

## CHAPTER VI : REVENUE RECEIPTS

### General

#### Trend of revenue receipts

**6.1.1** The total receipts of the State during the year 2001-2002 amounted to Rs. crore. These comprise tax revenue of Rs. crore and non-tax revenue of Rs. crore, State's share of divisible Union taxes of Rs. crore and grants-in-aid of Rs. crore received from the Government of India.

Analysis of receipts during the year 2001-2002 and the preceding two years is given below :

		1999-2002	2002-2002	2002-2002
		( Rupees in crore )		
I.	Revenue raised by the State Government			
	(a) Tax Revenue	84.13	101.74	125.58
	(b) Non-Tax Revenue	44.83	76.19	94.51
	<b>Total</b>	<b>128.96</b>	<b>177.93</b>	<b>220.09</b>
II.	Receipts from Government of India			
	(a) State's share of net proceeds of divisible Union taxes	457.02	529.55	236.22
	(b) Grants-in-aid	682.37	730.78	1181.75
	<b>Total</b>	<b>1139.39</b>	<b>1260.33</b>	<b>1417.97</b>
III.	Total receipts of the State Government (I+II)	<b>1268.35</b>	<b>1438.26</b>	<b>1638.06</b>
IV.	Percentage of I to III	10	12	13

### Tax Revenue

**6.1.2** Tax revenue of the State constituted about per cent of the revenue raised by the State Government. An analysis of tax revenue for the year 2001-2002 and the preceding two years is given below :

Sl. No.	Heads of Revenue	1999-2002	2002-2002	2002-2002	Increase(+) or decrease(-) in 2002-2002 over 1999-2002	Percentage of variation
<i>(Rupees in lakh)</i>						
1.	Sales Tax	4770.16	5778.45	8108.49	(+) 2330.04	40
2.	State Excise	1699.79	2010.65	1978.72	(-) 31.93	(-) 2
3.	Other taxes on Income and Expenditure	586.57	1055.61	1120.61	(+) 65.00	(+) 6
4.	Stamps and Registration Fees	481.77	509.72	594.20	(+) 84.48	(+) 17
5.	Taxes on Vehicles	350.54	359.58	425.78	(+) 66.20	(+) 18
6.	Other Taxes and Duties on Commodities and Services	123.18	118.86	121.84	(+) 2.98	(+) 3
7.	Land Revenue	336.88	256.81	182.29	(-) 74.52	(-) 29
8.	Taxes on Agricultural Income	63.61	78.20	24.67	(-) 53.53	(-) 68
9.	Taxes and Duties on Electricity	1.03	6.08	1.21	(-) 4.87	(-) 80
	<b>Total</b>	<b>8413.53</b>	<b>10173.96</b>	<b>12557.81</b>	<b>(+) 2383.85</b>	<b>(+) 23</b>

The reasons for variations in respect of heads of revenue where variation was substantial had not been received from the concerned departments (November 2002), though called for.

**Non-Tax Revenue**

**6.1.3** Non-tax revenue of the State constituted *per cent* of the revenue raised by the State Government. The details of major sources of non-tax revenue for the year 2001-2002 and the preceding two years are given below:

Sl. No.	Heads of Revenue	1999-2002	2002-2002	2002-2002	Increase(+) or decrease (-) in 2002-2002 over 1999-2002	Percentage of variation
<i>( Rupees in lakh )</i>						
1.	Power	1991.24	3392.95	3534.73	(+) 141.78	(+) 4
2.	Forestry and Wildlife	195.05	244.44	759.61	(+) 515.17	(+) 211
3.	Education, Sports, Art and Culture	34.26	26.26	70.86	(+) 44.60	(+) 170
4.	Crop Husbandry	157.37	121.09	143.27	(+) 22.18	(+) 18
5.	Other Administrative Services	122.90	266.83	104.17	(-) 162.66	(+) 61
6.	Water Supply and Sanitation	62.47	508.10	121.53	(-) 386.57	(-) 76
7.	Police	238.47	429.35	231.83	(-) 197.52	(-) 48
8.	Interest Receipts	359.92	1161.72	1849.27	(+) 687.55	(+) 59
9.	Stationery and Printing	139.41	174.95	142.03	(-) 32.92	(-) 19
10.	Animal Husbandry	48.52	43.32	59.64	(+) 16.32	(+) 38
11.	Industries	332.25	408.63	551.15	(+) 142.52	(+) 35
12.	Public Works	63.61	63.95	94.30	(+) 30.35	(+) 47
13.	Village and Small Industries	38.86	16.70	49.91	(+) 33.21	(+) 199
14.	Fisheries	16.72	33.16	45.25	(+) 12.09	(+) 36
15.	Other Rural Development Prgrammes	174.32	155.02	22.66	(-) 132.36	(-) 85
	<b>Total</b>	<b>3975.37</b>	<b>7046.47</b>	<b>7780.21</b>	<b>(+) 733.74</b>	<b>(+) 10.41</b>

The reasons for variations in respect of heads of revenue where variation was substantial had not been received from the concerned departments (November 2002), though called for.

**Variations between Budget Estimates and Actuals**

**6.1.4** The variations between Budget Estimates (Revised) and actuals in respect of some of the important heads of revenue for the year 2001-2002 are indicated below :

TAX REVENUE					
Sl. No.	Head of revenue	Budget estimates (Revised)	Actuals	Variation Increase(+)/ Decrease(-)	Percentage of variation over Budget estimates
( Rupees in lakh )					
1.	Sales Tax	6550	8108.49	(+) 1558.49	(+) 24
2.	State Excise	2329	1978.72	(-) 350.28	(-) 15
3.	Other Taxes on Income and Expenditure	1270	1120.61	(-) 149.39	(-) 12
4.	Stamps and Registration Fees	448	594.20	(+) 146.20	(+) 33
5.	Taxes on Vehicles	425	425.78	(+) 0.78	-
6.	Other Taxes and Duties on Commodities and Services	256	121.84	(-) 134.16	(-) 52
7.	Land Revenue	112	182.29	(+) 70.29	(+) 63
8.	Taxes on Agricultural Income	56	24.67	(-) 31.33	(-) 56
9.	Taxes and Duties on Electricity	2	1.21	(-) 0.79	(-) 40

Reasons for variation as stated by the Department under the head Sales Tax was due to increase in tax rate in some items and also due to extension of tax base. Decrease in State Excise was due to reduction of business house owing to law and order problem in the State. Taxes on Agricultural income decreased mainly due to non-completion of assessment by the Income Tax Authority and also due to unfavorable in the Tea Industry. In respect of other items, reasons for variations had not been received from the concerned Departments of the Government (November 2001), though called for.

