

## Appendix-1

**Chapter 1: Introduction**

(Referred to in Para 1.13)

**STATEWISE DETAILS OF RECORDS NOT PRODUCED TO AUDIT IN EARLIER YEARS AND REQUISITIONED AGAIN IN 2005-06**

Sl. No.	State	Records requisitioned again	Records not produced	Percent
1	Andhra Pradesh	4594	2905	63.23
2	Jharkhand	27	27	100
3	Gujarat	4637	2292	49.43
4	Haryana	379	282	74.40
5	Himachal Pradesh	1167	442	37.87
6	Karnataka	16867	13679	81.10
7	Kerala	1688	832	49.29
8	Madhya Pradesh	2784	1959	70.37
9	Orissa	1857	1794	96.61
10	Punjab	4737	3952	83.43
11	UT Chandigarh	1228	1030	83.87
12	Rajasthan	2564	1412	55.07
13	Tamil Nadu	4909	1707	34.77
14	Delhi	8490	4808	56.63
15	Maharashtra	4068	2542	62.49
	<b>Total</b>	<b>59996</b>	<b>39663</b>	<b>66.57</b>

## Appendix 2

## Chapter II: Tax Administration

(Reference: Para 2.4/Table 2.3)

Minor head wise details of Budget estimates and Actuals for 2005-06					
Sl. No.	Head of revenue	Budget estimates	Actuals	Surplus(+)/ Shortfall(-)	Percentage of surplus/ shortfall
		(Rs. in crore)			
<b>0020-Corporation tax</b>					
(i)	Income tax on companies	95,050.00	88,667.07	(-) 6382.93	(-) 6.710
(ii)	Surcharge	9,505.00	3,733.21	(-) 5771.79	(-) 60.72
(iii)	Other receipts	6,018.00	8,876.88	(+) 2858.88	(+) 47.51
(iv)	<b>Total</b>	<b>1,10,573.00</b>	<b>1,01,277.16</b>	<b>(-) 9295.84</b>	<b>(-) 8.41</b>
(v)	Deduct share of proceeds assigned to states		(-) 26089.56		
	<b>Net collection</b>		<b>75,187.60</b>		
<b>0021 - Taxes on income other than corporation tax</b>					
(i)	Income tax	60,966.00	53,620.68	(-) 7345.32	(-) 12.05
(ii)	Surcharge	748.00	924.42	(+) 176.42	(+) 23.58
(iii)	Other receipts	4,525.00	1,439.52	(-)3085.48	(-) 68.19
(iv)	<b>Total</b>	<b>66,239.00</b>	<b>55,984.62</b>	<b>(-) 10254.38</b>	<b>(-) 15.48</b>
(v)	Deduct share of proceeds assigned to states		(-) 18,374.83		
	<b>Net collection</b>		<b>37,609.79</b>		

**Appendix 3**  
[Reference: Para 2.5/Table 2.4]

(Rs. in crore)

State	Corporation tax				Income tax				Total of two heads			
	2003-04	2004-05	2005-06	Percent change over pre. Year	2003-04	2004-05	2005-06	Percent change over pre. Year	2003-04	2004-05	2005-06	Percent change over pre. year
Andhra Pradesh	1,804.26	2,363.57	4059.58	71.75	2,035.92	2,460.13	2477.86	0.72	3,840.18	4,823.70	6537.44	35.52
Assam	690.54	961.36	520.16	(-) 45.89	592.32	532.48	1175.63	120.78	1,282.86	1,493.84	1695.79	13.51
Bihar & Jharkhand	86.34	407.75	572.20	40.33	855.63	1,145.99	983.86	14.14	941.97	1,553.74	1556.06	0.14
Goa	176.42	517.77	810.15	56.47	178.64	274.94	258.91	(-) 5.83	355.06	792.71	1069.06	34.86
Gujarat	1,648.20	2,444.03	3080.89	26.05	2,125.03	2,524.59	2971.72	17.71	3,773.23	4,968.62	6052.61	21.81
Haryana	295.25	589.04	866.62	47.12	831.73	1,060.61	1218.87	14.92	1,126.98	1,649.65	2085.49	26.42
HP	11.72	43.55	60.97	40.00	184.44	208.13	169.82	(-) 18.40	196.16	251.68	230.79	(-) 8.30
J&K	201.25	74.70	128.48	71.99	144.11	133.90	109.81	(-) 17.99	345.36	208.60	238.29	14.23
Karnataka	3,365.99	5,930.74	7386.03	24.53	3,960.98	4,521.69	6224.82	37.66	7,326.97	10,452.43	13610.85	30.21
Kerala	989.32	832.53	576.15	(-) 30.79	747.40	912.42	1069.56	17.22	1,736.72	1,744.95	1645.71	(-) 5.68
MP & Chattisgarh	1,511.79	2,072.18	1712.13	(-) 17.37	1,008.74	1,216.51	1660.82	36.52	2,520.53	3,288.69	3372.95	2.56
Maharashtra	28,671.36	33,210.22	38011.81	14.45	11,895.69	15,008.17	17642.76	17.55	40,567.05	48,218.39	55654.57	15.42
Delhi	10,416.80	13,362.34	18512.26	38.54	5,722.78	6,834.95	6769.71	(-) 0.95	16,139.58	20,197.29	25281.97	25.17
Orissa	1,018.55	1,805.53	1766.00	(-) 2.18	380.47	393.81	634.81	61.19	1,399.02	2,199.34	2400.81	9.16
Punjab	446.76	494.59	248.42	(-) 49.77	1,036.04	1,197.80	1407.72	17.52	1,482.80	1,692.39	1656.14	(-) 2.14
Rajasthan	560.75	767.20	1177.09	53.42	835.49	889.77	912.48	2.55	1,396.24	1,656.97	2089.57	26.10
Tamil Nadu	3,164.91	4,714.85	6505.11	37.97	3,148.79	3,560.82	3929.50	10.35	6,313.70	8,275.67	10434.61	26.08
UP & Uttaranchal	5,539.85	8,117.07	9653.42	18.92	2,225.89	2,434.06	2562.53	5.27	7,765.74	10,551.13	12215.95	15.77
West Bengal	2,730.31	3,507.47	5042.43	43.76	1,961.25	2,189.18	2192.85	0.16	4,691.56	5,696.65	7235.28	27.00
Union Territories	199.67	398.65	318.17	(-) 20.18	271.80	198.68	420.58	111.68	471.47	597.33	738.75	23.67
CTDS	31.99	64.44	269.09	317.58	1,243.37	1,569.49	1190.00	(-) 24.18	1275.36	1,633.93	1459.09	(-) 10.70
<b>Total</b>	<b>63,562.03</b>	<b>82,679.58</b>	<b>101277.16</b>	<b>22.49</b>	<b>41,386.51</b>	<b>49,268.12</b>	<b>55984.62</b>	<b>13.63</b>	<b>1,04,948.54</b>	<b>1,31,947.70</b>	<b>157261.78</b>	<b>19.18</b>

