

OVERVIEW

This report contains 27 audit paragraphs and three reviews relating to non/short levy of taxes, duties, interest and penalty etc., involving Rs.245.62 crore. Some of the major findings are mentioned below:

I. General

The total receipts of the State Government for the year 2005-06 was Rs.16,966.48 crore. Revenue raised by Government during the year was Rs.13,525.71 crore, comprising tax revenue of Rs. 8,989.38 crore and non tax revenue of Rs.4,536.33 crore. The State Government also received Rs.1,227.45 crore as State's share of divisible Union taxes and Rs.2,213.32 crore as grants in aid from Government of India.

(Paragraph 1.1.1)

Tax revenue in the year 2005-06 showed an increase of 29 *per cent* over 2004-05. Sales tax receipts of Rs.4,626.88 crore amounted to 51 *per cent* of the tax revenue collected during the year 2005-06.

(Paragraph 1.1.2)

There was decrease of 15 *per cent* in non tax revenue during the year 2005-06 over 2004-05.

(Paragraph 1.1.3)

Arrears of revenue at the end of the year 2005-06, as reported by some departments were Rs.1,013.83 crore. Of this, Rs.760.91 crore was recoverable from various dealers on account of sales tax.

(Paragraph 1.7)

Test check of records of the taxes on sales, trade etc., taxes on vehicles, state excise, stamp duty and registration fees, land revenue and other departmental offices conducted during year 2005-06 revealed under assessments/short/non levy/loss of revenue amounting to Rs.241.11 crore in 3,118 cases. The departments accepted under assessment of Rs.25.46 crore in 426 cases pointed out in 2005-06 and earlier years and recovered Rs.8.08 crore.

(Paragraph 1.12)

3,957 inspection reports issued upto December 2005 containing 8,222 audit observations with money value of Rs.1,193.04 crore were outstanding for want of final replies from the departments as on 30 June 2006.

(Paragraph 1.13)

II. Taxes on Sales, Trade etc.

A review on '**Exemption allowed in sales tax assessments-cross verification of transactions**' revealed as under:

Incorrect allowance of exemption on account of sale of goods taxable at first stage of sale, resulted in non levy of tax of Rs.2.62 crore.

(Paragraph 2.2.8)

Taxable sales were allowed as tax free which resulted in non levy of tax of Rs.1.59 crore.

(Paragraph 2.2.9)

Incorrect allowance of deduction from gross turnover without production of prescribed declarations in form C, resulted in short levy of tax of Rs.5.90 crore.

(Paragraph 2.2.11)

Departmental instructions for cross verification of transactions of sale of goods made to dealers in the State or other States were not complied with in 4,424 cases involving 2,733 transactions of Rs.65.06 crore.

(Paragraph 2.2.12)

Non inclusion of receipts from sale of import replenishment licence in gross turnover resulted in non levy of tax of Rs. 42.48 lakh.

(Paragraph 2.3)

Tax exemption of Rs.44.79 crore including interest and penalty was not recovered from 134 units which closed their business before the expiry of exemption.

(Paragraph 2.6)

Incorrect allowance of deduction from turnover of sale of goods resulted in short levy of tax of Rs.60.09 lakh.

(Paragraph 2.8)

Application of incorrect rates of tax, resulted in short levy of tax of Rs.55.05 lakh.

(Paragraph 2.11)

Non payment of sales tax on rental charges on electric meters collected by Punjab State Electricity Board resulted in evasion of sales tax of Rs.19.55 crore.

(Paragraph 2.12)

III. Taxes on Vehicles

Non levy of interest and penalty of Rs.1.74 crore on delayed payment of SRT by four depots each of Pepsu Road Transport Corporations and Punjab Roadways.

(Paragraph 3.2)

Incorrect application of rates resulted in short levy of SRT of Rs.31.55 lakh.

(Paragraph 3.3)

Non recovery of token tax of Rs.1 crore including penalty from owners of stage carriages and tourist buses.

(Paragraph 3.5)

Non recovery of SRT and token tax of Rs.97.43 lakh from all India tourist buses/taxis.

