

CHAPTER – VI

REVENUE RECEIPTS

GENERAL

6.1 Trend of revenue receipts

The tax and non-tax revenue raised by the Government of Mizoram during the year 2007-08, the State's share of divisible Union taxes and grants-in-aid received from the Government of India during the year and the corresponding figures for the preceding four years are given below:

Table: 6.1

(Rupees in crore)

Particulars of revenue receipts	2003-04	2004-05	2005-06	2006-07	2007-08
I. Revenue raised by the State Government					
• Tax revenue	33.85	39.55	55.05	67.59	71.96
• Non-tax revenue	58.01	75.60	120.09	133.38	130.30
Total	91.86	115.15	175.14	200.97	202.26
II. Receipt from the Government of India					
• State's share of divisible Union taxes	130.33	155.79	225.83	288.08	368.92
• Grants-in-aid	1,148.76	1,230.92	1,252.68	1,479.90	1,468.56
Total	1,279.09	1,386.71	1,478.51	1,767.98	1,837.48
III. Total receipts of the State	1,370.95	1,501.86	1,653.65	1,968.95	2,039.74
IV. Percentage of I to III	6.70	7.66	10.59	10.21	9.92

The above table indicates that during the year 2007-08, the revenue raised by the State Government was 9.92 *per cent* of the total revenue receipts (Rs. 2,039.74 crore) against 10.21 *per cent* in the preceding year. The balance 90.08 *per cent* of receipts during 2007-08 was from the Government of India.

6.1.1 The following table presents the details of tax revenue raised during the period from 2003-04 to 2007-08:

Table: 6.2

(Rupees in crore)

Sl. No.	Head of revenue	2003-04	2004-05	2005-06	2006-07	2007-08	Percentage of increase (+) or decrease (-) in 2007-08 over 2006-07
1.	Sales tax	23.32	28.08	41.59	53.72	62.04	(+) 15
2.	State excise	1.36	1.40	1.46	1.65	1.69	(+) 2
3.	Stamps and registration fee	0.13	0.10	0.17	0.21	0.23	(+) 10
4.	Taxes on vehicles	3.38	3.80	4.35	5.01	5.37	(+) 7
5.	Taxes on goods and passengers	0.61	0.69	0.99	0.98	1.07	(+) 9
6.	Other taxes on income and expenditure, tax on professions, trades, callings and employment	4.08	4.37	4.53	4.99	0.08	(-) 98
7.	Other taxes and duties on commodities and services	0.25	0.25	0.37	0.30	0.32	(+) 7
8.	Land revenue	0.72	0.86	1.59	0.73	1.48	(+) 103
	Total	33.85	39.55	55.05	67.59	72.28	(+) 7

The concerned departments did not inform (November 2008) the reasons for variation despite being requested (August 2008).

6.1.2 The following table presents the details of the non-tax revenue raised during the period 2003-04 to 2007-08.

Table: 6.3

(Rupees in crore)

Sl. No.	Head of revenue	2003-04	2004-05	2005-06	2006-07	2007-08	Percentage of increase (+) or decrease (-) in 2007-08 over 2006-07
1.	Interest receipts	3.27	3.66	6.94	8.76	15.60	(+) 78
2.	Other non-tax receipts	12.55	11.52	15.42	17.56	22.59	(+) 29
3.	Forestry and wild life	3.16	2.74	4.15	4.06	2.98	(-) 27
4.	Miscellaneous general services (including lottery receipts)	6.27	9.03	6.45	44.29	1.53	(-) 97
5.	Power	26.14	40.81	81.80	51.79	83.60	(+) 61
6.	Medical and public health	0.33	0.46	0.47	0.56	0.66	(+) 18
7.	Co-operation	0.16	2.01	0.67	0.02	0.02	-
8.	Public works	3.68	2.90	1.04	2.02	0.45	(-) 78
9.	Police	0.28	0.22	0.38	0.35	0.34	(-) 3
10.	Other administrative services	2.17	2.25	2.77	3.97	2.53	(-) 36
	Total	58.01	75.60	120.09	133.38	130.30	(-) 2

The concerned departments did not inform (November 2008) the reasons for variation despite being requested (August 2008).