## Appendix 4

[Reference: Para 2.5/Table 2.4]

STATE/UT WISE BREAK UP OF DIRECT TAXES												
States	0020	0021	0023	0024	0026	0028	0031	0032	0033	0034	0036	Total
	Corpn tax	Income Tax	Hotel Rect Tax	Interest Tax	Fringe Ben. Tax	Expdr Tax	Estate Duty	Wealth Tax	Gift Tax	Sec. Trans Tax	Ban. Cash Tran. Tax	
(Rs. in crore)												
Andhra Pradesh	4059.58	2477.86	4.25	0.48	121.09	1.60	0.00	5.95	0.50	1.46	20.54	6693.31
Arunachal Pradesh	0.00	7.61	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7.61
Assam	498.66	1093.77	0.01	0.01	2.46	0.19	0.06	0.87	0.00	0.00	0.09	1596.12
Bihar	140.41	448.87	0.00	0.03	6.39	0.03	0.00	0.22	0.00	0.00	0.00	595.95
Jharkhand	431.79	534.99	0.00	0.14	11.83	0.06	0.00	0.33	0.00	0.00	0.05	979.19
Goa	810.15	258.91	0.00	0.01	12.71	0.06	0.00	1.24	0.00	0.00	0.04	1083.12
Gujarat	3080.89	2971.72	0.70	0.29	120.21	2.73	0.01	7.71	0.05	0.09	3.42	6187.82
Haryana	866.62	1218.87	0.01	0.02	125.00	0.10	0.00	1.13	0.00	0.00	0.24	2211.99
Himachal Pradesh	60.97	169.82	0.00	0.00	3.28	0.62	0.00	0.07	-0.01	0.00	0.01	234.76
Jammu & Kashmir	128.48	109.81	0.00	0.00	5.22	0.00	0.00	0.02	0.00	0.00	0.38	243.91
Karnataka	7386.03	6224.82	0.03	0.94	406.54	3.12	0.00	9.41	1.13	2.54	41.12	14075.68
Kerala	576.15	1069.56	0.04	4.54	29.72	0.07	0.00	3.61	0.14	0.00	10.63	1694.46
Madhya Pradesh	1295.56	915.64	0.01	-0.14	36.20	0.00	-0.79	0.84	0.01	0.00	4.73	2252.06
Chhatisgarh	416.57	745.18	0.00	0.06	15.79	0.00	-0.14	25.19	0.00	0.00	0.07	1202.72
Maharashtra	38011.81	17642.76	0.77	3.95	2170.53	6.28	0.04	104.28	-0.41	2546.42	170.64	60657.07
Manipur	3.85	1.17	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.02