#### 6.1.5 The variation in respect of some of the

important heads of non-tax revenue for the year 2000-20001 are given below :

NON-TAX REVENUE					
Sl. No.	Head of revenue	Budget estimates (Revised)	Actuals	Variation Increase(+)/ Decrease(-)	Percentage of variation
( Rupees in lakh )					
1.	Power	3750	3534.74	(-) 215.27	(-) 6
2.	Forestry and Wildlife	300	759.61	(+) 459.61	(+) 153
3.	Crop Husbandry	176	143.27	(-) 32.73	(-) 19
4.	Other Administrative Services	250	104.17	(-) 145.83	(-) 58
5.	Interest Receipts	850	1849.17	(+) 999.27	(+) 118
6.	Stationery and Printing	100	142.03	(+) 42.03	(+) 42
7.	Public Works	77	94.30	(+) 17.30	(+) 22
8.	Animal Husbandry	55	59.64	(+) 4.64	(+) 8
9.	Fisheries	18.70	45.25	(+) 26.55	(+) 142
10.	Other Rural Development Programmes	80	22.66	(-) 57.34	(-) 72
11.	Industries	360	551.15	(+) 191.15	(+) 53
12.	Water Supply and Sanitation	22	121.53	(+) 99.53	(+) 452

The variation under Fisheries as stated by the Fisheries Department was due to deposit of unspent balances of P.L. Account back into the Consolidated Fund. The variation under Forestry and Wildlife was due to realization of

outstanding value of land diverted under Forest Conservation Act (FCA) in earlier years. In respect of other departments the reasons for variations had not been received from the concerned departments of the Government (November 2001), though called for.

### Cost of collection

**6.1.6** The gross collection in respect of major revenue receipts, expenditure incurred on their collection and the percentage of such expenditure to gross collection during the years 1998-99, 1999-2000 and 2000-2001 along with relevant all India average percentage of expenditure on collection to gross collection for 1999-2000/2001-2002 are given below :

Head of revenue	Year	Gross collection	Expenditure on collection	Percentage of expenditure to gross collection	All India percentage of expenditure to gross collection
( Rupees in lakh )					
1. Sales Tax	1998-1999	4770.16	85.50	1.79	
	1999-2000	5778.45	98.14	1.70	1.56
	2000-2001	8108.49	116.39	1.44	
2. State Excise	1998-1999	1699.79	47.03	2.77	
	1999-2000	2010.65	45.61	2.27	3.31
	2000-2001	1978.72	53.23	2.69	
3. Stamps and Registration Fees	1998-1999	481.77	69.01	14.32	4.62
	1999-2000	509.72	77.92	15.29	
	2000-2001	594.20	86.47	14.55	
4. Taxes on Vehicles	1998-1999	350.54	37.82	10.79	3.56
	1999-2000	359.58	43.66	12.14	
	2000-2001	425.78	44.39	10.43	

### Arrears in assessment

**6.1.7** The details of Sales Tax assessment and Agricultural Income Tax assessment cases pending at the beginning of the year, cases becoming due for assessment during the year, cases disposed of during the year and the number of cases pending finalisation at the end of each year during the years 1997-98 to 2001-2002 as furnished by the Departments along with percentage of cases finalised to total number of cases are given below :

Year	Opening balance	Cases due for assessment during the year	Total	Cases finalised during the year	Balance at the closing of the year	Percentage of cases finalised to total number of cases
<b>(a) Sales Tax</b>						
1996-97	4895	4799	9694	29640	6730	31
1997-98	6730	4660	11390	2231	9159	20
1998-99	9159	5198	14357	1725	12632	12
1999-2000	12632	5717	18349	3010	15339	16
2000-2001	15339	5891	21230	3801	17429	18
<b>(b) Agricultural Income Tax</b>						
1996-97	274	109	383	18	365	5
1997-98	365	46	411	35	376	9
1998-99	376	46	422	27	395	6
1999-2000	395	40	435	18	417	4
2000-2001	417	44	461	8	453	2

It is observed that, in all the years, the cases finalised during the year were less than the cases due for assessment during the year. Thus, there was a constant increase in the arrears.

### Uncollected revenue

**6.1.8** Analysis of arrears of revenue pending collection as on 31 March 2002 in respect of Sales Tax and Agricultural Income Tax as reported (November 2002) by the Department and corresponding figures for the preceding year are indicated below:

Heads of Revenue	Arrears pending collection as on		Arrears of revenue outstanding for more than 5 years as on		Remarks
	31 March 2002	31 March 2002	31 March 2002	31 March 2002	
<i>(Rupees in lakh)</i>					
1. Sales Tax	942.22	1415.26	131.39*	124.43	Out of Rs. 1415.26 lakh, recoveries amounting to Rs. 261.09 lakh had been stayed by courts, Rs.22.73 lakh by the Government, demands for Rs.1011.96 lakh had been covered by recovery certificates, and Rs. 119.48 lakh was at different stages of recovery.
2. Agricultural Income Tax	22.07	19.77	6.74	6.74	

### Outstanding Inspection Reports and audit observations

**6.1.9** Important irregularities in assessment of revenue and defects in the accounting of revenue receipts noticed in audit and not settled on the spot are communicated to Heads of Offices and departmental authorities through local audit reports. The more important and serious irregularities are reported to the Government. Besides, statements indicating the number of observations outstanding for over six months/one year are also sent to Government for expediting their settlement.