6.1.3 Variations between the budget estimates and actuals

The variations between the budget estimates and actual of revenue receipts for the year 2007-08 in respect of the principal heads of tax and non-tax revenue are mentioned below:

Table: 6.4

(Rupees in crore)

Sl. No.	Head of revenue	Budget estimates	Actual revenue	Variations excess (+) shortfall (-)	Percentage of variation
Tax revenue					
1.	Sales tax	55.00	62.00	(+) 7.00	(+) 13
2.	State excise	1.45	1.69	(+) 0.24	(+) 17
3.	Taxes on vehicles	4.50	5.37	(+) 0.87	(+) 19
4.	Taxes on goods and passengers	0.95	1.07	(+) 0.12	(+) 13
5.	Other taxes & duties on commodities and services	0.50	0.32	(-) 0.18	(-) 36
6.	Land revenue	1.02	1.48	(+) 0.46	(+) 45
Non tax revenue					
1.	Interest receipts	6.25	15.60	(+) 9.35	(+) 150
2.	Forestry and wild life	3.20	2.98	(-) 0.22	(-) 7
3.	Medical and public health	0.42	0.66	(+) 0.24	(+) 57
4.	Miscellaneous. general services	3.00	1.53	(-) 1.47	(-) 49
5.	Power	66.43	83.60	(+) 17.17	(+) 26

The concerned departments did not inform (November 2008) the reasons for variation despite being requested (October 2008)

6.1.4 Cost of collection

The gross collection in respect of the principal receipt heads, expenditure incurred on collection and percentage of such expenditure to gross collection during the years 2005-06 to 2007-08 along with the all India average percentage of expenditure on collection for 2006-07 are given below:

Table: 6.5

(Rupees in crore)

Sl. No.	Head of revenue	Year	Collection	Expenditure on collection of revenue ¹	Percentage of expenditure on collection	All India average percentage for 2006-07
1.	Sales tax	2005-06	41.59	3.30	7.93	0.82
		2006-07	53.72	3.77	7.02	
		2007-08	64.47	4.63	7.18	
2.	Taxes on vehicles	2005-06	4.35	2.11	48.51	2.47
		2006-07	5.01	2.31	46.11	
		2007-08	5.29	2.66	50.28	

The percentage of expenditure on collection during 2007-08 reflected an upward trend and also as compared to the corresponding all India average for

¹ Figures as furnished by the department

2006-07, the expenditure on collection was substantially high which the Government needs to look into.

6.1.5 Arrears in assessment

The details of assessment pending at the beginning of 2007-08, cases due for assessment during the year, cases disposed during the year and cases pending finalisation at the end of the year as furnished by the departments are mentioned below:

Table: 6.6

Name of tax	Opening balance	Cases due for assessment during the year	Total	Cases finalised during the year	Balance at the close of the year	Arrears as percentage of total cases
Sales tax/ Central sales tax/VAT	2,742	1,560	4,302	469	3,833	89
Motor spirit tax	111	30	141	26	115	82
Total	2,853	1,590	4,443	495	3,948	89

Thus, the percentage of pending cases at the end of 2007-08 was 89 *per cent*. The Government has not fixed any norm prescribing the number of assessments to be completed by each assessing officer during a specified period. Immediate action needs to be taken to finalise the pending assessment cases.

6.1.6 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2008 in respect of some principal heads of revenue amounted to Rs. 2.04 crore as mentioned below:

Table: 6.7

(Rupees in lakh)

Sl. No.	Head of revenue	Amount outstanding as on 31 March 2007
1.	Sales tax	191.00
2.	Land revenue	1.85
3.	Forest	11.63
Total		204.48

6.1.7 Result of audit

Test check of the records of sales tax, state excise, motor vehicles tax, land revenue, forest and other tax receipts conducted during 2007-08 revealed under assessments/short/non-levy/loss of revenue amounting to Rs. 4.91 crore in 33 cases.

This report contains 11 paragraphs involving money value of Rs. 1.92 crore. The department/Government accepted audit observations raised in three paragraphs involving revenue of Rs. 15.83 lakh. No reply has been received in respect of remaining cases (November 2008).