States	0020	0021	0023	0024	0026	0028	0031	0032	0033	0034	0036	Total
	Corpn tax	Income Tax	Hotel Rect Tax	Interest Tax	Fringe Ben. Tax	Expdr Tax	Estate Duty	Wealt h Tax	Gift Tax	Sec. Trans Tax	Ban. Cash Tran. Tax	
(Rs. in crore)												
Meghalaya	9.09	30.21	0.00	0.00	0.98	0.00	0.00	0.02	0.00	0.00	0.00	40.30
Mizoram	0.35	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.35
Nagaland	1.04	3.88	0.00	0.00	0.07	0.00	0.00	0.01	0.00	0.00	0.00	5.00
New Delhi	18512.26	6769.71	0.00	0.94	847.20	1.70	0.04	36.88	0.50	0.60	32.23	26202.06
Orissa	1766.00	634.81	0.00	0.01	13.95	0.00	0.00	0.20	0.00	0.00	0.09	2415.06
Punjab	248.42	1407.72	0.01	0.40	30.44	1.56	0.03	3.30	-0.01	0.01	0.14	1692.02
Rajasthan	1177.09	912.48	0.01	0.11	64.95	2.76	0.00	2.03	0.00	0.00	2.58	2162.01
Sikkim	0.87	13.37	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	14.24
Tamil Nadu	6505.11	3929.50	0.05	0.34	287.19	2.44	0.03	16.99	0.03	3.27	19.10	10764.05
Tripura	6.30	25.62	0.00	0.00	0.00	0.01	0.00	0.01	0.01	0.00	0.00	31.95
Uttar Pradesh	1068.97	2073.27	0.00	0.41	78.04	5.90	0.00	7.74	0.00	0.38	0.53	3235.24
Uttaranchal	8584.45	489.26	0.00	0.07	66.93	0.00	0.00	1.30	0.00	0.00	0.42	9142.43
West Bengal	5042.43	2192.85	0.00	0.52	288.22	0.65	0.00	20.34	0.02	4.61	14.00	7563.64
<b>Total (i)</b>	<b>100689.90</b>	<b>54374.04</b>	<b>5.89</b>	<b>13.13</b>	<b>4744.94</b>	<b>29.88</b>	<b>-0.72</b>	<b>249.69</b>	<b>1.96</b>	<b>2559.38</b>	<b>321.05</b>	<b>162989.14</b>

Report No.8 of 2007 (Direct Taxes)

States	0020	0021	0023	0024	0026	0028	0031	0032	0033	0034	0036	Total
	Corp'n tax	Income Tax	Hotel Receipts Tax	Interest Tax	Fri.Ben. Tax	Expdr Tax	Estat e Duty	Wealth Tax	Gift Tax	Sec. Trns.Tax	BCTT	
<b>Union Terretories</b>												
Andaman and Nicobar Islands	4.14	5.45	0.00	0.00	0.24	0.00	0.00	0.00	0.00	0.00	0.00	9.83
Chandigarh	261.29	360.69	0.00	0.11	25.77	0.80	0.00	0.61	0.00	0.00	0.28	649.55
Daman	8.69	2.16	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.85
Diu	0.16	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.16
Dadra and N.Haveli	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Pondicherry	43.73	51.70	0.00	0.00	1.33	0.01	0.00	0.05	0.00	0.00	0.00	96.82
Lakshadweep	0.00	0.09	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.09
Silvassa	0.16	0.49	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.65
<b>Total (ii)</b>	<b>318.17</b>	<b>420.58</b>	<b>0.00</b>	<b>0.11</b>	<b>27.34</b>	<b>0.81</b>	<b>0.00</b>	<b>0.66</b>	<b>0.00</b>	<b>0.00</b>	<b>0.28</b>	<b>767.95</b>
<b>Total (i) &amp;(ii)</b>	<b>101008.07</b>	<b>54794.62</b>	<b>5.89</b>	<b>13.24</b>	<b>4772.28</b>	<b>30.69</b>	<b>-0.72</b>	<b>250.35</b>	<b>1.96</b>	<b>2559.38</b>	<b>321.33</b>	<b>163757.09</b>
<b>CTDS (Prov)</b>	269.09	1190.00										1459.09
<b>Grand Total</b>	<b>101277.16</b>	<b>55984.62</b>	<b>5.89</b>	<b>13.24</b>	<b>4772.28</b>	<b>30.69</b>	<b>-0.72</b>	<b>250.35</b>	<b>1.96</b>	<b>2559.38</b>	<b>321.33</b>	<b>165216.18</b>

**Appendix 5**  
[Reference: Para 2.9/Table 2.12]

**(i) STATUS-WISE AND CATEGORY-WISE BREAK-UP OF WORK LOAD, DISPOSALS AND PENDING OF ASSESSMENTS AS ON 31 MARCH 2006**

			Workload		Disposal		Balance	
			Scrutiny	Non-Scrutiny	Scrutiny	Non-Scrutiny	Scrutiny	Non-Scrutiny
1.	Category 'A' Assessments	Company	17,896	2,34,348	10,465	1,44,594	7,431	89,754
		Non-Company	1,74,867	2,89,21,807	1,07,906	2,01,35,058	66,961	87,86,749
2.	Category B (lower) Assessments	Company	13,082	79,438	6,953	45,525	6,129	33,913
		Non-company	55,511	25,64,145	29,845	17,03,885	25,666	8,60,260
3.	Category 'B' (higher) assessments	Company	6,226	37,485	3,296	20,504	2,930	16,981
		Non-company	24,595	6,93,684	11,457	4,23,542	13,138	2,70,142
4.	Category 'C' Assessments	Company	37,0372	62,300	17,337	33,794	19,700	28,506
		Non-Company	59,135	1,79,135	25,567	1,14,415	33,568	64,720
5.	Category 'D' Assessments	Company	6,771	151	4,221	101	2,550	50
		Non-Company	30,105	48,514	13,651	27,652	16,454	20,862
6.	<b>Total</b>	<b>Company</b>	<b>81,012</b>	<b>4,13,722</b>	<b>42,272</b>	<b>2,44,518</b>	<b>38,740</b>	<b>1,69,204</b>
		<b>Non-Company</b>	<b>3,44,213</b>	<b>3,24,07,285</b>	<b>1,88,426</b>	<b>2,24,04,552</b>	<b>1,55,787</b>	<b>1,00,02,733</b>