(a) At the end of June 2002 in respect of inspection reports issued upto December 2002, audit observations were still to be settled as per details given below. The corresponding position in the earlier two years has also been indicated alongside.

	At the end of		
	June 2000	June 2001	June 2002
Number of outstanding local audit reports	461	485	442
Number of outstanding audit observations	1862	182.6	1727
Amount of receipts involved <i>(Rupees in lakh)</i>	2200.16	2428.46	2974.40

\*The amount now intimated by the Department for 31 March 2000 differs from the amount of Rs. 143 lakh which was intimated earlier for the same date and included in the audit report of 1999-2000.

The year-wise break up of outstanding Inspection Reports, audit objections and amount involved at the end of June 2002 is given below:

Year	Number of Inspection Reports	Number of outstanding audit objections	Amount involved (Rupees in lakh)
Upto 1998-99	394	1529	1853.35
1999-2000	33	138	727.97
2000-2001 upto December 2002)	15	60	393.08
	<b>442</b>	<b>1727</b>	<b>2974.40</b>

(b) The head-wise break-up of outstanding inspection reports, audit observations and amount involved therein as on 30 June 2002 is indicated below :

Class of receipts	Number of outstanding		Amount of receipts involved (Rupees in lakh)	Year to which observation relates	Number of Inspection Reports for which even 1st reply had not been received
	Inspection Reports	Audit Observations			
1. Sales Tax	88	313	927.77	1985-86 to 2000-2001	3
2. Forest	89	382	493.30	1987-88 to 2000-2001	-
3. Electricity	189	868	917.39	1988-89 to 2000-2001	8
4. Professional Tax	6	8	5.64	1992-93 to 2000-2001	-
5. Transport	6	25	365.78	1985-86 to 1999-2000	-
6. Agricultural Income Tax	8	17	2.67	1987-88 to 2000-2001	-
7. Excise	18	54	189.24	1993-94 to 2000-2001	-
8. Land Revenue	18	22	10.72	1993-94 to 1998-99	-
9. Stamps and Registration	15	23	2.77	1993-94 to 2000-2001	-
10. Entertainment Tax	5	15	14.12	1995-96 to 2000-2001	-
<b>Total</b>	<b>442</b>	<b>1727</b>	<b>2974.40</b>		<b>11</b>

### Results of audit

#### Sales Tax

**6.2.1** The test check of Sales Tax assessment and other records of 5 units conducted in audit during the year 2001-2002 revealed under-assessment/escapement of turnover, blockage of Government revenue, non-levy of penalty etc., amounting to Rs. lakh in cases which broadly fall under the following groups :

Sl. No.	Type of objection	Number of cases	Amount involved (Rupees in lakh)
1.	Loss / blockage of revenue	5	115.75
2.	Delay in certificate proceedings against defunct dealers	1	50.96
3.	Non/Short realisation of composition money	3	122.14
4.	Non/short levy of penalty /interest	3	6.09
5.	Under-assessment of tax / tax evasion	3	6.54
		<b>15</b>	<b>301.48</b>

During 2001-2002, the Department accepted audit objections of Rs. lakh in all 15 cases.

## State Excise

**6.2.2** The test check of records in 4 units of State Excise conducted in audit during the year 2001-2002 revealed loss of excise duty and other irregularities amounting to Rs. lakh in cases which broadly fall under the following categories :

Sl. No.	Type of objection	Number of cases	Amount involved (Rupees in lakh)
1.	Non-realisation of establishment cost	3	2.77
2.	Loss of excise duty	2	20.10
3.	Non-realisation of litreage* fees	2	0.38
4.	Non-realisation of transit loss	1	0.14
5.	Non-realisation of Sales Tax	1	9.47
6.	Non-deposit of Additional Sales Tax	1	2.25
.	Non-realisation of Central Sales Tax	1	0.47
8.	Short realisation of excise duty	2	27.73
		13	63.31

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\* Litreage fee is payable by all the licensees for retail vending of IMFL assessed to have been sold during the previous 12 months.

**SECTION – A**  
**FINANCE (EXCISE AND TAXATION) DEPARTMENT**

**6.3 Arrears of Sales Tax and recovery of dues treated as arrears of Land Revenue**

**Highlights**

The arrears of Sales Tax, pending collection as on 31 March 2002 were Rs. 14.15 crore.

(Paragraph 6.3.6)

Non-disposal of referred back cases had resulted in blockage of Government revenue amounting to Rs. 65.27 lakh in 120 cases.

(Paragraph 6.3.9)

In 32 cases, whereabouts of assessee could not be located, which had resulted in loss of Government revenue of Rs. 13.62 lakh.

(Paragraph 6.3.10)

The Department cancelled the registration of 11 dealers without realising assessed dues of Rs. 24.84 lakh.

(Paragraph 6.3.13)

Non-fixation of time limit for disposal of appeal/revision cases had resulted in blockage of Government revenue of Rs. 16.28 lakh in 42 cases.

(Paragraph 6.3.14)

Due to non-initiation of Certificate Proceedings in 289 cases, Government revenue of Rs. 93.18 lakh remained unrealised.

(Paragraph 6.3.17)

Institution of Certificate Proceedings were delayed ranging upto 221 months in 137 cases by 7 Charges involving revenue of Rs. 75.03 lakh leaving little scope for recovery of assessed dues.

(Paragraph 6.3.19)

Poor disposal of certificate cases led to huge accumulation of arrears. Out of targeted amount of Rs. 11.94 crore, Rs. 45.36 lakh could only be recovered.

(Paragraph 6.3.21)

There was no well-defined procedure for receipt and recording of requisition for recovery. Requisition for Rs. 9.28 lakh was not accounted for in the records of Certificate Officer, Agartala.

