

## CHAPTER VI

### OTHER TAX RECEIPTS

#### 6.1 Results of Audit

Test check of records of departmental offices conducted during the period from April 2004 to March 2005 revealed income escaping assessment, incorrect exemption, non levy etc., amounting to Rs.5.30 crore in 31 cases which broadly fall under the following categories.

(Rupees in lakh)

Sl. No.	Categories	No. of cases	Amount
<b>Agricultural Income Tax</b>			
1	Income escaping assessment	2	67.38
2	Non levy of interest and penalty	1	0.07
3	Incorrect computation of income	1	9.48
	<b>Total</b>	<b>4</b>	<b>76.93</b>
<b>Urban Land Tax</b>			
4	Underassessment/non levy of urban land tax	16	412.43
5	Incorrect exemption	1	0.47
6	Other irregularities	10	39.89
	<b>Total</b>	<b>27</b>	<b>452.79</b>
	<b>Grand Total</b>	<b>31</b>	<b>529.72</b>

During the course of the year 2004-05, the departments concerned accepted underassessments in respect of seven cases involving Rs.94.12 lakh pertaining to earlier years of which an amount of Rs.0.21 lakh has been collected.

A few illustrative cases involving Rs.87.71 lakh are mentioned below:

## AGRICULTURAL INCOME TAX

### **6.2 Non levy of interest and penalty on short/belated payment of advance tax**

Under the Tamil Nadu Agricultural Income Tax Act, 1955 (TNAIT Act), every person liable to pay agricultural income tax on the agricultural income derived by him during the previous year, shall pay advance tax for the said previous year on or before the end of February of previous year. The advance tax shall not be less than 80 *per cent* of the tax due on the estimated total agricultural income derived by him during the said previous year.

Further, if, any person fails to pay the agricultural income tax in accordance with the provisions of TNAIT Act, he shall pay simple interest at the rate of 15 *per cent* per annum along with penalty at two *per cent* for every month or part thereof on the unpaid amount of tax.

In the Office of the Agricultural Income Tax Officer, Coonoor, it was noticed in March 2002, that an assessee paid advance tax of Rs.7.43 crore instead of Rs.9.23 crore for the assessment year 1998-1999. The balance of advance tax of Rs.1.80 crore was paid belatedly after a period of 10 months for which interest and penalty of Rs.58.56 lakh, though leviable, was not levied.

After this was pointed out, the Department passed orders in April 2003/August 2004 levying interest and penalty for Rs.52.70 lakh and waiver of the remaining amount of Rs.5.86 lakh, being 10 *per cent* of the total amount, as ordered by Special Commissioner and Commissioner of Agricultural Income Tax. Report on collection is awaited (April 2005).

The matter was reported to the Government in January 2005; reply is awaited (September 2005).

## URBAN LAND TAX

### 6.3 Omission to assess urban lands

Under the Tamil Nadu Urban Land Tax Act, 1966, as amended from time to time, urban lands are assessable to urban land tax on the basis of market value of lands, as on 1 July 1981, from fasli year 1401 (1 July 1991).

In three assessment divisions, it was noticed between November 2001 and November 2002, that the Department omitted to assess urban lands measuring 20.30 lakh sq.ft. belonging to 43 assesseees, to tax from 1 July 1991 onwards. This resulted in non levy of urban land tax amounting to Rs.29.15 lakh as detailed below:

(Rupees in lakh)

Sl. No.	Name of the assessment division/village	No. of assesseees	Total extent not assessed to tax (square feet)	Period	Amount
1	Alandur	5	8,02,206	Between 1 July 1991 and 30 June 2004.	16.09
2	Tambaram	23	5,49,343	1 July 1991 to 30 June 2001	8.13
3	Kunrathur	15	6,79,145	1 July 1991 to 30 June 2004	4.93
<b>Total</b>		<b>43</b>	<b>20,30,694</b>		<b>29.15</b>

After this was pointed out, the Department stated between October 2004 and March 2005 that the lands have since been assessed to tax between October 2004 and March 2005 and a demand for Rs.29.15 lakh was raised. Report on recovery was awaited (September 2005).

The matter was reported to the Government in March 2005; reply has not been received (September 2005).