**(ii) STATUS-WISE BREAK-UP OF INCOME TAX (INCLUDING CORPORATION TAX) ASSESSMENTS COMPLETED DURING THE YEARS 2003-04 TO 2005-06**

		2003-04	2004-05	2005-06
(a)	Individuals	1,96,54,891	1,86,94,801	2,10,64,691
(b)	Hindu undivided families	4,82,743	4,56,426	4,97,202
(c)	Firms	10,13,336	8,55,678	9,32,508
(d)	Companies	3,42,412	2,98,713	2,86,790
(e)	Others (including trusts)	84,498	3,98,213	98,577
	<b>Total</b>	<b>2,15,77,880</b>	<b>2,07,03,831</b>	<b>2,28,79,768</b>

**Appendix 6**

[Reference: Para 2.11/Table 2.16]

(Rs. in crore)

**(i) YEAR WISE BREAK UP OF TAX RECOVERY CERTIFICATES PENDING AS ON 31 MARCH 2006 AND AMOUNT OF DEMAND**

Year	No. of Certificates	Amount
2000-01 and earlier years	1,43,121	9,055.80
2001-02	24,097	5,568.98
2002-03	22,973	4,567.41
2003-04	22,536	2,428.84
2004-05	24,075	1,571.17
2005-06	1,14,762	4,017.20
<b>Total</b>	<b>3,51,564</b>	<b>27,209.40</b>

(Rs. in crore)

**(ii) TAX-WISE AND AMOUNT-WISE ANALYSIS OF PENDING TAX RECOVERY CERTIFICATES**

	Range of Demand	Corporation Tax		Income Tax		Wealth Tax	
		No.	Amount	No.	Amount	No.	Amount
(a)	Upto Rs.10,000	8,637	7.82	2,18,441	182.13	18,489	1.79
(b)	Over Rs.10,000 and below Rs.1 lakh	5,227	24.02	49,707	289.92	1,266	2.20
(c)	Over Rs.1 lakh to Rs.5 lakh	3,403	171.61	17,247	391.44	252	4.62
(d)	Over Rs.5 lakh to Rs.10 lakh	1,726	287.84	6,342	394.49	45	2.86
(e)	Over Rs.10 lakh	4,096	7484.07	12,278	1,7853.18	123	56.75
	<b>Total</b>	<b>23,089</b>	<b>7975.36</b>	<b>3,04,015</b>	<b>19,111.16</b>	<b>20,175</b>	<b>68.22</b>

(Rs.in crore)

	Range of Demand	Gift Tax		Sur Tax		Others		Total	
		No.	Amount	No.	Amount	No.	Amount	No.	Amount
(a)	Upto Rs.10,000	2,803	0.48	725	0.35	369	0.14	2,49,464	192.72
(b)	Over Rs.10,000 and below Rs. 1 lakh	122	0.23	18	0.18	68	0.26	56,408	316.81
(c)	Over Rs.1 lakh to Rs.5 lakh	16	0.21	16	0.35	48	0.74	20,982	568.97
(d)	Over Rs.5 lakh to Rs.10 lakh	9	0.70	5	0.39	4	0.23	8,131	686.49
(e)	Over Rs.10 lakh	38	20.72	40	20.53	4	9.15	16,579	25,444.41
	<b>Total</b>	<b>2,988</b>	<b>22.34</b>	<b>804</b>	<b>21.80</b>	<b>493</b>	<b>10.52</b>	<b>3,51,564</b>	<b>27,209.40</b>



<b>Chapter III: Corporation Tax</b>
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**Appendix 7**  
(Referred to in para 3.9.1)

(Rs. in crore)

<b>MISTAKES IN ADOPTION OF CORRECT FIGURES/ARITHMETICAL MISTAKES AND OTHER AVOIDABLE MISTAKES</b>					
SI No.	Assessee company/ CIT charge	Assessment year	Type of assessment	Nature of mistake	Tax effect
1	2	3	4	5	6
1	M/s Binani Industries Ltd Kolkata, Central-I	2002-03	Scrutiny	Rs. 10.69 crore discussed to be disallowed in the assessment order was not disallowed while computing the taxable income.	5.03
2	M/s. Brittonia Industries Ltd, Kolkata-III	2002-03	Scrutiny	Actual amount of refund made was Rs. 5.85 crore but department took into consideration Rs. 1.87 crore only.	3.98
3	M/s. Churu Trading Co. Pvt Ltd, Mumbai City-VI	2002-03	-do-	Rs. 11.15 crore disallowed by the assessing officer was not added back to the taxable income.	3.98 (P)*
4	M/s Ortel Communications Ltd Delhi-V	2002-03	-do-	Loss of previous year was incorrectly taken as Rs. 13.12 crore instead of correct amount of Rs. 2.61 crore.	3.75 (P)
5	M/s. Mahesh Niranjan Jute (P) Ltd., Indore-I	Block period 1 April 1996 to 13 November 2002	Block Assessment	Incorrect figures on account of addition of undisclosed profit and unclosed income were adopted.	3.60
6	M/s.Rajasthan Rajya Vidyut Utpadan Nigam Ltd, Jaipur-II	2002-03	Scrutiny	Rs. 8.50 crore discussed to be disallowed in the assessment order was not actually disallowed in computing the taxable income.	3.04 (P)
7	M/sTata Industries, Mumbai City-II	2001-02	-do-	Long term capital gain amounting to Rs. 26.55 crore was taken as negative figure instead of positive figure.	3.04

