

OVERVIEW

This report contains 55 paragraphs including two reviews relating to non/short levy of tax, interest, penalty, etc., involving Rs. 623.43 crore. Some of the major findings are mentioned below:

I. General

- The total revenue receipts of the State Government for the year amounted to Rs. 30,688.73 crore against Rs. 25,694.28 crore for the previous year. 48 *per cent* of this was raised by the State through tax revenue (Rs. 12,017.64 crore) and non-tax revenue (Rs. 2,738.18 crore). The balance 52 *per cent* was received from the Government of India as State's share of divisible union taxes (Rs. 10,203.50 crore) and grants-in-aid (Rs. 5,729.41 crore).

(Paragraph 1.1)

- Test check of the 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 2007-08 revealed under assessment/short levy/loss of revenue amounting to Rs. 1,069.85 crore in 4,48,574 cases.

(Paragraph 1.8)

II. Commercial tax

- Non-cancellation of eligibility certificates resulted in non-recovery of commercial tax of Rs. 75.34 crore from closed units.

(Paragraph 2.2)

- Non/short levy of tax resulted in non-realisation of revenue of Rs. 7.05 crore, penalty of Rs. 43.36 lakh and interest of Rs. 6.46 lakh.

(Paragraph 2.3)

- Incorrect grant of exemption resulted in non-realisation of tax of Rs. 6.20 crore including interest and penalty of Rs. 1.42 crore.

(Paragraph 2.4)

- Non-registration of dealers resulted in non-realisation of profession tax of Rs. 2.07 crore.

(Paragraph 2.5)

- Application of incorrect rate of tax resulted in short levy of tax of Rs. 1.50 crore and interest of Rs. 76,000.

(Paragraph 2.6)

- Incorrect deduction of tax free sales resulted in non-realisation of tax of Rs.1.23 crore and penalty of Rs. 28.63 lakh.

(Paragraph 2.7)

- Non/short levy of penalty resulted in non-realisation of revenue of Rs. 1.42 crore.

(Paragraph 2.8)

- Non/short levy of entry tax resulted in non-realisation of revenue of Rs. 34.39 lakh and interest/penalty of Rs. 2.89 lakh.

(Paragraph 2.9)

III. State Excise

- Non-receipt of verification reports of export of foreign liquor within the prescribed period resulted in non-realisation of excise duty of Rs. 4.02 crore.

(Paragraph 3.2)

- Non-disposal of spirit, molasses and foreign liquor resulted in non-realisation of excise duty of Rs. 1.26 crore.

(Paragraph 3.3)

- Penalty of Rs. 1.14 crore was not imposed for non-maintenance of minimum stock by the distilleries.

(Paragraph 3.4)

- Incorrect allowance of wastage of spirit in re-distillation resulted in non-realisation of excise duty of Rs. 1.02 crore.

(Paragraph 3.5)

IV. Taxes on Vehicles

- Vehicle tax of Rs. 19.23 crore including penalty of Rs. 7.14 crore was neither paid on 4,228 vehicles nor was it demanded by the department.

(Paragraph 4.2)

- Failure of the department to recover the balance amount of life time tax resulted in non-realisation of revenue of Rs. 28.66 lakh and penalty of Rs. 26.26 lakh.

(Paragraph 4.3)

- Payment of tax at incorrect rates by the vehicle owners resulted in short realisation of tax of Rs. 44.18 lakh and penalty of Rs. 19.79 lakh.

(Paragraph 4.4 and 4.5)

- Non-levy of vehicle tax and penalty on motor vehicles of other states plying on countersigned permits resulted in non-realisation of revenue of Rs. 19.18 lakh including penalty of Rs. 6.35 lakh.

(Paragraph 4.6)

V. Other Tax Receipts

Stamp duty and registration fee

A review of **Assessment and levy of stamp duty and registration fee** revealed the following:

- Non-realisation of revenue of Rs. 5.08 crore due to lack of clear provision of time limit for instituting RRCs after the demands have been established.

