraph 7.2)