(Paragraph 6.3.26)



**In 155 cases involving recovery of arrear dues of Rs. 8.13 lakh, interest amounting to Rs. 10.03 lakh was not assessed.**

**(Paragraphs 6.3.27 and 6.3.28)**

### *Introduction*

**6.3.1** Under the Tripura Sales Tax Act, 1976, every dealer is required to submit to the assessing authority a monthly/quarterly return on the basis of self-assessment within the prescribed date(s). After making final assessment, a demand notice is served on the dealer for the balance tax, if any, payable within the prescribed date specified in the demand notice. For delayed payment of tax, a simple interest at the rate of 25 per cent per annum is payable by the dealer. Penalty is also leviable for violation of the provision of the Act. The dealer may prefer appeal against final assessment to the higher authority for some specific reasons. In the case of rejection of appeal the original demand stands, otherwise dues are revised on the basis of appellate order and revised demand notice is served for the dues remaining unpaid. Thus, tax, interest and penalty, which remain unpaid, constitute arrears of Sales Tax. Arrears of Sales Tax are recoverable as arrears of Land Revenue under Section 26A of Tripura Sales Tax Act, 1976, by adopting any or more of the following processes under Section 62 of the Tripura Land Revenue and Land Reform Act, 1960.

- (a) by serving a written notice of demand on the defaulter;
- (b) by distraint and sale of the defaulter's movable property, including the produce of the land; and,
- (c) by the attachment and sale of the defaulter's immovable property.

### *Organisational set up*

**6.3.2** Sales Tax Organisation functions under the over all control of the Commissioner of Taxes, assisted by one Additional Commissioner, three Assistant Commissioners, 6 Superintendents of Taxes at Agartala and 3 Superintendents of Taxes at Kailashahar, Dharmanagar and Udaipur.

**6.3.3** Superintendents of Taxes at Dharmanagar, Kailashahar and Udaipur are declared as Certificate Officers in respect of arrears under their jurisdiction.

**6.3.4** One Assistant Commissioner is functioning as Certificate Officer in respect of 6 Charges at Agartala.

### *Scope of Audit*

**6.3.5** A review of arrears of Sales Tax in respect of 5 Charges and records of Certificate Officers and Appellate Authorities at Agartala and 3 Charges at district level for the years 1996-97 to 2002-01 was taken up with a view to analysing the cases for delay in recoveries and to highlight the system failure, if any, in recovery of arrears.

**Position of arrears**

**6.3.6** The total arrears pending collection as on 31 March 2002 amounted to Rs. 14.15 crore. The proportion of arrears to the sales tax receipts yearwise for the last five years are given below :

*( Rupees in lakh )*

Year	Total arrears at various stages	Total receipts	Percentage of arrears to total Sales Tax receipts
1	2	3	4
1996-97	843.65	3569.44	24
1997-98	952.80	4238.90	22
1998-99	979.86	4770.16	21
1999-2002	942.22	5762.06	16
2002-2002	1415.26	8108.82	17

It would be seen from the above table that the percentage of arrears to the Sales Tax receipts ranged from 16 to 24 *per cent* at the end of each year. Department did not take action to locate the whereabouts of the dealers except issue of demand notice.

**Correctness of arrears**

**6.3.7** Scrutiny of case registers of Certificate Officer, Agartala, revealed that there was a discrepancy of Rs. 147.85\* lakh between the figures of arrear dues pertaining to the year 1977-78 to 2002-01 appearing in the case registers and that of the figures intimated by the Certificate Officers/Commissioner to Audit. The Department is yet to ascertain the reasons for discrepancy and reconcile it.

**Delay in assessment leading to accumulation of arrears**

**6.3.8** Despite the need for prompt finalisation of assessment cases being stressed by the Commissioner of Taxes in the monthly meetings held by him with the Assessing Officers, actual assessment completed during the 5 years from 1996-97 to 2002-2002 ranged between 12 and 31 *per cent* of total number of cases due for disposal as shown below :

Year	Opening balance	Cases due for assessment	Total	Cases assessed	Closing balance	Percentage of cases assessed
1996-97	4895	4799	9694	2964	6730	31
1997-98	6730	4660	11390	2231	9159	20
1998-99	9159	5198	14357	1725	12632	12
1999-2002	12632	5717	18349	3010	15339	16
2002-2002	15339	5940	21279	2908	18371	14

On this being pointed out in audit (March 2002), the Department stated (May 2002) that delay in assessment was due to shortage of staff.

**Non-disposal of remand/referred back cases**

**6.3.9** Commissioner of Taxes issued instruction (May 1993) to complete the re-assessment of remand cases in pursuance of or as a result of an order on appeal, revision and reference or review within one month from the date of

\* 1105.04 worked out in audit  
957.19 worked out by the Department  
147.85 difference

receipt of the same from the higher forum. In none of 120 cases relating to 6 charges, re-assessment was completed as of September 2002, resulting in non-recovery of revenue of Rs. 65.27 lakh due from the assesseees (**Appendix - XXIV**).

***Loss of Government revenue due to assessee not being traceable***

**6.3.10** Test check of records of 5 Charges<sup>¶</sup> revealed that in 32 cases involving Government revenue of Rs. 13.62 lakh due from 12 dealers, whereabouts of the assesseees could not be located and revenue of Rs. 13.62 lakh (**Appendix - XXV**) outstanding with them could not be recovered. Out of these 32 cases, 4 dealers absconded before completion of assessment involving revenue of Rs. 6.56 lakh and 8 dealers absconded after the finalisation of assessment involving revenue of Rs. 7.06 lakh. Besides, one dealer had not filed his returns at all.

***Cancellation of Registration before realisation of assessed dues***

**6.3.11** Rule 12 of Tripura Sales Tax Rules provides that when a registered dealer applies for cancellation or amendment of his certificate of registration, he shall submit the certificate alongwith his application to the Superintendent.

**6.3.12** Further, in accordance with the provision under Section 7 (2) and (3) of the Tripura Sales Tax Act, 1976 the Commissioner of Taxes is empowered to cancel the registration of a dealer but sub-section (4) of this section provides that no order under sub-section (2) and (3) of this Section shall be made unless the applicant, the person concerned or the dealer has been given an opportunity of being heard.

**6.3.13** Test check of records of 3 Charges (Charge I, Kailashahar and Udaipur) revealed that registration of 11 dealers involving 46 assessment years were cancelled without giving an opportunity of being heard resulting in revenue of Rs. 24.84 lakh remaining unrealised (**Appendix - XXVI**). Further audit enquiry (February 2002) revealed that the amount was not recovered as yet nor did the department take any action to realise this.

