

**CHAPTER IV:
STATE EXCISE, TAXES ON MOTOR VEHICLES AND
LAND REVENUE**

4.1 Results of audit

Test check of the records of State excise, taxes on motor vehicles and land revenue conducted during the year 2006-07 revealed under assessments, short levy, loss of revenue etc. amounting to Rs. 72.69 crore in 8,925 cases, which broadly fell under the following categories:

(Rupees in crore)

Sl. no.	Category	Number of cases	Amount
A – STATE EXCISE			
1.	Non/short levy of excise duty	6,429	0.77
2.	Short recovery of licence/privilege fees/escort charges/interest	72	0.44
3.	Non/short recovery of supervision charges/bonus	269	0.32
4.	Non-recovery of toddy instalments	216	0.48
	Total	6,986	2.01
B – TAXES ON MOTOR VEHICLES			
5.	Non/short levy of tax due to incorrect application of rates	1,642	7.22
6.	Short levy of tax due to incorrect exemption/classification/miscellaneous	55	0.01
	Total	1,697	7.23
C – LAND REVENUE			
7.	Non/short/incorrect levy of NAA, ZP/VP cess, conversion tax and royalty	124	35.65
8.	Non/short/incorrect levy of increase of land revenue	17	0.13
9.	Non/short levy of education cess etc.	34	11.49
10.	Non/short levy of occupancy price/rent etc.	50	14.43
11.	Short levy of measurement fees, <i>sanad</i> fees etc.	17	1.75
	Total	242	63.45
	Grand Total	8,925	72.69

During the year 2006-07, the department accepted under assessments, short levy etc. in 8,213 cases and recovered Rs. 9.59 crore, of which 7,040 cases involving Rs. 1.24 crore were pointed out during the year 2006-07 and the rest in earlier years.

A few illustrative cases involving financial effect of Rs. 4.12 crore are mentioned in the following paragraphs against which an amount of Rs. 2.36 crore had been recovered upto October 2007.

A – STATE EXCISE

4.2 Short recovery of licence fees

Under the provisions of the Maharashtra Potable Liquor (periodicity and fees for grant, renewal or continuance of licences) Rules, 1996, the Commissioner of State Excise revised the rates of licence fees for sale or storage of imported foreign liquor/Indian made foreign liquor (FL I, FL II, FL III), country liquor (CL II and CL III) and retail sale of CL in sealed bottles (FL/CL/TOD III) on 30 May 2003. The rates were further revised for the years 2005-06 and 2006-07 vide notifications dated 18 January 2005 and 7 January 2006 respectively. In cases of default in the payment of dues, interest at the prescribed rate was leviable.

During test check of the records of eight¹ offices in seven² districts, conducted between October 2003 and June 2006, it was noticed that in respect of 201 licences renewed for the periods between 2002-03 and 2006-07, licence fees were recovered short by Rs. 2.04 crore due to application of pre-revised rates. Interest at the prescribed rates was also leviable for the delay in payment of dues.

After the cases were pointed out, the department, between September 2004 and August 2007, intimated recovery totalling Rs. 1.66 crore along with interest of Rs. 5.23 lakh in respect of 158 cases. A report on recovery of the balance amount had not been received (October 2007).

The matter was reported to the Government in May 2007; their reply had not been received (October 2007).

4.3 Non/short recovery of privilege fees

Under the provisions of the Bombay Prohibition (Privilege Fees) Rules, 1954, the fee payable by a licensee on every occasion of admission or withdrawal of a partner is 50 *per cent* of the fee chargeable for grant or renewal or continuance of the licence, whichever is higher. Further, a licence fee is chargeable for the transfer of a CL III or FL II licence from one name to another. In the case of the transfer of a licence from one site to another, within or outside a district, the fee chargeable for the grant of the licence at the place of the proposed shifting is leviable.

During test check of the records of the offices of the Superintendent of State Excise at Mumbai, Osmanabad and Thane, between March 2004 and September 2006, it was noticed that during the period between 2002-03 and 2005-06, privilege fees aggregating Rs. 56.79 lakh in respect of 31 cases were either not recovered or recovered short.

¹ Superintendent of State Excise: Beed, Mumbai, Nanded, Nashik, Ratnagiri, Solapur, Thane and Commissioner of State Excise, Mumbai

² Beed, Mumbai, Nanded, Nashik, Ratnagiri, Solapur and Thane.

After the cases were pointed out, the department, between September 2006 and August 2007, intimated the recovery totalling Rs. 51.56 lakh in respect of 30 cases. A report on recovery of the balance amount had not been received (October 2007).

The matter was reported to the Government in April 2007; their reply had not been received (October 2007).

B - TAXES ON MOTOR VEHICLES

4.4 Non/short recovery of tax

Under the Bombay Motor Vehicles Tax (BMVT) Act, 1958 and the Rules made thereunder, tax at the prescribed rates is leviable on all vehicles used or kept for use in the State. The Act further provides that the tax leviable is to be paid in advance by the owners of the vehicles. Interest at the rate of two *per cent* of the amount of tax for each month or part thereof is payable in each case of default in payment of the tax due.