6.1.8 Failure to enforce accountability and protect interest of the Government

The Accountant General (Audit), Mizoram, Aizawl conducts periodical inspection of various offices of the Government/departments to test check the correctness of assessments, levy and collection of tax receipts and non-tax receipts and verify the accuracy in maintenance of accounts and records as per the Acts, Rules and procedures prescribed by the Government/departments from time to time. These inspections are followed by inspection reports (IRs) issued to the heads of offices inspected with copies to the next higher authorities. Serious irregularities noticed in audit are also brought to the notice of the Government/heads of the departments by the office of the Accountant General (Audit), Mizoram, Aizawl.

A half yearly report of pending IRs is sent to the Secretaries of the concerned departments to facilitate monitoring and settlement of the audit observations included in these IRs.

IRs issued upto December 2007 pertaining to the offices under Sales Tax, State Excise, Land Revenue, Motor Vehicle Tax and Forest Departments disclosed that 280 observations relating to 93 IRs involving revenue of Rs. 32.79 crore remained outstanding at the end of June 2008. Of these, 62 IRs containing 143 observations involving revenue of Rs. 11.44 crore had not been settled for more than three years. The year wise position of old outstanding IRs and paragraphs is detailed in **Appendix - 6.1**.

In respect of 42 paragraphs relating to 14 IRs involving revenue of Rs. 5.56 crore issued upto June 2008, even first reply required to be received from the department/Government has not been received (November 2008).

6.1.9 Follow up on Audit Reports - summarised position

With a view to ensure accountability of the executive in respect of all the issues dealt with in various Audit Reports, the Public Accounts Committee (PAC), issued (May 2000) instructions for submission of *suo moto* replies on all paragraphs and reviews featured in the Audit Report within three months of its presentation to the legislature. For the action taken notes (ATNs) on the recommendations of the PAC, the committee has specified the time frame for submission as six months.

Review of follow up on submission of *suo moto* replies and of ATNs as of 30 September 2008 on paragraphs included in the Reports of the Comptroller and Auditor General of India disclosed that the departments of the State Government had not submitted *suo moto* replies on 74 paragraphs and two reviews featured in the Audit Reports for the years 2000-01 to 2006-07 in respect of revenue receipts as mentioned below:

Table: 6.8

Year of Audit Report	Date of presentation of the Audit Report to the legislature	Number of paragraphs/ reviews included in the Audit Report (excluding standard paragraphs)		Number of paragraphs/ reviews on which <i>suo motu</i> replies are awaited	
		Paragraphs	Reviews	Paragraphs	Reviews
1998-99	13.4.2000	3	---	---	---
1999-00	17.10.2001	3	---	---	---
2000-01	26.3.2002	7	1	6	---
2001-02	17.7.2003	8	1	6	---
2002-03	23.3.2004	15		12	---
2003-04	26.9.2005	16	---	---	---
2004-05	23.3.2006	10	2	10	2
2005-06	29.3.2007	25	---	25	---
2006-07	01.4.2008	15	---	15	---
Total		102	4	74	2

Thus, due to the failure of the respective departments to comply with the instructions of the PAC, the objective of ensuring accountability of the executive remained unfulfilled.

6.1.10 Audit committee meetings

During the year 2007-08, no departmental audit committee meeting was held.

PARAGRAPHS

TRANSPORT DEPARTMENT

6.2 Loss of revenue

The department's inability to arrange apparatus for smoke emission test led to plying of vehicles without ensuring that pollution was under control

The Government of Mizoram in May 2002 notified that every motor vehicle shall comply with the standard of vehicle smoke emission as prescribed by the Central Government under Rule 115 and 116 of the Central Motor Vehicles Rules, 1989. Accordingly, all vehicle owners were required to produce their vehicles for test in the offices of respective District Transport Officer (DTO) and obtain a 'pollution under control' certificate valid for six months on payment of fee of Rs. 150 per vehicle with effect from 28 May 2002.

Test check of the records of the Directorate of Transport, Mizoram in February 2007 revealed that despite issue of the notification, not a single test could be conducted during the period from April 2006 to December 2006 by the departmental officers for want of apparatus. Thus, failure on the part of the Government to arrange apparatus for emission test resulted in plying of 1,05,911 vehicles without ensuring that pollution was under control during the aforesaid period. Had the Government obtained such an apparatus, it could have earned a revenue of Rs. 1.59 crore. Besides the revenue loss, apathy on the part of the Government resulted in the attendant risk of environment pollution and the hazardous impact on health continuing unabated.