(Paragraph 3.8)

IV. State Excise Duty/Stamp Duty and Registration Fees

Failure to achieve/enforce the norm for yield of spirit from molasses deprived Government of excise duty of Rs.6.29 crore during 2004-05.

(Paragraph 4.2)

Non raising of demand resulted in non realisation of cost of establishment charges of Rs.72.53 lakh.

(Paragraph 4.3)

Stamp duty and registration fee amounting to Rs.17.08 lakh was levied short on sale deeds executed for sale of commercial and residential land/properties due to undervaluation.

(Paragraph 4.4)

V. Other Tax Receipts

Rs.35.20 crore remained outside Government account due to unauthorised retention of electricity duty by the Punjab State Electricity Board.

(Paragraph 5.2)

A review on '**Collection of entertainment tax/duty**' revealed as under:

Non/incorrect reporting of arrears of entertainment tax/duty of Rs.2.56 crore resulted in suppression of arrears.

(Paragraph 5.3.7.2)

Entertainment duty of Rs.2.44 crore was neither demanded nor paid by cable TV operators.

(Paragraph 5.3.9)

Entertainment duty amounting to Rs.28.20 lakh was not recovered from proprietors of two amusement parks.

(Paragraph 5.3.10)

Non maintenance of uniformity in the rates of admission, resulted in short collection of revenue of Rs.58.15 lakh.

(Paragraph 5.3.14)

Due to application of incorrect formula, Rs.1.04 crore was short collected from seven cinema houses during 2000-01 to 2004-05.

(Paragraph 5.3.15)

VI. Non Tax Receipts

Claim of Rs.4.70 crore on account of short lifting of lottery tickets by sole selling agent could not be lodged due to faulty execution of agreement by the department.

(Paragraph 6.2)

A review on '**Receipts of Forest Department**' revealed as under:

Loss of interest of Rs.4.76 crore on unpaid amount of royalty.

(Paragraph 6.3.10)

Loss of revenue of Rs. 19.63 crore due to short accountal of 5.73 lakh *kikar* trees in enumeration report for 2002-03.

(Paragraph 6.3.11)

Delay in preparation of working plan and non execution of work as per working plan resulted in short realisation of revenue of Rs.3.30 crore.

(Paragraph 6.3.12)

Non recovery of net present value of forest land transferred for utilisation for non forest purposes resulted in short recovery of Rs. 8.58 crore.

(Paragraph 6.3.13)

Rates of royalty on timber supplied to corporation during 2001-02 to 2002-03 were revised (September 2003) on adhoc basis without considering the prevailing market rates, which resulted in short realisation of revenue of Rs. 40.53 crore.

(Paragraph 6.3.15)

Two lakh bamboos/poplar trees were not felled at the prescribed age which resulted in non realisation of revenue of Rs. 9.18 crore.

(Paragraph 6.3.16)

Departmental receipts of Rs.5.03 crore were utilised towards expenditure in contravention of rules/instructions.

(Paragraph 6.5.2)

Non raising of demand resulted in non recovery of water charges of Rs.1.54 crore.

(Paragraph 6.5.3)

Non preparation of *khataunis* for recovery of water rates for *rabi* 2003/*khari* 2005 resulted in non realisation of water rates of Rs.11.24 crore.

(Paragraph 6.6.4.1)

Non collection of full amount of each estate resulted in unauthorised retention of *lambardari* fee of Rs.58.22 lakh.

(Paragraph 6.6.6)

Failure on the part of divisional engineer to monitor the progress of recoveries of tawan cases resulted in non realisation of revenue of Rs.3.05 crore.

(Paragraph 6.6.7)

Non reporting of arrears of water charges resulted in suppression of arrears of Rs.1.34 crore.

(Paragraph 6.6.10.2)

Short assessment/non recovery of water charges recoverable from industrial units/private/companies etc. resulted in short realisation of revenue of Rs.32.52 lakh.

(Paragraph 6.6.11)

Non imposition of penal rates for overdrawal of water resulted in non levy of fine of Rs.74.82 lakh.

(Paragraph 6.6.12)

Failure to enter into agreement with municipal councils, Public Health Department, individuals and companies resulted in loss of Rs.32.78 crore.

(Paragraph 6.6.13)