***Demand remaining un-recovered on account of appeal cases***

**6.3.14** Commissioner of Taxes prescribed time limit for Assessing Officers in respect of finalisation of proceedings after the cases are referred back to them from higher court but there is no time limit prescribed for disposal of cases in appeal/revision etc. As a result, huge sums of revenue are pending realisation on this account or due to stay on the recovery proceedings by the Appellate Authority. The Department did not take any action to vacate the stay orders. In 4 Charges<sup>¶</sup>, 42 cases were pending for a period ranging from 2 to 11 years involving a revenue of Rs. 16.28 lakh (**Appendix - XXVII**).

***Non-filing of Certificate Case/failure to initiate follow-up action***

**6.3.15** Sub-section (1) of Section 26 of Tripura Sales Tax Act, 1976, provides that if the demand in respect of any dues under this Act is not paid on or

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<sup>¶</sup> Agartala Charges I,II,III,IV and Udaipur.

<sup>¶</sup> Agartala I,III,Kailashahar and Dharmanagar.

before the date specified as aforesaid, the dealer shall be deemed to be in default and case will be processed under Section 26A of the Act, for realisation of tax or penalty as arrears of Land Revenue.

**6.3.16** For realisation of arrear dues as arrears of Land Revenue Certificate Officers have been nominated, to whom, default cases are to be sent for initiating Certificate Proceeding. However, no time limit has been prescribed in the Act for initiating certificate proceedings against the defaulting dealers.

**6.3.17** Review of records of 7 Charges<sup>♦</sup> revealed that due to non-initiation of Certificate Proceedings against 95<sup>▼</sup> dealers in 289 cases, assessed between June 1982 to September 2002, who had neither paid their tax dues after being assessed nor appealed against the assessment orders, Rs. 93.18<sup>†</sup> lakh remained unrealised for periods varying upto 19 years. The position of the cases are given below:

Sl. No.	Name of charge	Assessment year	Date/period of assessment (between June 1982 and September 2002)	No. of cases
1.	Agartala (Charges I to IV)	1980-81 to 1998-99	June 1982 and September 2002	221
2.	Dharmanagar	1984-85 to 1997-98	March 1988 and February 2002	39
3.	Udaipur	1987-88 to 1997-98	November 1988 and January 1999	11
4.	Kailashahar	1983-84 to 1996-97	June 1987 and January 1998	18
				<b>289</b>

#### *Delay in initiating Certificate Proceedings*

**6.3.18** Under the Tripura Sales Tax Act, 1976, no time limit has been prescribed within which the Assessing Officer should initiate the Certificate Proceedings against a defaulter.

<sup>♦</sup> Agartala I,II,III,IV, Kailashahar, Dharmanagar and Udaipur.

<sup>▼</sup> Agartala-70, Kailashahar-6, Udaipur-5, Dharmanagar-14.

<sup>†</sup> Agartala – Rs. 68.10 lakh

Kailashahar – Rs. 7.94 lakh

Udaipur – Rs. 2.02 lakh

Dharmanagar – Rs. 15.12 lakh

Rs. 93.18 lakh

**6.3.19** A test check of records of 7 Charges revealed that delays varying from 4 months to 221 months in initiating Certificate Proceedings against 38 dealers involving 137 assessment years resulted in blockage of revenue amounting to Rs. 75.03 lakh as detailed below:

Sl. No.	Name of Charge	No. of dealers	Assessment years involved	Period of assessment/date of assessment (between)	Period of delay as on the date of audit	Amount involved (Rupees in lakh)
1.	Agartala Charge I	6	26	January 1991 and December 1997	10 to 48 months	20.05
2.	Agartala Charge II	2	6	February 1994 and November 1994	4 to 5 months	0.87
3.	Agartala Charge III	2	8	November 1996 and April 1997	5 to 10 months	1.97
4.	Agartala Charge IV	14	54	March 1981 and May 1997	5 to 221 months	28.63
5.	Dharmanagar	3	10	April 1989 and May 1997	10 to 115 months	3.92
6.	Kailashahar	8	23	February 1985 and 1996	7 to 104 months	16.16
7.	Udaipur	3	10	May 1987 and September 1997	12 to 165 months	3.43
		<b>38</b>	<b>137</b>			<b>75.03</b>

***Disposal of Certificate Cases***

**6.3.20** On initiating Certificate Proceedings under the Tripura Land Revenue and Land Reforms Act, 1960, several steps i.e. serving written notice of demand, distress warrant and attachment of properties of certificate debtors are to be taken by the Certificate Officer for recovery of dues.

***Arrears pending due to inadequate action***

**6.3.21** In 128 cases received by all the Certificate Officers in the State upto March 2002 for effecting recoveries of Government dues worth Rs. 1193.89 lakh as arrears of Land Revenue, only an amount of Rs. 45.36 lakh could be recovered. Only in one case, movable property was attached and the security with the department was forfeited. In the remaining cases, no effective measures as provided in the Act, such as attachment and sale of their properties etc were adopted except issue of writs of demand notice.

***Poor disposal of certificate cases by the Certificate Officer, Agartala***

**6.3.22** Further scrutiny of the records of Certificate Officer at Agartala, who received 1033 cases constituting 80 per cent of all the certificate cases (1287) processed by the Department, revealed (March 2002) that the number of cases settled was very low as compared to the cases pending.

**6.3.23** Upto March 2002, Rs. 14 lakh was realised as against the total demand of Rs. 11.19 crore in 1033 cases. Audit scrutiny revealed that out of 1033 cases processed for Certificate Proceeding, only 155 cases had been fully settled; in 779 cases no realisation had taken place whereas in 99 cases there was part realisation. Such poor settlement contributed to heavy accumulation of outstanding dues aggregating to Rs. 11.05 crore.

**6.3.24** On this being pointed out in audit, the department stated in May 2002 that the poor recovery was due to shortage of staff and enforcement machinery.