After the case was pointed out in April 2007, the department, while admitting the facts in June 2007 attributed the loss to non-availability of apparatus. The reply, however, did not throw any light on the action taken by the department to arrange apparatus to check environment pollution despite this issue being raised by the audit in successive Audit Reports since 2004-05.

The matter was reported to the Government in April and June 2007; their reply has not been received (November 2008).

6.3 Irregular exemption of road tax

Non-realisation of revenue of Rs. 2.50 lakh due to irregular grant of exemption

Under Section 9 (2) of the Mizoram Motor Vehicle Taxation Act, 1995, no motor vehicle other than the motor vehicles belonging to the Government department shall be exempted from the payment of road tax.

Test check of the records of the District Transport Officer (DTO), Chhimtuipui district, Saiha in December 2004 revealed that 24 vehicles belonging to the Mara Autonomous District Council (Mara-ADC), Saiha were exempted from the payment of road tax for the period from July 2000 to June 2004. Since the Mara-ADC is an autonomous body and not a Government department, the exemption granted was irregular resulting in non-realisation of revenue of Rs. 2.50 lakh.

After the case was pointed out, the DTO, Chhimtuipui district while accepting the facts stated (April 2007) that the matter had been taken up with the Director of Transport. The Director of Transport, however clarified (June 2008) that the DTO, Saiha had exempted the motor vehicles belonging to the Mara-ADC from payment of road tax without Government notification for the exemption, since neighbouring States exempt the vehicles of their district councils from payment of road tax. It is not understood as to how such a reply could be given as the fact remains that no DTO has any authority to exempt the road tax without Government notification.

The case was reported to the Government in February 2005 and July 2008; their reply has not been received (November 2008).

6.4 Non-levy of fine

Non-levy of fine of Rs. 5.44 lakh on 242 transport vehicles plying without permits

Under Section 192A of the Motor Vehicles Act, 1988, using a motor vehicle without permit in contravention of the provision of the Act shall be punishable for the first offence with a fine which may extend to Rs. 5,000 but shall not be less than Rs. 2,000.

Test check of the records of the State Transport Authority (STA), Mizoram, Aizawl in February 2007 revealed that permits of 156 commercial vehicles were belatedly renewed and 86 vehicles failed to get their permits renewed between April 2002 and January 2007 and were therefore plying without valid permits. The owners of these vehicles were thus liable to pay minimum fine of

Rs. 5.44 lakh which was not levied and realised.

After the cases were pointed out in April 2007, the STA while admitting the facts stated in June 2007 that demand notices were issued to all the vehicles owners. A report on recovery has not been received (November 2008).

The matter was reported to the Government in April and June 2007; their reply has not been received (November 2008).

6.5 Short realisation of composite fee

In 68 cases, composite fee of Rs. 4.62 lakh instead of Rs. 9.24 lakh was realised by the home states which led to short realisation of composite fee of Rs. 4.62 lakh

Composite fee (CF) is to be realised by the Secretary, State Transport Authority (STA) of the home state which issues national/tourist permit, as the case may be and remitted to the concerned STA by way of bank draft. The Government of Mizoram, Transport Department in their notification of March 1995, fixed CF on maxi cabs (7-13 seater) and mini buses (14-35 seater) plying with tourist permit at Rs. 12,000 and Rs. 48,000 respectively per annum per permit with effect from 01 April 1995.

Test check of the records of the Secretary, STA Mizoram in February 2007 revealed that in 65 cases of maxi cabs, CF was realised by the states of Assam and Meghalaya for plying in the state of Mizoram during the period from April 2005 to March 2006 at Rs. 6,000 per annum instead of Rs. 12,000 per annum and sent to the STA. Similarly, in three cases of mini buses (14-35 seaters) of Assam, CF was realised at the rate of Rs. 24,000 instead of Rs. 48,000 per annum during the aforesaid period. The balance amount was neither paid by the vehicle owners nor was the matter pursued by the STA with the counterparts in Assam and Meghalaya for realisation. This resulted in short realisation of CF of Rs. 4.62 lakh.

