

OVERVIEW

I **General**

This report contains 48 paragraphs including two reviews pointing out non-levy or short levy of tax, interest, penalty, revenue foregone, etc., involving Rs. 516.32 crore. Some of the major findings are mentioned below:

The Government's total revenue receipts for the year 2006-07 amounted* to Rs. 18,033 crore against Rs. 14,085 crore in the previous year. Of this, 47.98 *per cent* was raised by the State through tax revenue (Rs. 6,065 crore) and non-tax revenue (Rs. 2,588 crore). The balance 52.02 *per cent* was received from the Government of India in the form of State's share of divisible Union taxes (Rs. 6,220 crore) and grants-in-aid (Rs. 3,159 crore).

{Paragraph 1.1}

Test check of the records of sales tax, motor vehicles tax, land revenue, state excise, forest, mines and minerals and other departmental offices conducted during the year 2006-07 revealed under assessment/short levy/loss of revenue etc., amounting to Rs. 1,160.66 crore in 2,38,540 cases. During the year 2006-07, the concerned departments accepted under assessment and other deficiencies of Rs. 189.97 crore involved in 87,114 cases which were pointed out in 2006-07 and earlier years. Of these, the departments recovered Rs. 25.26 crore in 15,428 cases.

{Paragraph 1.8}

As on 30 June 2007, 3,368 inspection reports issued upto December 2006 containing 9,772 audit observations involving Rs. 2,576.21 crore were outstanding for want of comments/final action by the concerned departments.

{Paragraph 1.9}

II **Sales Tax**

Information technology audit of "Value Added Tax Information System" in the Commercial Tax Department revealed the following:

- System design deficiencies resulted in non-capturing of purchase details, incorrect entry of carry forward and refundable amount etc.

{Paragraph 2.2.7}

* Chapter-I figures in overview have been rounded off to nearest crore.

- Non-integration of modules resulted in utilisation of waybill other than the dealer to whom it was issued and before its issue date.

{Paragraph 2.2.8}

- Lack of input controls led to incomplete and inaccurate database like issue of multiple registration numbers to the same dealer, entry of invalid vehicle number and waybill number, wrong entry of tax payable/due, non-entry of dealer details etc.

{Paragraph 2.2.9}

- Absence of validation controls led to inaccuracies in the database like entry of refund claim without export, acceptance of payment after filing of return, exit of vehicle at the entry check gate, acceptance of unusual time to exit the border check gate, repeated utilisation of waybill etc.

{Paragraph 2.2.11}

- Lack of adequate security controls resulted in multiple users having the same password, unauthorised data entry and modification of data etc.

{Paragraph 2.2.12}

A Government of Orissa undertaking did not disclose the royalty of Rs. 27.36 crore received for use of its trade mark resulting in non-levy of tax of Rs. 8.54 crore including penalty.

{Paragraph 2.4}

An industrial unit covered under package scheme of incentives under the industrial policy was irregularly allowed tax exemption of Rs. 3.22 crore, though eligibility certificate was not issued by the competent authority.

{Paragraph 2.6}

A manufacturer of cast iron castings was irregularly allowed tax exemption of Rs. 2.47 crore on export though the goods were not exported in the same form.

{Paragraph 2.7}

Sale of perfumed oil worth Rs. 7.58 crore was incorrectly taxed at a lower rate resulting in short levy of tax of Rs. 1.40 crore.

{Paragraph 2.8}

III **Motor Vehicles Tax**

In Regional Transport Offices, Jharsugda and Keonjhar, Rs. 21.08 lakh was misappropriated through manipulation and false endorsement in the records.

{Paragraph 3.2}

Motor vehicles tax and additional tax including penalty amounting to Rs. 52.65 crore was not realised in respect of 26,319 vehicles.

{Paragraph 3.3}

Non-realisation of various fees at the revised rates led to loss of Rs. 1.69 crore in 1.45 lakh cases during the period from April 2005 to March 2006.

{Paragraph 3.4}

IV **Land Revenue, Stamp Duty and Registration Fees**

Short raising of demand towards cess against two organisations resulted in short realisation of Rs. 59.23 lakh.

{Paragraph 4.2}

Short realisation of premium of Rs. 36.95 lakh on conversion of agricultural land for non-agricultural use in respect of 280 cases.

{Paragraph 4.3}

An industrial unit escaped stamp duty, town-planning charges and registration fees of Rs. 280.80 crore on the sale and transfer of its fertiliser complex.

{Paragraph 4.5}

Short realisation of stamp duty and registration fee of Rs. 24.36 lakh in 84 documents due to non-consideration of highest sale value of similar classification of land.

{Paragraph 4.6}

V **State Excise**

Excise duty of Rs. 44.09 lakh towards short lifting of IMFL/beer was not realised by the department.

{Paragraph 5.2}

VI Forest and Mining Receipts

Non-disposal of timber resulted in the blockage of Government revenue of Rs. 51.17 lakh.

{Paragraph 6.2}

The department did not levy interest of Rs. 50.59 lakh on belated payment of royalty on timber by the Orissa Forest Development Corporation.

{Paragraph 6.3}

Evasion of royalty of Rs. 6.46 crore on coal as the departmental officers failed to detect short accounting of stock in the return.

{Paragraph 6.4}

Charging of royalty at the rates applicable to processed mineral instead of unprocessed mineral led to short levy of royalty of Rs. 2.63 crore.

{Paragraph 6.5}

VII Other Departmental Receipts

Review of “Levy and collection of electricity duty” revealed the following:

- Failure of the Superintending Engineers to effectively scrutinise the returns submitted by the licensees led to non-levy of electricity duty of Rs. 79.81 crore.

{Paragraph 7.2.7}

- Failure of the department to cross verify the records of the Industries Department prior to allowing exemption under the Industrial Policy Resolution led to irregular exemption of electricity duty of Rs. 22.82 crore.

{Paragraph 7.2.8}

- There was short levy of electricity duty amounting to Rs. 11.06 crore in respect of domestic and commercial consumers.

{Paragraph 7.2.13}