***Non-recovery due to lack of co-ordination between Charge Officer and Certificate Officer***

**6.3.25** There was no well-defined procedure for receipt and recording of requisition for recovery. However, Certificate Proceedings are initiated for realisation of arrears for which the Assessing Officer sends the proposal of certificate case to the Certificate Officer and entrusts the details of such cases in a register maintained by the Certificate Officer for issue of certificates for realisation of dues. Reconciliation of entries in the register is required to be made in order to ensure that proper action had been taken in respect of each demand.

**6.3.26** Test check of records of Charge IV, Agartala, revealed that certificate proposals in 2 cases involving Rs. 9.28 lakh initiated between August 1992 and February 1999 were neither received by the Certificate Officer nor pursued by the Charge Officer. These were not investigated, whereby the total dues of Rs.9.28 lakh escaped pursuance of both the Charge Officer and the Certificate Officer for realisation.

***Loss of revenue due to non-levy of interest in certificate demand***

**6.3.27** Test check of records revealed that in 155 cases of 6 Charges<sup>a</sup> relating to the assessments periods ending between 1978-1979 to 1994-1995 the dealers had failed to make payments within the specified date mentioned in the demand notices. The Assessing Officers had sent the certificate of requisition to the Certificate Officer who had realised Rs. 8.13 lakh without levying interest as per provision of the Act.

**6.3.28** This resulted in non-realisation of interest of Rs. 10.03 lakh.

***Appointment of Certificate Officer***

**6.3.29** Prior to 25 September 1984, for recovery of dues which are treated as Arrears of Land Revenue, the cases were forwarded to the Circle Officer (Certificate Officer). Thereafter Government of Tripura, Revenue Department (Land Reforms Cell) in exercise of the powers conferred by Section 8 of the Tripura Land Revenue and Land Reforms Act, 1960, appointed one of the officers from the Sales Tax Department to function as Certificate Officer with the powers of Circle Officer under Chapter VII of the Act for the purpose of recovery of dues under the Tripura Sales Tax Act, 1976 (Tripura Act No. 11 of 1976).

**6.3.30** It was, however, noticed that the Commissioner of Taxes appointed (January 1995) one Assistant Commissioner of Taxes to act as Certificate Officer, Agartala, without delegating the powers of Circle Officer under the above provision of the Act.

<sup>a</sup> Agartala charge No. I, II, III, IV, V & VI.

**6.3.31** Therefore, the action of the Department appointing Certificate Officer without delegating relevant powers did not serve the purpose for which he was appointed.

***Conclusion***

**6.3.32** Accumulation of huge arrears was mainly due to inadequate action by the department/government such as:

- (a) Non-pursuance of cases for timely recovery;
- (b) Delayed initiation of Certificate Proceedings;
- (c) Non-attachment and sale of defaulter's properties as per provision of the Tripura Land Revenue and Land Reforms Act, 1960;
- (d) Not taking any action to vacate the stay orders.

***Recommendations***

**6.3.33** The Department may initiate measures for working out the correct position of arrears of Sales Tax.

**6.3.34** Besides issuing demand notice, the Department may also give adequate thrust to improve the recovery by enforcing the relevant provisions of the Act.

**6.3.35** The Department should strengthen the co-ordination between the Certificate Officers and the Charge Officers to ensure timely action for recovery.

**6.3.36** The government should take necessary steps to get the stay vacated for speedy recovery of the arrears.

**SECTION - B****FINANCE (EXCISE AND TAXATION) DEPARTMENT****6.4 Non-realisation of Entertainment Tax**

**Entertainment tax of Rs. 1.16 lakh was not realised from a cultural organisation in West Tripura District.**

The Tripura Amusement Tax Act and the Rules made thereunder provides for levy of entertainment tax at the rate of 25 per cent on all payments and also on all free or complimentary passes for admission to any entertainment.

A test check (May 1998) of records of the District Magistrate and Collector, West Tripura revealed that permission for holding a cultural programme on 1 May 1997 at the premises of Rabindra Shatabarsiki Bhavan, Agartala was accorded (30 April 1997) in favour of Desavi Social & Cultural Unit, Agartala. The organiser of the programme deposited Rs. 0.69 lakh as advance payment of entertainment tax. It was ascertained that 4422 tickets at different rates were sold for Rs. 7.39 lakh on which entertainment tax of Rs. 1.85 lakh was required to be paid. Steps to realise the balance amount of tax had not been taken by the Department. As such the Government sustained a loss of revenue to the extent of Rs. 1.16 lakh.

On this being pointed out in Audit (July 1998), the Department stated (August 2002 and July 2002) that a certificate case had been instituted (November 1999) to recover the balance dues but the organiser could not be traced out. Action was being taken to trace him out and to realise the unpaid amount of taxes.

The matter was reported to the Government in May 2002; reply had not been received (November 2002).

**6.5 Non-recovery of cost of establishment charges**

**The Collector of Excise, North Tripura, did not recover Rs. 2.14 lakh towards the cost of establishment charges from two bonded warehouses.**

Under the provision of Tripura Excise Rules, 1990, the pay and allowances of departmental staff posted to bonded warehouses to ensure compliance with the provision of the Excise Act and the rules is recoverable from the warehouses.

During test check (September – October 2002) of records of the Collector of Excise, North Tripura, Kailashahar it was noticed that an amount of Rs. 2.14 lakh towards the cost of establishment of two excise guards of Excise Department posted (September 1998) at the Kumarghat Bonded Warehouse and Varuni Distillery Pvt. Ltd. was not recovered from the licensee by the Department for the period September 1998 to August 2000



On this being pointed out to the department in December 2002 and June 2002, the Collector of Excise, North Tripura, stated (June 2002) that a sum of Rs. 1.01 lakh had been realised (April 2002) from one licensee and the balance of Rs. 1.13 lakh was being realised from the other licensee in four instalments of which first instalment of Rs. 0.29 lakh had been realised in May 2002.

The matter was reported to the Government in May 2002; reply had not been received (November 2002).