After the cases were pointed out in April 2007, the STA, while admitting the facts stated in June 2007 that the STAs of Assam and Meghalaya were requested to make expeditious recovery of outstanding CF. A report on recovery has not been received (November 2008).

The cases were reported to the Government in April and June 2007; their reply has not been received (November 2008).

ENVIRONMENT AND FOREST DEPARTMENT

6.6 Excess extraction of bamboo

Loss of revenue of Rs. 97.59 lakh due to non-levy of penalty on excess extraction of 1.55 lakh bamboo by a *mahaldar*

In October 2003, the Environment and Forest Department, Mizoram settled the Langkaih Bamboo *mahal* under the Kawrthah Forest division with a *mahaldar* at an agreed price of Rs. 32.53 lakh for extraction and removal of 53 lakh bamboo within the working period of October 2003 to June 2004. Clause 23 of the agreement entered into with the *mahaldar* provided that in case of any excess collection beyond the stipulated quota of forest produce, the *mahaldar* shall be penalised by charging atleast three times of the rate quoted for the entire *mahal*.

Test check of the records of the Principal Chief Conservator of Forests (PCCF), Mizoram, Aizawl in March 2006 revealed that the *mahaldar* had extracted the entire stipulated quota of 53 lakh bamboo during the working period but 8.90 lakh bamboo could not be lifted upto June 2004. As requested by the *mahaldar*, the department granted (July 2004) extension upto August 2004 for lifting the remaining 8.90 lakh bamboo.

Further scrutiny, however, revealed that the *mahaldar* extracted 1.55 lakh bamboo in addition to the stipulated quota of 53 lakh bamboo already felled during the working period. As per the terms and conditions of the agreement, the *mahaldar* was liable to pay a minimum penalty of Rs. 97.59 lakh being three times the rate quoted for the entire *mahal*. But no penal action was initiated by the department against the *mahaldar* for excess extraction of bamboo in violation of terms and conditions of the agreement. This resulted in loss of revenue of Rs. 97.59 lakh.

After the case was pointed out, the Finance and Accounts Officer, Office of the PCCF, Mizoram stated (March 2007) that the *mahaldar* had not extracted any excess quantity of bamboo against the stipulated quota of 53 lakh bamboo. The reply is not in consonance with as the concerned Range Officer (RO) (Kanhmun Forest Range) reported extraction of 1.55 lakh bamboo in addition to 8.90 lakh bamboo for which extension was granted. Further, as per the report (September 2004) of the Divisional Forest Officer (DFO), Kawrthah Forest division, the RO, Kanhmun issued back dated transit passes for lifting of the said bamboo by the *mahaldar*.

The matter was reported to the Government in July 2008 and the Government in their reply (September 2008) stated that there was no excess extraction of bamboo and neither was the TP for the said bamboo *mahal* back dated. The reply is not substantiated with evidence/records to refute the factual position pointed out in audit.

6.7 Loss of revenue

Loss of revenue of Rs. 3.64 lakh due to non-allotment of fund by the Government for transportation of wind fallen timber from the forest floor

According to the Mizoram Forest Produce Mahal Rules 2002, forest produce shall be sold by way of tender or auction system. Timber, if not disposed expeditiously loses its commercial value due to exposure to the vagaries of weather. Thus, it is the primary responsibility of the Forest Department to ensure transportation of timber to the notified place for safe custody and prompt disposal thereof to prevent loss of revenue due to devaluation of the produce on account of qualitative deterioration.

Test check of the records of the DFO, Kawrthah in March 2003 and March 2006 revealed that 47 teak trees measuring 55.077 cum timber were felled/uprooted by cyclonic storm on 24 March 2002 in the departmental plantation of Kanhmun range under the division. The division lifted and transported only 10.102 cum of timber in March 2005 to the notified depot leaving 44.975 cum in the forest floor as no fund for lifting the timber was provided by the Government. Further scrutiny, revealed that the timber lost its commercial value due to weathering and some of the felled trees were also stolen by the miscreants. Thus, inaction on the part of the department to arrange for fund to ensure transportation of the timber to designated forest depots led to loss of revenue of Rs. 3.64 lakh.