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\* P denotes potential tax

Sl No.	Assessee company/ CIT charge	Assessment year	Type of assessment	Nature of mistake	Tax effect
8	M/s.Samtel India Ltd., Delhi-III	2002-03	Scrutiny	Profit of Rs. 3.40 crore was taken as loss.	2.98
9	M/s. Airport Authority of India, Delhi-I	1997-98	-do-	Tax credit of Rs. 50.87 crore was allowed as against the correct amount of Rs. 48.10 crore.	2.77
10	M/s. Ankit Granites, Bangalore-I,	2002-03	-do-	Returned Income of Rs. 3.07 crore was adopted as loss figure.	2.19
11	M/s. Sony Music Entertainment India Ltd, Mumbai City-XI	2001-02	-do-	Allowable deduction of Rs. 5.04 crore was deducted from the loss instead of adding to loss. Subsequently it was added to loss once instead of twice.	1.99 (P)
12	M/s Mazgaon Dock Ltd., Mumbai City-VI	1999-2000	-do-	Prior period expenses amounting to Rs. 4.59 crore were disallowed but were not added back to the taxable income.	1.79
13	M/s Bharat Petroleum Corporation Ltd., Mumbai City-II	2003-04	-do-	Expenditure of Rs. 4.84 crore disallowed was not added back to the business income.	1.78
14	M/s ANS Agro Industries Ltd., Delhi-I	2002-03	-do-	Positive income of Rs. 2.26 crore was taken as negative income.	1.62 (P)
15	M/s PNB Capital Services Ltd., Delhi-V	2002-03	-do-	Instead of adding back disallowed provision of Rs. 7.16 crore, only Rs. 4.04 crore was added back.	1.53
16	M/s Tata Electric Company, Mumbai City-II	1997-98	-do-	Interest/dividend income of Rs. 100.21 crore was taken into account instead of correct amount of Rs. 102.02 crore.	1.35
17	M/s Control & Switchgear Contractors Ltd, Delhi-I	2002-03	-do-	Expenditure of Rs. 27.62 lakh was disallowed instead of the correct amount of Rs. 2.76 crore.	1.25

**Appendix 8**  
**(Referred to in paras 3.11.4, 3.12.4, 3.13. 3 & 3.14. 8)**

(Rs. in crore)

<b>MISTAKES IN COMPUTATION OF BUSINESS INCOME</b>					
<b>Sl No.</b>	<b>Assessee company/ CIT charge</b>	<b>Assessment year</b>	<b>Type of assessment</b>	<b>Nature of mistake</b>	<b>Tax effect</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
<b>Para.3.11.4 MISTAKES IN COMPUTATION OF BUSINESS INCOME</b>					
1	M/s Bongaigaon Refinery and Petrochemicals Ltd. Guwahati-II	2001-02	Scrutiny	Interest income of Rs. 25.04 crore was not accounted for on accrual basis.	8.76 (P)
2	M/s.Centurion Bank, Mumbai City-II	2002-03	-do-	Provision of Rs. 19.40 crore on account of interest relating to prior period was allowed though assessee was following mercantile system of accounts.	7.71
3	M/s SKS Ltd., Delhi III	1999-2000	-do-	Prior period expenses of Rs. 13.80 crore were allowed though assessee was following mercantile system of accounts.	4.83 (P)
4	M/s Set India (P) Ltd., Mumbai City-XI	2000-01	-do-	As against 15 percent of gross advertisement revenue decided to be taxed, net revenue was taken into account while computing the income.	4.58
5	M/s Regent Estates Ltd, Kolkata-II	2000-01	-do-	As against Rs. 4.12 crore, received by company on account of additional compensation for acquisition of land, Rs. 73.55 lakh only was taxed.	1.52
6	M/s National Mineral Development Corporation Ltd, Hyderabad-IV	2000-01	-do-	Prior period expenses of Rs. 2.54 crore were allowed though assessee was following mercantile system of accounts.	1.43
7	M/s Gordon Herbert (India) Ltd, Delhi Central-II	2002-03	-do-	Prior period expenses of Rs. 2.61 crore were allowed though assessee was following mercantile system of accounting.	1.30
8	M/s Shyam Biri Works Ltd, Kanpur Central	1999-2000	-do-	Central excise of Rs. 2.05 crore was not included in valuation of closing stock.	1.17

