

PREFACE

This report for the year ended March 2004 has been prepared for submission to the President under Article 151(1) of the Constitution of India.

Audit of Revenue Receipts - Direct Taxes of the Union Government is conducted under section 16 of the Comptroller and Auditor General of India (Duties, Powers and Conditions of Service) Act, 1971.

The report presents the results of audit of receipts under direct taxes comprising corporation tax, income tax, wealth tax, gift tax etc., and is arranged in the following order: -

- (i) Chapter I includes information on the arrangements for audit of direct taxes and mentions the results thereof;
- (ii) Chapter II incorporates important statistical information on the tax administration;
- (iii) Chapter III mentions issues arising out of the test check of assessments of corporation tax;
- (iv) Chapter IV deals with results of test check of income tax assessments;
- (v) Chapter V highlights the results of test check of wealth tax, gift tax, interest tax and expenditure tax assessments; and
- (vi) Chapter VI highlights the status and adequacy of follow up action in selected post VDIS 1997 assessments.

The observations included in this report have been selected from the findings of the test check conducted during 2003-04 and in earlier years, which could not be covered in the previous reports.