

## OVERVIEW

This report contains 30 audit paragraphs and two reviews relating to non/short levy of tax, duties, interest and penalty etc., involving Rs. 197.96 crore. Some of the major findings are mentioned below:

### I. General

The total receipts of the State Government for the year 2006-07 was Rs. 20,567.14 crore. Revenue raised by Government during the year was Rs. 16,761.74 crore, comprising tax revenue of Rs. 9,017.16 crore and non tax revenue of Rs.7,744.58 crore. The State Government also received Rs. 1,565.75 crore as State's share of divisible Union taxes and Rs. 2,239.65 crore as grants in aid from Government of India.

*(Paragraph 1.1.1)*

Sales tax receipts of Rs. 4,829.02 crore amounted to 53 *per cent* of the tax revenue collected during the year 2006-07.

*(Paragraph 1.1.2)*

There was increase of 71 *per cent* in non tax revenue during the year 2006-07 over 2005-06.

*(Paragraph 1.1.3)*

Arrears of revenue at the end of the year 2006-07, as reported by some departments were Rs. 1,916.64 crore. Of this, Rs.1,547.84 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 2006-07 revealed under assessments/short/non levy/loss of revenue amounting to Rs. 235.05 crore in 2,128 cases. The departments accepted under assessment of Rs. 55.66 crore in 1,264 cases pointed out in 2006-07 and earlier years and recovered Rs. 3.23 crore.

*(Paragraph 1.12)*

4,198 inspection reports issued upto December 2006 containing 8,622 audit observations with money value of Rs.2,043.24 crore were outstanding for want of final replies from the departments as on 30 June 2007.

*(Paragraph 1.13)*

## **II. Taxes on Sales, Trade etc.**

Incorrect allowance of deduction resulted in non levy of tax of Rs.28.27 lakh including minimum penalty.

*(Paragraph 2.2)*

Tax exemption of Rs.3.36 crore including interest and penalty was not recovered from a dealer who closed business before the expiry of exemption.

*(Paragraph 2.6)*

Incorrect allowance of deduction on account of sale of goods taxable at first stage of sale, resulted in non levy of tax of Rs. 79.63 lakh.

*(Paragraph 2.10)*

Inadmissible grant of exemption on account of sale of byproduct to dealer, resulted in non recovery of tax of Rs. 1.25 crore.

*(Paragraph 2.11)*

Application of incorrect rate of tax resulted in under assessment of tax of Rs. 1.58 crore.

*(Paragraph 2.13)*

Incorrect allowance of deduction from gross turnover without production of prescribed declarations in form C, resulted in short levy of tax of Rs.1.76 crore.

*(Paragraph 2.14)*

Incorrect allowance of deduction on consignment sale resulted in non levy of purchase tax of Rs. 45.17 lakh.

*(Paragraph 2.15)*

## **III. Taxes on Vehicles**

Non reporting of arrears on account of special road tax/token tax of Rs.62.73 crore by State Transport Commissioner/District Transport Officer against Pepsu Road Transport Corporation resulted in suppression of arrears.

*(Paragraph 3.2.7)*

Special road tax amounting to Rs. 53.05 crore was short paid by State Roadways/ other States/ Pepsu Road Transport Corporation/ private transport companies during 2003-04 to 2005-06.

*(Paragraphs 3.2.8.1-4)*

Non payment of special road tax by closed companies resulted in loss of revenue of Rs.2.44 crore during 2003-04 to 2005-06.

*(Paragraph 3.2.8.5)*

Non levy/recovery of interest of Rs.6.13 crore on account of delayed payment of special road tax from Pepsu Road Transport Corporation and 13 depots of Punjab Roadways during 2003-04 to 2005-06.

*(Paragraph 3.2.8.6)*

Token tax amounting to Rs.2.46 crore including interest and penalty was short paid by private transport companies, Punjab Roadways and all India tourist buses during 2003-04 to 2005-06.

*(Paragraph 3.2.9.1)*

Mini bus operators did not deposit special road tax/token tax amounting to Rs.4.16 crore including interest and penalty during 2003-04 to 2005-06.

*(Paragraph 3.2.10)*

Short/non recovery of special road tax/token tax of Rs.1.18 crore including minimum penalty by educational institutions.

*(Paragraph 3.2.11)*

#### **IV. State Excise Duty**

Short fall in licence fee of Rs.54.72 crore despite the fact that quota of country liquor had increased in 122 vends during the years 2001-02 to 2004-05 .

*(Paragraph 4.2.9)*

Short lifting of 7.86 lakh proof/bulk litres of quota of Punjab medium liquor/Indian made foreign liquor/beer resulted in non recovery of additional licence fee of Rs. 1.37 crore.

*(Paragraph 4.2.10)*

Acceptance of security deposit after 10 April in contravention of the provisions of the Act, resulted in non forfeiture of security deposit of Rs. 7 crore.

*(Paragraph 4.2.11)*

Failure to achieve/enforce the norm for yield of spirit from molasses deprived Government of excise duty of Rs.1.36 crore during 2004-05 and 2005-06.

*(Paragraph 4.3)*

Non raising of demand resulted in non realisation of cost of establishment charges of Rs.47.10 lakh.

*(Paragraph 4.4)*

## **V. Stamp Duty and Registration Fees**

Stamp duty and registration fee amounting to Rs. 7.91 crore was levied short on sale deeds executed for sale of commercial/residential/godowns/ agricultural properties due to undervaluation.

*(Paragraph 5.2)*

Incorrect grant of exemption from the levy of stamp duty resulted in non levy of stamp duty of Rs. 54.30 lakh including registration fee.

*(Paragraph 5.6)*

## **VI. Other Tax Receipts**

Due to non raising of demand, entertainment tax of Rs.24.60 lakh was short collected from cinema houses.

*(Paragraph 6.2)*

Non recovery of collection charges resulted in revenue loss of Rs. 23.46 lakh.

*(Paragraph 6.4)*

## **VII. Non Tax Receipts**

Due to non observance of instructions of Government of India, department was deprived of interest of Rs. 31.42 lakh.

*(Paragraph 7.2)*

Police cost amounting to Rs. 107.40 crore for the period 2000-01 to 2005-06 was pending for recovery in the absence of effective follow up action.

*(Paragraph 7.3.2)*

Police cost amounting to Rs. 25.14 crore in respect of police forces deployed in the state in other departments, autonomous bodies had not been recovered.

***(Paragraph 7.3.4)***

Unauthorised deployment of 111 police personnel for railway protection without the approval of Railway Board resulted in non recovery of Rs. 5.91 crore from 2001-02 to 2005-06.

***(Paragraph 7.3.5)***

Non inclusion of mode of repayment of loan and payment of interest in terms and conditions of sanctions resulted in non recovery of interest of Rs. 17.05 crore.

***(Paragraph 7.5)***

Interest/penal interest of Rs. 3.48 crore recoverable from Housing and Urban Development Department was neither worked out nor demanded by the department.

***(Paragraph 7.6)***