## **6.6 Loss of revenue**

### **There were short levy of interest amounting to Rs. 1.41 lakh and non-realisation of interest on Sales Tax and penalty of Rs. 2.38 lakh.**

The Tripura Sales Tax Act, 1976, inter alia, provides that the Commissioner of Taxes shall, at the close of a year or at the closure of the business during that year, assess a registered dealer if he is satisfied that the returns furnished by the dealer are correct and complete. The Act also provides that if a dealer fails to file a return or fails to comply with all the terms of notice, the Commissioner shall assess the dealer to the best of his judgement and determine the tax payable by him. The Act further provides for levy of simple interest at the rate of 25 per cent per annum from the first day of the month next following the due date of payment on the amount of unpaid tax upto the date of assessment.

During test check (July – August 2002) of records of the Superintendent of Taxes, Charge IV, Agartala, it was noticed that a dealer of cement and G.C.I. sheets did not submit seven permits<sup>†</sup> issued for import/transport of taxable goods<sup>\*</sup> and also did not file return or paid any tax for the year 1991-92. The Superintendent of Tax had issued 6 notices (4 between June and September 1992; 1 each in April 1993 and April 1995) and finally assessed the dealer in February 1999 on the basis of best judgement for the years 1990-91 and 1991-92 for non-compliance of the notices by the dealer and determined tax payable at Rs. 1.75 lakh<sup>\*</sup> and Rs. 0.63 lakh<sup>\*</sup> respectively including penalty and interest. There was a short levy of interest of Rs. 1.08 lakh and Rs. 0.33 lakh due to charging of interest for 12 months only as against 94 months and 82 months respectively upto the date of assessment. Meanwhile, the dealer had closed down his business. The attempt to realise the Government revenue of Rs. 2.38 lakh (excluding amount of interest of Rs. 1.41 lakh short-levied against which no demand had been raised) by issuing demand notice (March 1999) and instituting certificate case (June 1999) failed as the dealer could not be traced and the notice remained undelivered. No further step was taken for recovery of the dues till the date of audit.

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<sup>†</sup> 5 in 1990-1991 and 2 in 1991-92.

<sup>\*</sup> The dealer was to submit the original copy of the permit within one month from the date of endorsement in support of the transportation of consignment at the check post.

<sup>\*</sup> Tax: Rs. 0.64 lakh; Penalty: Rs. 0.95 lakh and Interest: Rs. 0.16 lakh.

<sup>\*</sup> Tax: Rs. 0.23 lakh; Penalty: Rs. 0.34 lakh and Interest: Rs. 0.06 lakh.

The Government in reply (July 2002) endorsed the views of the Department (July 2002), according to which the demand was under process of collection. On a further query as to how the revenue could be realised since the whereabouts of the assessee was not known, the Department stated (October 2002) that a notice would be served by affixing a copy thereof on some conspicuous part of the last notified place or premises of the dealer. Besides, enquiry would be made regarding property of the dealer for collection of outstanding revenue as an arrear of land revenue under the provision of the Act and as regards short levy of interest, notice would be issued for re-assessment. But the reply did not spell out as to why the above action could not be taken during last two and a half years and how it would be possible to collect revenue where the dealer had no unrecoverable property and bank account as reported by the Inspector of Taxes in his report dated 6 August 1990 at the time of issue of Certificate of Registration.

Thus, inordinate delay in assessment despite non-submission of return and delay in initiating follow up action after non-compliance of notices issued in 1992 not only resulted in deferment of realisation of revenue but also non-realisation and loss of revenue of Rs. 3.79 lakh.

### 6.7 Short levy of interest

#### There was short levy of interest by Rs. 14.35 lakh on unpaid amount of taxes.

Under the provision of Tripura Sales Tax Act, 1976, if a registered dealer does not pay full amount of tax due from him on the basis of return or his books of account within the prescribed date, simple interest at the rate of 25 per cent per annum from the first day of the month next following the said date shall be payable by him on the amount by which the tax so paid falls short of the amount of tax payable as per his return or books of account. Further, Tripura Sales Tax Tribunal held (May 1992) that interest on unpaid amount of tax had to be calculated according to the provision of the Act and Rules and there was no scope to waive the interest even on the ground of delay in making assessment/reassessment. In an analogous case of non-payment / part payment of Central Excise duty, the Hon'ble Supreme Court had laid down in the case of Oswal Agro {ECR 5 (SC) 1996} that in such cases interest should be charged from the assessee in respect of the entire period during which the Government dues remain with the assessee.

A test check of the records of 4 Superintendents of Taxes revealed (between November 1997 and April 1999) that in 9 cases involving 7 dealers did not pay balance tax of Rs. 10.68 lakh due for the period from 1988-89 to 1995-96. However, while finalising (between July 1995 and July 1998) the assessment, the assessing authorities levied interest of Rs. 3.70 lakh instead of Rs. 18.05 lakh leviable on the unpaid tax. This resulted in short levy of interest of Rs.14.35 lakh\* (Rs 18.05 lakh - Rs 3.70 lakh = Rs 14.35 lakh).

\* 1. Superintendent of Taxes, Charge – I; Rs. 1.18 lakh  
2. Superintendent of Taxes, Charge – V; Rs. 11.05 lakh  
3. Superintendent of Taxes, Dharmanagar; Rs. 0.43 lakh

The matter was reported to the Government in June 2002; reply had not been received (November 2002).

## FOREST DEPARTMENT

### 6.8 Non/short realisation of revenue

**Consequent upon revision of sale price of forest produces Rs. 2.14 lakh remained unrealised from various Government departments, besides loss of revenue amounting to Rs. 1.26 lakh against sale of timber to private parties**

Pursuant to the order dated 15 January 1998 of the Hon'ble Supreme Court<sup>■</sup>, Government of Tripura upwardly revised the existing royalty/sale price of the timber/forest produces vide Notification dated 22 September 1999. The revised rates of royalty came into force from 15 January 1998. Earlier, pending upward revision of sale price of timber, Principal Chief Conservator of Forest (PCCF) had directed (30 May 1998) all Divisional Forest Officers to issue permits on receipt of an undertakings from the Government Departments/Organisations/Local bodies that enhancement in existing rates of royalty of timber would be payable by them after issue of Government notification in that regard.

