

## OVERVIEW

This Report contains 36 paragraphs including two reviews relating to non/short levy of taxes, duties, interest and penalty, etc., involving Rs. 818.90 crore. Some of the major findings are mentioned below:

### I. General

- The total receipts of the State during the year 2007-08 amounted to Rs. 79,570.43 crore, of which the revenue raised by the State Government was Rs. 64,463.66 crore and receipts from the Government of India were Rs. 15,106.77 crore. The revenue raised constituted 81 *per cent* of the total receipts of the State. The receipts from the Government of India included Rs. 7,597.22 crore on account of the State's share of divisible Union taxes which registered an increase of 26.14 *per cent* and Rs. 7,509.55 crore as grants-in-aid which decreased by 12.22 *per cent* over 2006-07.

**(Paragraph 1.1)**

- At the end of 2007-08 arrears in respect of some taxes administered by the departments of Finance and Home amounted to Rs. 24,444.32 crore, of which sales tax etc., alone accounted for Rs. 24,430.05 crore.

**(Paragraph 1.5)**

- In respect of the taxes administered by the Finance Department, such as sales tax, motor spirit tax, profession tax, purchase tax on sugarcane, entry tax, lease tax, luxury tax and tax on works contracts etc., 2,12,982 assessments were completed during 2007-08, leaving a balance of 13,22,508 assessments as on 31 March 2008.

**(Paragraph 1.6)**

- Test check of the records of sales tax, State excise, motor vehicles tax, stamp duty and registration fees, land revenue and other departmental offices conducted during the year 2007-08 revealed underassessment, short levy and loss of revenue, etc., amounting to Rs. 1,006.26 crore in 59,100 cases. The concerned departments accepted underassessment, short levy, etc., of Rs. 46.65 crore in 28,715 cases pointed out in 2007-08 and earlier years and recovered Rs. 37.86 crore.

**(Paragraph 1.10)**

- At the end of June 2008, 10,037 paragraphs involving Rs. 1,009.19 crore relating to 4,566 inspection reports issued upto 31 December 2007 remained outstanding.

**(Paragraph 1.11)**

- During the years between 2001-02 and 2006-07, the department/Government accepted audit observations involving Rs. 2,406.87 crore, out of which an amount of Rs. 838.74 crore was recovered till 31 March 2008.

**(Paragraph 1.15)**

## **II. Sales tax**

- Excess claim of losses allowed in the assessments of two oil companies over the norms prescribed by the Oil Pricing Committee involved revenue of Rs. 62.34 crore.  
**(Paragraph 2.2)**
- Incorrect levy of interest for 50 months instead of 98 months on the assessed dues of Rs. 15.76 crore resulted in short levy of interest of Rs. 11.23 crore.  
**(Paragraph 2.3)**
- Incorrect exemption from payment of sales tax under package scheme of incentives on the sales of laminated particle board resulted in underassessment of tax of Rs. 8.15 crore.  
**(Paragraph 2.4.2)**
- Incorrect exemption of tax on claims of export sales of Rs. 137.80 crore resulted in underassessment of tax of Rs. 7.08 crore.  
**(Paragraph 2.5.2)**
- Incorrect exemption from tax, application of incorrect rate of tax, incorrect computation of turnover of sales, non-levy and error in computation of tax in 46 cases resulted in underassessment of tax of Rs. 3.76 crore.  
**(Paragraph 2.6.1 & 2)**
- Incorrect grants of set-off under various provisions of the Bombay Sales Tax Rules resulted in underassessment of tax of Rs. 3.73 crore in respect of 19 dealers.  
**(Paragraph 2.7)**
- Acceptance of certificates in Form H without supporting documents on sales of Rs. 25.16 crore resulted in irregular grant of exemptions of Rs. 2.67 crore in respect of 29 dealers.  
**(Paragraph 2.8)**
- Non/short accountal of goods, incorrect claims of concessional rate of tax and claims supported by invalid declarations relating to interstate sales of Rs. 28.18 crore resulted in underassessment of tax of Rs. 2.41 crore.  
**(Paragraph 2.9)**
- Non/short levy of turnover tax on turnover of sales of Rs. 71.95 crore and non/short levy of surcharge on sales tax of Rs. 2.67 crore resulted in underassessments of tax of Rs. 1.23 crore in respect of 12 dealers.  
**(Paragraph 2.10)**

## **III. Stamp duty and registration fees**

- Acceptance of instruments which were neither registered nor stamped resulted in evasion of stamp duty of Rs. 119.27 crore including penalty of Rs. 79.51 crore.  
**(Paragraph 3.2)**

- Incorrect computation of market value in five instruments resulted in short levy of stamp duty of Rs. 13.17 crore.