(Paragraph 5.2.8)

- Lack of co-ordination with other departments resulted in non/short realisation of stamp duty and registration fee of Rs. 53.28 crore.

(Paragraph 5.2.9)

- Short assessment/levy of stamp duty and registration fee of Rs. 7.67 crore.

(Paragraph 5.2.12)

- Incorrect application of rates resulted in short realisation of stamp duty and registration fee of Rs. 4.21 crore.

(Paragraph 5.2.13)

- Non-registration of lease deed resulted in non-realisation of stamp duty and registration fee of Rs. 4.13 crore.

(Paragraph 5.2.14)

- Non-realisation of stamp duty and registration fee of Rs. 3.49 crore due to non-reimbursement by NVDA.

(Paragraph 5.2.15)

- Short levy of stamp duty and registration fee of Rs. 1.85 crore due to undervaluation of instruments.

(Paragraph 5.2.16)

- Misclassification of documents resulted in short realisation of stamp duty and registration fee of Rs. 1.81 crore.

(Paragraph 5.2.17)

- Non-levy of stamp duty and registration fee of Rs. 1.29 crore due to incorrect grant of exemption.

(Paragraph 5.2.18)

Entertainment duty

- Non-recovery of entertainment duty from cable operators and hotel owners resulted in non-realisation of revenue of Rs. 32.57 lakh.

(Paragraph 5.3)

- Non-levy of entertainment duty on cinema houses resulted in non-realisation of revenue of Rs. 20.49 lakh.

(Paragraph 5.4)

Land Revenue

- The department did not raise the demand of premium, diversion rent and fine which resulted in non-realisation of revenue of Rs. 2.80 crore.

(Paragraph 5.6)

- Non-recovery of anticipated premium and ground rent in case of advance possession of land resulted in non-realisation of revenue of Rs. 1.01 crore.

(Paragraph 5.7)

- Non-disposal of the attached properties resulted in non-realisation of revenue of Rs. 66.23 lakh.

(Paragraph 5.8)

- Non-deduction of collection charges from *Panchayati Raj Nidhi* resulted in non-realisation of revenue of Rs. 56.33 lakh.

(Paragraph 5.9)

VI. Forest receipts

- Loss of revenue of Rs. 73.02 lakh due to low yield of timber.

(Paragraph 6.2)

VII. Mining receipts

A review of **Mining receipts in Madhya Pradesh** revealed the following:

- Non-imposition of penalty of Rs. 2.44 crore due to non-maintenance of records to monitor receipt of returns from lessees.

(Paragraph 7.2.9)

- Failure of the department to prescribe any system to monitor demand and collection register resulted in non/short realisation of revenue of Rs. 54.70 crore.

(Paragraph 7.2.10)

- Absence of any system for cross verification of figures of extraction of minerals with other departments resulted in non-realisation of revenue of Rs. 1.03 crore.
(Paragraph 7.2.12)
- Non/short assessment of road development tax of Rs. 327.30 crore.
(Paragraph 7.2.18)
- Short realisation of revenue of Rs. 1.36 crore due to irregular issue of temporary permits.
(Paragraph 7.2.20)
- Short payment of royalty of Rs. 7.98 crore by Madhya Pradesh State Mining Corporation.
(Paragraph 7.2.21)

VIII. Other non-tax receipts

Electricity duty

- Failure of the department to collect inspection fee from the owners of electrical installations resulted in non-realisation of revenue of Rs. 1.31 crore.
(Paragraph 8.2)
- Non-imposition of penalty on the owners of electrical installations for breach of rules resulted in non-realisation of revenue of Rs. 46.03 lakh.
(Paragraph 8.3)

Food and Civil Supply

- Non-levy of interest on belated/non-repayment of loans resulted in non-realisation of revenue of Rs. 21.15 lakh.
(Paragraph 8.6)