The case was reported to the Government in July 2008 and the Government in their reply (September 2008) have accepted the facts.

6.8 Loss of revenue due to irregular extension of mahal period

Due to irregular extension of eight months operational period for extraction of additional 30 lakh bamboo, the Government incurred a loss of revenue of Rs. 16.30 lakh

Rule 22 of Mizoram Forest Produce Mahals Rules, provides that the term of mahal shall be strictly confined to the period as advertised in notice inviting tenders (NIT). Langkaih bamboo mahal under Kawrthah forest division was settled (October 2004) for the year 2004-05 with a mahaldar at the agreed sum of Rs. 37.50 lakh for extraction of 53 lakh bamboo within the operational period of October 2004 to June 2005.

Test check of the records of the PCCF in March 2006 revealed that the mahaldar before exhausting the permitted quota of 53 lakh bamboo applied for additional quota of 20 lakh bamboo and also sought for further extension of time upto November 2005. The department was, however, not in favour of extension of time beyond 14 August 2005, as the NIT for settlement of mahal

for 2005-06 was already floated (July 2005) with operational date from 15 August 2005. The Government however, in violation of the provisions of the Rule *ibid* and contrary to the department's suggestions, deferred the settlement of tenders for 2005-06 and extended (August 2005) the period upto November 2005 for extraction of additional 20 lakh bamboo. Yet another additional allocation of 10 lakh bamboo with an extended working period upto February 2006 was further allowed to this mahaldar. The total amount of royalty realised (at agreed price of 2004-05) for additional 30 lakh bamboo was Rs. 24.20 lakh².

Thereafter, settlement of the mahal for the year 2005-06 (for which NIT was floated in July 2005) was finalised in March 2006 by the department for extraction of 66.50 lakh bamboo at Rs. 1.35 per bamboo with working period from March 2006 to February 2007.

Thus, in exercising undue favour to the mahaldar by allowing extension of eight months working period (July 2005 to February 2006) for extraction of additional quota of 30 lakh bamboo at the hitherto agreed rate, the State Government incurred a loss of revenue of Rs. 16.30 lakh.

The matter was reported to the Government in April 2006 and March 2007; their reply has not been received (November 2008).

TAXATION DEPARTMENT

6.9 Evasion of tax

Section 22(2)(b) of the Mizoram Sales Tax Act, 1989 provides that if any dealer evaded payment of his tax liabilities, the Commissioner of Taxes may direct such dealer to pay by way of penalty over and above the tax payable by him a sum not exceeding one and half times that amount.

Test check of the records of the Directorate of Rural Development, Mizoram, in March 2007 revealed that a dealer supplied 7,500 bundles of galvanized corrugated iron sheets valued at Rs. 1.50 crore (inclusive of tax) to the department in March 2005. Cross verification of the records of the dealer maintained by the Assistant Commissioner of Taxes (ACT), North Zone, Aizawl revealed that the dealer did not disclose the aforesaid turnover in his return during the assessment year 2004-05. This resulted in evasion of tax of Rs. 5.77 lakh. Besides, the dealer was liable to pay a penalty of Rs. 8.66 lakh for willful evasion of tax.

After the case was pointed out, the ACT, confirmed (July 2007) that based on audit findings the Rural Development Department had deducted Rs. 3 lakh (two *per cent* tax) from the dealer and deposited the same to the Government account in June 2007 and requested the case be treated as settled. The reply is

² @ Re. 0.71 per bamboo and for 20 lakh and @ Re. 1 per bamboo for 10 lakh

not tenable since settlement of the case at two *per cent* tax deduction applies only in case of execution of works contract. In the instance case, the dealer had supplied the materials to the Rural Development Department not as a part of works contract as defined in Section 2(22) of the MST Act, as amended and therefore the dealer is liable to pay four *per cent* tax instead of two *per cent* and the balanced amount of tax [Rs. 5.77 lakh – Rs. 3 lakh] Rs. 2.77 lakh is to be paid, besides penalty of Rs. 8.66 lakh for concealment of entire turnover.

The matter was reported to the Government in April 2007 and July 2008; their reply has not been received (November 2008).