(Paragraph 3.3)

- Non-discharge of stamp duty of balance consideration of Rs. 309.35 crore on deed of assignment of lease hold land resulted in short payment of stamp duty of Rs. 12.37 crore.

(Paragraph 3.4)

#### **IV. Land revenue**

A review of "**Recovery of dues treated as arrears of land revenue**" revealed as under :

- Demand notices were not issued in revenue recovery cases (RRCs) involving Rs. 7.80 crore and there was delay in issue of demand notices in RRC involving Rs. 33.32 crore besides missing RRCs involving Rs. 68.93 crore.

(Paragraph 4.2.7)

- In the absence of a mechanism in respect of part recovery cases and sharing of information with other departments, dues of Rs. 244.07 crore could not be recovered.

(Paragraph 4.2.9)

- Non-auctioning of attached properties for recovery based on Revenue Recovery Certificates of Rs. 1.27 crore.

(Paragraph 4.2.10.2)

- Non-recovery of service charges of Rs. 76.75 lakh.

(Paragraph 4.2.11)

- Non-raising of demand of non-agricultural assessment and increase in land revenue resulted in non-realisation of Rs. 6.21 crore.

(Paragraph 4.3)

- Non/short levy of non-agricultural assessment to the extent of Rs. 3.17 crore due to application of pre-revised rates.

(Paragraph 4.4)

#### **V. State excise and taxes on motor vehicles**

- Shortfall in yield of spirit, based on sugar content resulted in loss of revenue of Rs. 53.34 crore.

(Paragraph 5.2)

- Application of incorrect population slab rates and non-application of revised rates resulted in short levy of licence fees of Rs. 10.78 crore.

(Paragraph 5.3)

- Non/short recovery of privilege fees at the prevailing rates and short recovery in respect of FL II and CL III licences involving changes in entities resulted in non/short-realisation of Rs. 1.68 crore.

(Paragraph 5.4)

- Non-recovery of motor vehicle tax from 539 vehicle owners resulted in non-realisation of Rs. 90.62 lakh.

(Paragraph 5.6)

## **VI. Other tax receipts**

- Non/short recovery of entertainment duty from 439 cable operators and seven dance bars resulted in non/short realisation of Rs. 81.62 lakh.  
(Paragraph 6.2)
- Education and employment guarantee cess of Rs. 20.75 crore collected by Mumbai, Nagpur and Pune Municipal Corporations was not remitted into the Government account.  
(Paragraph 6.3)
- Repair cess of Rs. 44.77 crore collected by Brihan Mumbai Municipal Corporation was not remitted into the Government account.  
(Paragraph 6.5)
- Non-recovery of interest on delayed remittance of electricity duty of Rs. 936.80 crore by Maharashtra State Electricity Distribution Company Limited resulted in non-realisation of Rs. 54.95 crore.  
(Paragraph 6.6)

## **VII. Non-tax receipts**

A review of "**Police Receipts**" revealed as under :

- Demands totalling Rs. 4.99 crore for recovery of cost of deployment of police were not raised.  
(Paragraph 7.2.7.1)
- Cost of deployment of police to the extent of Rs. 3.23 crore was recovered short due to non-inclusion of dearness pay, leave salary, pension contribution, supervision charges, etc.  
(Paragraph 7.2.7.2)
- Failure to recover cost of Police/escorts/guards in advance from individuals and Municipal Corporations and absence of a provision to recover cost of police in advance from banks resulted in non-realisation of Rs. 27.49 crore.  
(Paragraph 7.2.8)
- Shareable expenditure of Rs. 12.48 crore on Government Railway Police deployed to the Railways could not be realised as 447 posts were created without its approval.  
(Paragraph 7.2.9)
- In the absence of any database of cost of police recoverable, the department was unaware of the total accumulated arrears. Absence of monitoring and lack of follow-ups to recover cost of police deployed resulted in accumulation of huge arrears of Rs. 178.45 crore during the periods 1979-80 and 2006-07 in 11 offices.  
(Paragraph 7.2.10)
- Guarantee fees and penal interest of Rs. 144.06 crore was not recovered from six corporations for various periods between April 2006 and March 2008.  
(Paragraph 7.3)