(a) A test check of records on the accounts of Sadar Forest Division revealed (December 1999) that 93.349 cum of timber of different species were sold to four Government Departments and local bodies during the period from August 1998 to February 1999 at Rs. 3.32 lakh without obtaining undertakings in terms of PCCF's order of May 1998. Consequent on the above upward revision, the value of the said quantity of timber worked out to Rs. 5.46 lakh inclusive of taxes. Thus, there was short realisation of Rs 2.14 lakh\* (Rs. 5.46 lakh – Rs. 3.32 lakh). Recovery of the balance amount due to upward revision of price was still awaited (July 2002).

(b) Further, 212.568 cum of timber of ordinary species were disposed of to the contractors during the period from June 1998 to October 1999 on realisation of Rs. 4.13 lakh including taxes. But, while executing the agreements, no clause as directed by the PCCF was inserted for payment of the balance amount of royalty consequent on upward revision of timber notified by the Government. At revised scale, the cost of 212.568 cum of timber worked out to Rs. 5.39 lakh together with taxes. This non-realisation resulted in loss of revenue of Rs. 1.26 lakh (Rs. 5.39 lakh – Rs. 4.13 lakh).

The Government to whom the matter was referred (May 2002) stated (July 2002) that supplementary bills have been raised for the balance amount of Rs. 2.14 lakh against Government departments and local bodies, realisation of which was awaited. As regards short realisation of Rs. 1.25 lakh, the Government, while attempting to justify the action, stated that revised rates

4. Superintendent of Taxes, Udaipur ; Rs. 1.69 lakh

■ Writ petition (c) No. 202 of 1995-T.N.Godevarman Thirumulpal vs Union of India and others read with the writ petition (c) No. 171 of 1996.

\* Director of Education, West Zone: Rs. 1.98 lakh; B.S.F, Agartala: Rs. 0.05 lakh; T.F.D.C, Agartala: Rs. 0.05 lakh; Netaji Shilpa Samiti, Bishalgarh: Rs. 0.06 lakh.

effective from 15 January 1998 was not intended to cover the standing trees sold prior to issue of notification of September 1999 but was to cover the timber already seized and inventorised. It was also contended that the royalty realised from the contractors was not less than that of the revised rates if the cost of felling, conversion and transportation, which were to be added to the sale price, were taken into account. The contention is, however, not tenable since in the sale price fixed by the Government as per notification issued from time to time nowhere it was mentioned that fixation of sale price would be made after adjusting the expenditure incurred on felling, conversion etc. Further, under notification dated 22 September 1999, rates were revised with retrospective effect from 15 January 1998 in respect of all timbers/forest produce without any mention of seized timber.

## TRANSPORT DEPARTMENT

### 6.9 Non-realisation of penalty for belated payment of composite fees

**Penalty of Rs. 1.15 lakh realisable from the owners of public carriers of other States for belated payment of composite fees payable under National Permit Scheme was not realised.**

Under the National Permit Scheme, the owner of a public carrier registered in another State but plying in the State of Tripura is required to pay in advance a composite fee of Rs. 3000 (in one lump by 15 March for the whole year or in two instalments by 15 March and 15 September each year) to the State Transport Authority of the respective States issuing the permit. If the owner does not pay the composite fee within the prescribed date/dates, he shall be liable to pay, to the authority issuing the permit, in addition to the composite fee a penalty of Rs. 100 per month or part thereof for each of the States. Both the composite fee and penalty, on realisation by that Authority, is to be remitted to the State Transport Authority, Tripura.

Scrutiny in audit (January – February 2002) revealed that an amount of Rs. 1.15 lakh was recoverable from other States by way of penalty for late payment of composite fees in respect of 379 cases (Assam; 370; Andhra Pradesh; 8 and Mizoram: 1) for the years 1998-99 (October 1998-March 1999) to 2002-2002, but neither any demand was raised nor was any collection made from State Transport Authorities of Assam, Andhra Pradesh and Mizoram. On this being pointed out in Audit, the Department stated (October 2002) that the concerned State Transport Authorities were requested to realise the penalty; but no response was received. However, the matter was stated to be under persuasion.

The matter was reported to the Government in June 2002; reply had not been received (November 2002).

**6.10 Loss of revenue amounting to Rs. 5.03 lakh**

**Failure in initiating timely action in revalidating of Bank Drafts or having fresh Bank Drafts in lieu thereof under National Permit Scheme led to loss of revenue of Rs. 5.03 lakh.**

Under the National Permit Scheme, the owners of public carriers registered in other States are authorised to ply in the State of Tripura by remitting in advance a composite fee of Rs. 3000 (payable in one lump on 15 March or in two instalments on 15 March and 15 September in each case for each year) by Bank Drafts to the State Transport Authority (STA), Tripura through their STAs. As per financial rules, drafts so received from other STAs on account of the revenue of the Government shall without delay be remitted to the Treasury/Bank.

Test check of records (January – February 2001) revealed that the Office of the Deputy Transport Commissioners, Tripura received 274 Bank Drafts for Rs. 5.03 lakh issued between April 1998 and July 1999 from STAs of other States as composite fee. The date of receipt, letters under which drafts were forwarded, periods to which they relate were not found recorded in the relevant register. However, these drafts could neither be remitted to Bank within the validity period of six months nor could these be got revalidated within one year of their issue. No fresh draft could also be obtained in cancellation of original one despite lapse of a considerable period as of January 2002. Available records did not indicate that any action to deposit the drafts in time or to get them revalidated or to obtain fresh drafts in lieu thereof was initiated by the department. On this being pointed out in audit, the Department stated (October 2002) that according to Bank Authority, revalidation cannot be done after a lapse of one year, and cancellation of original one is to be done by the person who purchased the draft i.e. by the owners of public carriers, which was stated to be an impossible task.

Thus, failure in initiating timely action by the office of the Deputy Transport Commissioner led to a loss of revenue of Rs. 5.03 lakh.

The matter was reported to the Government in June 2002; reply had not been received (November 2001).