Sl No.	Assessee company/ CIT charge	Assessment year	Type of assessment	Nature of mistake	Tax effect
<b>Para.3.12.4 INCORRECT CAPITAL/ NON BUSINESS/ SCIENTIFIC RESEARCH EXPENDITURE</b>					
9	M/s. Oswal Agro Mills Ltd, Delhi Central-III	2002-03	Scrutiny	Interest free loan of Rs. 24.24 crore, was written off as bad debt, though it was a capital loss.	7.86 (P)
10	M/s Hero Honda Motors Ltd, Delhi-IV	2002-03	-do-	Expenditure of Rs. 12.90 crore incurred for assistance/technical know how for manufacturing two wheelers was allowed as revenue expenditure in stead of capital expenditure.	6.42
11	M/s. Power Grid Corporation of India Ltd, Delhi-V	2002-03	-do-	Proportionate expenses, attributable to exempted income (interest from tax free bonds) were not disallowed.	5.86 (P)
12	M/s Oswal Agro Mills Ltd, Delhi Central-III	2001-02	-do-	Interest free loan of Rs. 11.84 crore, was written off as bad debt though it was a capital loss.	4.68 (P)
13	M/s Hero Honda Motors Ltd, Delhi- IV	2001-02	-do-	Expenditure of Rs. 6.19 crore incurred for technical know how/assistance for manufacturing of two /three wheelers was allowed as revenue expenditure instead of capital expenditure.	3.52
14	M/s RS Software (I) Ltd, Kolkata-I	2002-03	-do-	Rs. 8.18 crore advanced to subsidiary company was incorrectly allowed as deduction. Further, share issue expenses of Rs. 6.72 lakh was allowed though expenditure was incurred for raising capital.	2.95 (P)
15	M/s Citi Financial Consumer Finance (I) Ltd, Delhi-I	2002-03	-do-	Loss of Rs. 5.69 crore on account of sale of repossessed assets was allowed though it was a capital loss.	2.83

Sl No.	Assessee company/ CIT charge	Assessment year	Type of assessment	Nature of mistake	Tax effect
16	M/s GE Countrywide Consumer Financial Services Ltd., Delhi-IV	2002-03	Scrutiny-	Loss of Rs. 4.95 crore on account of sale of repossessed assets was allowed though it was a capital loss.	2.46
17	M/s PEC Ltd., Delhi-V	2002-03	-do-	Advance of Rs. 5 crore, given to another company, was written off as bad debt, though it was a capital loss.	2.27
18	M/s Citi Financial Consumer Finance India Ltd, Delhi-I	2001-02	-do-	Loss of Rs. 2.77 crore on account of sale of repossessed assets was allowed though it was a capital loss.	1.64
19	M/s Hindustan Antibiotics Ltd, Pune City-V	2002-03	-do-	Development cost of a product, abandoned as uneconomical, was allowed though a capital expenditure.	1.27
<b>3.13.3 INCORRECT PRELIMINARY EXPENSES/ EXPENDITURE UNDER VOLUNTARY SCHEME</b>					
20	M/s National Textiles Corporation Ltd, Delhi-V	2002-03	-do-	Payments made under VRS amounting to Rs. 10.78 crore were allowed fully without restricting the same to one fifth of the total expenditure.	3.08 (P)
21	M/s Punjab and Sindh Bank, Delhi-V	2002-03	-do-	Rs. 9.41 crore paid under VRS was allowed though Rs. 4 crore only (one fifth of total payments of Rs. 19.99 crore) was allowable.	1.93
22	M/s Tamil Nadu Newsprint & Papers Ltd., Chennai-I	1996-97 1997-98 1998-99 1999-2000	--do- -do- -do- Summary	Expenditure aggregating Rs. 66 crore incurred for raising fresh capital by way of public issue of shares was allowed though it was neither for expansion of the undertaking nor were proceeds of public issue used for purchase of plant and machinery.	1.85 (P)

SI No.	Assessee company/ CIT charge	Assessment year	Type of assessment	Nature of mistake	Tax effect
<b>3.14.8 INCORRECT PROVISIONS/LIABILITIES/ EXPENDITURES</b>					
23	M/s Oswal Agro Mills Ltd., Delhi-III	2002-03	Scrutiny	Provision of Rs. 12.80 crore on account of diminution in the value of investment was allowed though it was unascertained liability.	4.57 (P)
24	M/s HRTC Shimla, Shimla	2001-02	-do-	Out of total contribution of Rs. 11.98 crore by employees for GPF, only a sum of Rs. 53.50 lakh was deposited in the fund before the due date.	4.53 (P)
25	M/s Industrial Development Corporation of Orissa Ltd., Bhubaneswar	2001-02 2002-03	Summary Scrutiny	Interest on loan and contribution for EPF and ESI aggregating Rs. 11.08 crore was not deposited by due date.	4.17
26	M/s Central Warehousing Corporation Ltd., Delhi-I	1999-2000	Scrutiny	Adhoc provision of Rs. 11.79 crore on account of revision in pay scales of the staff was incorrectly allowed.	4.13
27	M/s MMTC Ltd., Delhi-II	2002-03	-do-	Provision of Rs. 7.68 crore on account of despatch/demurrage charges was allowed though liability was not ascertained.	3.82
28	M/s Bank of Baroda, Mumbai City-II	2002-03	-do-	While revising the assessment, deduction on account of provision for bad and doubtful debts was not revised.	3.06
29	M/s MMTC Ltd., Delhi-II	2002-03	-do-	Provision of Rs. 5.98 crore against misappropriated gold loans was allowed though it was not an ascertained liability.	2.97
30	M/s IndusInd Bank Ltd., Mumbai City-II	2002-03	-do-	While allowing the bad debt written off, credit available in the provision for bad and doubtful debt was not adjusted.	2.60

