

CHAPTER 3
AGRICULTURAL INCOME TAX

3.1 Results of Audit

Test check of records of departmental offices conducted during the period from April 2001 to March 2002 revealed arithmetical inaccuracy, income escaping assessment, incorrect allowance of expenditure/depreciation/exemption, non-levy of interest and penalty, incorrect carry forward and set off of losses, extent escaping assessment, etc. amounting to Rs.61.97 crore in 15 cases which broadly fall under the following categories.

Sl. No.	Categories	No. of cases	Amount (Rs. in crore)
1	Income escaping assessment	3	60.88
2	Incorrect allowance of expenditure/ depreciation/ exemption	3	0.13
3	Non-levy of interest and penalty	5	0.93
4	Other categories	4	0.03
	Total	15	61.97

During the course of the year 2001-2002, the concerned department accepted under-assessments of Rs.1.05 lakh in 3 cases pertaining to earlier years of which an amount of Rs.0.50 lakh has been collected.

An illustrative case involving a financial effect of Rs.5.58 lakh is mentioned below:

3.2 Non-levy of interest and penalty for the belated payment of tax/advance tax

Under the Tamil Nadu Agricultural Income Tax Act, 1955, every person liable to pay agricultural income tax on the agricultural income derived by him during the previous year, shall pay the advance tax for the said previous year on or before the end of February of the said 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. The balance amount of tax shall be payable by an assessee before the 31st day of December of that year or in pursuance of demand notice issued failing which the assessee shall pay simple interest at 15 per cent per annum along with penalty at 2 per cent for every month or part thereof on the unpaid amount.

During the audit of three¹⁰ assessment circles, it was noticed that advance tax of Rs.22.95 lakh for assessment years 1997-98, 1999-2000 and 2000-01 was paid by four assessees belatedly. The delay ranged from 1 to 13 months for which though interest/penalty of Rs.5.58 lakh was leviable but was not levied.

On these being pointed out (between April 1998 to February 2002), the department raised (between December 1999 to February 2002) a demand of Rs.2.16 lakh and collected a sum of Rs.0.74 lakh. Report on recovery of balance amount and action taken in other cases have not been intimated (September 2002).

The matter was reported to Government (February/June 2002) and followed up with reminder (September 2002). However, in spite of such efforts no reply was received (September 2002).

¹⁰ Coonoor, Dindigul and Pollachi.