6.10 Concealment of purchase turnover

A registered dealer concealed turnover of Rs. 1.53 crore and evaded tax of Rs. 19.08 lakh on which interest of Rs. 13.73 lakh and penalty of Rs. 65.62 lakh were additionally payable

Under Section 31(7) of the Mizoram Value Added Tax (MVAT) Act, 2005 if a dealer, in order to evade or avoid payment of tax has furnished incomplete and incorrect returns for any period, the Commissioner of Taxes, after giving the dealer reasonable opportunity of being heard, direct the dealer to pay, by way of penalty, a sum not exceeding twice the amount of tax assessed.

Test check of the records of the ACT, South Zone, Aizawl in May 2008 revealed that an Aizawl based registered dealer of cement disclosed purchase of taxable goods valued at Rs. 8 lakh from outside the State during 2005-06 and deposited tax of Rs. 1 lakh. But, as per information furnished by the Superintendent of Taxes, Taxation check gate, Vairengte, the dealer actually imported 92,852 bags of cement valued at Rs. 1.61 crore from outside the State during the aforesaid period. This resulted in concealment of purchase turnover of Rs. 1.53 crore which led to evasion of tax of Rs. 19.08 lakh. The tax effect could be even higher, if the element of profit could be ascertained. Besides, interest of Rs. 13.73 lakh and a penalty not exceeding Rs. 65.62 lakh was also leviable for deliberate concealment of turnover.

The matter was reported to the Government in August 2008; their reply has not been received (November 2008).

6.11 Non-realisation of assessed tax

A registered dealer failed to pay tax of Rs. 23.03 lakh on which interest of Rs. 16.58 lakh and penalty of Rs. 28.52 lakh were payable

Under Section 23(4) of the MVAT Act, every registered dealer is required to file a return and pay the full amount of tax payable according to the return. If the registered dealer without sufficient cause, fails to pay the amount of tax due and interest along with the return, the Commissioner of Taxes may after giving the dealer a reasonable opportunity of being heard, direct him to pay in addition to the tax and the interest payable, a penalty at the rate of two *per cent* per month on the tax and interest payable from the date it had become due.

Test check of the records of the ACT, North Zone, Aizawl in July 2008 revealed that in respect of a registered Aizawl based dealer dealing in whole sale distribution of packaged food, the assessing officer (AO) determined (March 2008) the taxable turnover at Rs. 2.70 crore for the assessment year 2005-06 with payable tax of Rs. 26.93 lakh. Of this, the dealer deposited an amount of Rs. 3.90 lakh but failed to pay the balance tax of Rs. 23.03 lakh till the end of July 2008. Thus, besides payment of balance tax of Rs. 23.03 lakh, the dealer was liable to pay interest of Rs. 16.58 lakh and penalty amounting to Rs. 28.52 lakh which was not levied.

The matter was reported to the department and the Government in August 2008; their reply has not been received (November 2008).

LAND REVENUE AND SETTLEMENT DEPARTMENT

6.12 Non-realisation of land revenue

The department failed to collect assessed land revenue of Rs. 28.16 lakh in respect of 131 cases

Section 6 of the Mizoram (Taxes and Land, Buildings and Assessment of Revenue) Act, 2004 provides that the taxes and fees on property (land, building and house) shall be levied, assessed and collected by the Government before the end of every financial year. Section 23 of the Act further provides that arrear of land revenue may be recovered from the defaulters as per the provisions of the Mizoram Public Demands Recovery Act, 2001.

Test check (May 2008) of the records of the Director, Land Revenue and Settlement, Mizoram, Aizawl revealed that though the department assessed land revenue on property in respect of 131 cases (33 Government departments and 98 schools/NGOs) for the year 2006-07 and 2007-08 of Rs. 13.97 lakh and Rs. 14.19 lakh respectively, yet they failed to collect the revenue during

the concerned financial year. As a result, the entire assessed revenue of Rs. 28.16 lakh³ for two years became due during 2008-09 from 131 defaulters.

The matter was reported to the department and Government in August 2008; their reply has not been received (November 2008).

³ (i) 33 Government departments – Rs. 11.02 lakh (2006-07) and Rs. 11.05 lakh (2007-08)
(ii) 98 Schools/NGOs – Rs. 2.95 lakh (2006-07) and Rs. 3.14 lakh (2007-08).