Sl No.	Assessee company/ CIT charge	Assessment year	Type of assessment	Nature of mistake	Tax effect
31	M/s National Textile Corporation Ltd., Delhi-V	2002-03	Scrutiny	Deduction of Rs. 6.25 crore on account of unpaid interest on secured loans obtained from financial institutions allowed though it was deductible on actual payment basis only.	2.23 (P)
32	M/s Punjab and Sind Bank, Delhi-V	2001-02	-do-	Provision of Rs. 4.14 crore on account of expenditure under VRS was allowed though the liability had not yet arisen.	1.64
33	M/s Tetra Pak India (P) Ltd., Pune City-I	2002-03	-do-	Provision of Rs. 3.47 crore for stock write down and capital expenditure of Rs. 53.06 lakh was incorrectly allowed.	1.43
34	M/s MMTC Ltd., Delhi-II	2002-03	-do-	Provision of Rs. 2.47 crore on account of outstanding advances for gold jewellery was allowed though an unascertained liability.	1.23
35	M/s The United Western Bank Ltd., Pune City-III	2002-03	-do-	Bad debt amounting to Rs. 2.35 crore was written off though it had not arisen in the course of assessee's business.	1.15
36	M/s Kerala State Industrial Development Corporation Ltd., Thiruvananthapuram	1993-94 To 1996-97	-do-	Interest Tax liability was reduced as per revised interest tax assessments but the amount was not revised in the income tax assessments.	1.11
37	M/s BD Industries Ltd. Co, Mumbai City-VI	1999-2000	-do-	Provision for doubtful debts was incorrectly allowed though assessee's business also was closed.	1.04

**Appendix 9**  
**(Referred to in para 3.15.4)**

(Rs in crore)

<b>INCORRECT ALLOWANCE OF DEPRECIATION</b>					
Sl. No.	Assessee company/ CIT charge	Assessment year	Type of assessment	Nature of mistake	Tax effect
1	2	3	4	5	6
1	M/s Tamil Nadu Cement Corporation Ltd., Chennai-I	1997-98	Scrutiny	Unabsorbed depreciation of Rs. 8.33 crore relating to assessment years 1985-86 to 1987-88 was allowed to be set off against the income of assessment year 1997-98 though eight year period had lapsed. Further, business loss of Rs. 86.61 lakh was set off as against the correct amount of Rs. 64.83 lakh.	6.95
2.	M/s Jaipur Vidyut Vitran Nigam Ltd., Jaipur-II	2001-02	-do-	Depreciation of Rs. 5.67 crore was allowed on assets which were not related to the business of the assessee.	2.24 (P)
3.	M/s Bharti Telenet Ltd., Delhi-I	2002-03	-do-	Depreciation of Rs. 3.38 crore was allowed on assets which were not put to use during the relevant previous year.	1.21 (P)



**Appendix 10**  
(Referred to in para 3.17.4)

(Rs.in crore)

<b>INCORRECT COMPUTATION/CARRY FORWARD/SET OFF OF LOSS</b>					
<b>Sl. No.</b>	<b>Assessee company/ CIT charge</b>	<b>Assessment year</b>	<b>Type of assessment</b>	<b>Nature of mistake</b>	<b>Tax effect</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
1	M/s West Bengal Agro Industries Corporation Ltd, Kolkata-II	2002-03	Scrutiny	Carry forward of unabsorbed loss of Rs. 31.65 crore was allowed as against the available amount of Rs. 12.86 crore.	6.71 (P)
2	M/s Tamil Nadu News Print and Papers Ltd., Chennai-I	2001-02	-do-	Set off/ carry forward of unabsorbed loss of Rs. 83.94 crore was allowed as against the available amount of Rs. 70.46 crore.	5.33 (P)
3	M/s Mafatlal Industries Ltd., Mumbai City-VI	1995-96	-do-	Set off of unabsorbed loss of Rs. 21.39 crore was allowed as against the available amount of Rs. 17.83 crore.	1.64 (P)

**Appendix 11**  
(Referred to in para 3.21.3, 3.22.3 & 3.23.3)

(Rs. in crore)

<b>IRREGULAR RELIEFS AND EXEMPTIONS</b>					
Sl No.	Assessee company/ CIT charge	Assessment year	Type of assess- ment	Nature of mistake	Tax effect
1	2	3	4	5	6
<b>Para.3.21.3 INCORRECT DEDUCTION OF EXPORT PROFITS</b>					
1	M/s Bharat Heavy Electricals Ltd., Delhi-I	2000-01	Scrutiny	90 percent of lease rent was not reduced from the profits of business for computation of export profits.	2.08
<b>Para 3.22.3 INCORRECT DEDUCTION OF PROFITS FROM HOUSING PROJECT/ PROFITS FROM COMPUTER SOFTWARE</b>					
2	M/s Star India Ltd., Mumbai City-II	2002-03	-do-	90 percent of commission was not reduced from the profits of the business for computing export profits. Further, total export turnover was considered instead of FOB value of exports.	1.78
<b>Para 3.23.3 INCORRECT DEDUCTION OF PROFITS FROM HOUSING PROJECT/ PROFITS FROM COMPUTER SOFTWARE</b>					
3.	M/s Tata Power Co., Mumbai City-II	2002-03	-do-	Deduction for industrial undertaking was allowed incorrectly as unabsorbed depreciation of earlier years was not taken into account.	8.59
4	M/s HEG Limited, Bhopal	1991-92 1992-93	-do-	Deduction under section 80I was allowed without considering earlier year's losses of the unit.	1.87
5	M/s DLF Power Ltd., Delhi-IV	2002-03	-do-	80IA deduction of Rs. 24.28 crore was allowed as against the gross total income of Rs. 19.63 crore only.	1.66 (P)
6	M/s Silvasa Industries Ltd., Mumbai City-III	2002-03	-do-	100 percent deduction was allowed though it was allowable at 30 percent only. Interest income was also not reduced for computing deduction under 80I.	1.61

