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## OVERVIEW

The Audit Report contains 22 paragraphs including 2 reviews relating to non levy/short levy of taxes, interest, penalty, etc., involving Rs.815.05 crore. Some of the major findings are mentioned below:

### **I. General**

(i) The revenue raised by the State during 2003-04 amounted to Rs.18,038.76 crore comprising Rs.15,944.97 crore as tax revenue and Rs.2,093.79 crore as non-tax revenue. Rs.3,544.20 crore were received from the Government of India as State's share of divisible Union taxes and Rs.2,122.75 crore as grants-in-aid.

Sales tax (Rs.11,004.63 crore) formed a major portion (69 per cent) of the tax revenue of the State. Interest receipts, dividends and profits of Rs.559.74 crore accounted for 27 per cent of the non-tax revenue.

*( Paragraph 1.1 )*

(ii) At the end of 2003-04, the arrears in respect of taxes administered by the Departments of Commercial Taxes, Revenue, Industries, etc., amounted to Rs.7,246.93 crore of which sales tax and mines and minerals together accounted for Rs.6,926.34 crore.

*( Paragraph 1.5 )*

(iii) Test-check of records of sales tax, state excise, land revenue, urban land tax, taxes on vehicles and other departmental offices conducted during the year 2003-04 revealed under-assessments, short-levy, loss of revenue, etc., amounting to Rs.917.59 crore in 2206 cases.

*( Paragraph 1.10 )*

(iv) As at the end of June 2004, 5629 Inspection Reports issued upto December 2003 containing 18,709 audit observations with money value of Rs.2,139.19 crore were pending settlement with various departments.

*( Paragraph 1.11 )*

## **II. Sales Tax**

Incorrect grant of exemption on sale of medicines by a hospital to persons other than its patients, resulted in non levy of tax of Rs.3.45 crore.

( *Paragraph 2.2.1* )

Incorrect allowance of exemption on auction sale of sandalwood logs resulted in non levy of tax of Rs.4 crore.

( *Paragraph 2.2.2* )

Incorrect allowance of exemption on sale of lottery tickets by two dealers during 1999-2000 resulted in non-levy of additional sales tax of Rs.27.58 crore.

( *Paragraph 2.4* )

Non-levy of interest for belated payment of tax, amounted to Rs.1.08 crore.

( *Paragraph 2.5* )

## **III. Land Revenue**

Failure of the department to raise demand in respect of lands assigned to an engineering college resulted in non-realisation of land cost of Rs.2.18 crore .

( *Paragraph 3.2* )

Inordinate delay on the part of Government to lease out land and to raise demand for lease rent despite orders of High Court of Madras resulted in Government exchequer being deprived of Rs.89.55 lakh.

( *Paragraph 3.3* )

#### **IV. Taxes on Vehicles**

Due to incorrect classification of Light Motor Vehicles as maxi cab there was short-realisation of tax of Rs.2.51 crore.

*( Paragraph 4.2 )*

Delay in issue of notification to revise the rates for issue of fresh/renewal of driving licenses resulted in short-realisation of tax amounting to Rs.2.29 crore.

*( Paragraph 4.3 )*

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

**A review; Stamp Duty** revealed the following:

Comparison of stamp duty realised by sale of stamp papers used in the registration of the documents between 1998-1999 to 2002-2003 with the sale of non judicial stamp papers booked in the treasury accounts revealed that the value of stamp papers shown as utilised in registration was more by Rs.189.68 crore than the value of stamp papers sold.

*( Paragraph 5.2.7 )*

The accounts of 14 licensed stamp vendors revealed that there was discrepancy to the tune of Rs.6.83 crore in the sale account of stamp papers as reported to the District Registrars by the vendors with the value of stamp papers purchased from the treasuries.

*( Paragraph 5.2.8 )*

There was excess utilisation of insurance stamps by Nationalised Insurance Companies to the tune of Rs.8.40 crore as against the sales made by the concerned department during the years from 1998-1999 to 2001-2002.

*( Paragraph 5.2.9 )*

## **VI. Urban Land Tax**

Omission to assess urban lands in 5 assessment divisions involving 78 assesseees resulted in non-levy of urban land tax of Rs.90.33 lakh.

*( Paragraph 6.2 )*

## **VII. Electricity Duty**

Omission to levy interest for belated payment of electricity tax for the period 1999-2000 to 2002-2003 resulted in non-collection of Rs.23.22 crore.

*( Paragraph 6.3 )*

Omission to levy electricity duty and tax in respect of electrical energy generated during the period from April 2000 to March 2003 resulted in non-realisation of revenue amounting to Rs.6.35 crore.

*( Paragraph 6.4 )*

## **VIII. Mines and Minerals**

**A review on Receipts under Mines and Minerals** revealed the following:

Due to non-fixing of lease amount by Government in respect of 118 lessees even after four years from the date of proposals sent by the Director, lease amount of Rs.395.17 crore for the years 1996-1997 to 2003-2004 was not realised.

Failure of the department to evict the lessee and to raise double the rate of lease amount resulted in non-realisation of lease amount of Rs.126.62 crore.

*(Paragraph 7.2.7 )*

Registration of lease deed in respect of two companies were made at nominal rates instead of as per the provisions of the act resulted in short recovery of Stamp Duty and Registration Fees of Rs.10.50 crore.

*(Paragraph 7.2.10 )*