Payment of one time tax (OTT) had been made compulsory for light motor vehicles (LMV) used for carriage of goods registered on or after 1 May 2000. From 1 June 2001, this had been extended to all LMVs paying tax at the annual rate.

During test check of the records of 14 offices³, between August 2003 and June 2006, it was noticed that in respect of 406 cases of goods carriage vehicles, motor vehicles tax (MVT) of Rs. 52.47 lakh for different periods falling between February 2002 and May 2006 was not paid by the owners of the vehicles. No action had been taken by the department to recover the dues. This resulted in non-realisation of MVT of Rs. 52.47 lakh. Further, in case of 103 LMVs, OTT was either not recovered or recovered short, resulting in non/short recovery of OTT of Rs. 7.89 lakh. Interest at the prescribed rates for delayed/non-payment of OTT and MVT was also leviable in these cases.

After the cases were pointed out, the department intimated, between January 2005 and October 2007, the recovery of Rs. 14.99 lakh, along with interest of Rs. 2.09 lakh, in respect of 194 vehicles. A report on recovery in respect of the remaining vehicles had not been received (October 2007).

The matter was reported to the Government in April 2007; their reply had not been received (October 2007).

³ Regional Transport Office (RTO): Aurangabad, Jalgaon, Mumbai Central, Mumbai East, Mumbai West, Nashik and Thane.
Dy. RTO: Beed, Jalna, Malegaon, Nandurbar, Pimpri-Chinchwad, Satara and Solapur.

C – LAND REVENUE

4.5 Non/short levy of non-agricultural assessment, increase of land revenue and cess

Under the provision of the Maharashtra Land Revenue (MLR) Code 1966, non-agricultural assessment (NAA) is levied with reference to the use of land. NAA is revised whenever the Government revises the rates from time to time subject to expiry of the guarantee period⁴ mentioned in the respective NAA orders. Further, increase of land revenue (ILR), under Maharashtra ILR and Special Assessment Act, 1974 and cess at the prescribed rates under the Maharashtra Zilla Parishad and Panchayat Samities Act, 1958 are also leviable. The NAA rates were revised by the Government in September 2001 with retrospective effect from 1 August 2001.

4.5.1 In Pune (City) tahasil, it was noticed in December 2005 that in 22 cases involving 5.76 lakh square metres (sq m) of land used for residential and commercial purposes, NAA was either not levied or levied at the pre-revised rates. This resulted in non/short levy of NAA of Rs. 45.04 lakh.

After the cases were pointed out, Tahasildar, Pune (City) accepted the omission in February 2007. A report on recovery has not been received (October 2007).

The matter was reported to the Government in April 2007; their reply has not been received (October 2007).

4.5.2 In three tahasils⁵ of Pune district, it was noticed between December 2005 and February 2006 that NAA was levied at pre-revised rates in seven cases involving 5.45 lakh sq m of land used for residential and industrial purposes. Since, the amount of ILR and cess payable are linked with NAA, levy of NAA at pre-revised rates in these cases resulted in short levy of NAA, ILR and cess of Rs. 13.07 lakh.

After the cases were pointed out, all the three tahasildars accepted the omission in February 2007. A report on recovery has not been received (October 2007).

The matter was reported to the Government in May 2007; their reply has not been received (October 2007).

4.5.3 In Miraj and Sangli tahasils, it was noticed in February 2006 that 3.63 lakh sq m of land of five users was put to non-agricultural use during periods falling between 1 August 2001 and 31 July 2006. But, NAA and ILR were either not levied or levied at the pre-revised rates. This resulted in non/short levy of NAA and ILR of Rs. 10.56 lakh.

After the cases were pointed out, the tahasildars accepted the omission in September 2006 and reported recovery of Rs. 3.54 lakh. Further report on balance recovery of Rs. 7.02 lakh has not been received (October 2007).

⁴ The standard rate of NAA remains in force for a period of five years which is called 'guarantee period'

⁵ Daund, Mulshi and Purandar

The matter was reported to the Government in March 2007; their reply has not been received (October 2007).

4.6 Non/short levy of non-agricultural assessment and conversion tax

Under the provision of the MLR Code, NAA is levied with reference to the use of land and is revised by the Government from time to time. ILR is also leviable at 100 *per cent* of the land revenue if the land holding is 12 hectares or more. If the land is situated within the areas of municipal corporations and A or B class municipal councils, conversion tax equal to five times of the NAA is also leviable when permission for non-agricultural use or change of use of the land is granted. The Government revised the NAA rates in September 2001 with retrospective effect from 1 August 2001.

In Pune collectorate, it was noticed in September 2006 that seven landowners under the area of Pune and Pimpri Chinchwad municipal corporations put 2.05 lakh sq m of land to non-agricultural use or changed the purpose of use of the land during various periods between August 2001 and June 2005. However, NAA and conversion tax was either not levied or levied short in these cases. This resulted in non/short levy of NAA and conversion tax of Rs. 22.64 lakh.

After the cases were pointed out, Collector, Pune accepted the omission in February 2007. A report on recovery has not been received (October 2007).

The matter was reported to the Government in April 2007; their reply has not been received (October 2007).