**Appendix 12**  
(Referred to in para 3.24.3 & 3.25.2)

(Rs. in crore)

<b>MISTAKES IN COMPUTATION OF INCOME UNDER SPECIAL PROVISIONS</b>					
<b>Sl No.</b>	<b>Assessee company/ CIT charge</b>	<b>Assessment year</b>	<b>Type of assessment</b>	<b>Nature of mistake</b>	<b>Tax effect</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
<b>3.24.3 INCORRECT COMPUTATION OF INCOME UNDER SPECIAL PROVISIONS</b>					
1	M/s Air India Ltd., Mumbai City V	2000-01	Scrutiny	Book profit was incorrectly computed as the amount of loss and provisions were not taken into consideration.	8.31
2	M/s The Motor and General Finance Ltd., Delhi-VI	2002-03	-do-	Loss of Rs. 23.39 crore was computed for carry forward instead of correct amount of Rs. 1.29 crore.	7.89 (P)
3	M/s ICI India Ltd., Kolkata-IV	2002-03	-do-	Tax credit of Rs. 6.33 crore was allowed though no tax credit was available for set off.	6.33
4	M/s Jindal Drugs Ltd., Mumbai City-III	2002-03	-do-	Tax credit of Rs. 3.50 crore was allowed though no tax credit was available for set off.	3.50
5	M/s National Fertilizers Ltd., Delhi-V	2002-03	-do-	Excess MAT credit of Rs. 2.20 crore was allowed.	2.20
6	M/s Plastic International, Mumbai Central-XXXVI	2002-03	-do-	Tax payable under normal provisions of the Act was more than the tax computed under special provisions. Instead of levying tax under normal provisions tax was levied under special provisions.	1.52
7	M/s UCO Bank, Kolkata-II	2002-03	-do-	Net profit was reduced by Rs. 12.88 crore, but this amount was neither withdrawn from any reserve nor credited to profit and loss account.	1.37
<b>3.25.2 INCORRECT COMPUTATION OF TAX ON DISTRIBUTED PROFITS</b>					
8	M/s Balaji Distilleries Ltd., Chennai Central-II	1998-99 2000-01	-do-	Though dividend aggregating Rs. 8.35 crore was declared no tax was assessed on the distributed profits.	2.04

**Appendix 13**  
**(Referred to in para 3.27.1)**

**(Rs. in crore)**

<b>INCORRECT PAYMENT OF INTEREST ON REFUNDS</b>					
<b>Sl No.</b>	<b>Assessee company/ CIT charge</b>	<b>Assessment year</b>	<b>Type of assess- ment</b>	<b>Nature of mistake</b>	<b>Tax effect</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
1	M/s. BHEL India Ltd., Delhi-I	2000-01	Scrutiny	The case was not processed in summary manner as the original return, filed in November 2000, was misplaced by the department. Thus the refund got delayed till the completion of scrutiny assessment in March 2003 (further revised in October 2003 under section 250) resulting in granting of interest of Rs. 8.46 crore.	8.46
2	M/s Bank of Baroda Mumbai City-I	2003-04	-do-	Interest was allowed on refund which was less than 10 percent of the tax demand.	4.38

**Appendix 14**  
**(Referred to in para 3.29.2)**

(Rs. in crore)

<b>NON LEVY/ SHORT LEVY OF INTEREST</b>					
<b>Sl. No.</b>	<b>Assessee company/ CIT charge</b>	<b>Assessment year</b>	<b>Type of assessment</b>	<b>Nature of mistake</b>	<b>Tax effect</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
1	M/s. Minerva Holding Ltd., Delhi-II	1997-98	Scrutiny	Incorrect levy of interest of Rs. 83.42 lakh instead of Rs. 8.81 crore.	7.98
2	M/s. Airport Authority of India Ltd., Delhi-I	1998-99	-do-	Interest on additional demand was levied up to the date of scrutiny assessment and not till the date of reassessment on the basis of which additional demand was raised.	6.64
3	M/s Clifford Chance, DIT Mumbai	1996-97 1997-98	-do-	While issuing fresh demand notice in February 2004, interest payable for the demand already made as per original scrutiny assessment was not included.	5.65
4	M/s Wholesale Warehousing Ltd., Mumbai City-VIII	1997-98 1998-99	-do-	Interest for delay in payment of tax demand was not levied.	2.71
5	M/s. Indian Overseas Bank, Chennai-I	1996-97	-do-	While collecting demand by way of adjustment of refunds, interest for delay in payment of such demand was not levied.	2.66
6	M/s. Novopan Industries Ltd., Hyderabad-II	1998-99	-do-	Interest was short levied by Rs. 1.30 crore.	1.30

**Appendix-15**  
**(Referred to in para 3.32.2)**

(Rs. in crore)

<b>MISTAKES IN SUMMARY ASSESSMENT CASES</b>					
<b>Sl. No.</b>	<b>Assessee company/ CIT charge</b>	<b>Assessment year</b>	<b>Type of assessment</b>	<b>Nature of mistake</b>	<b>Tax effect</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
1	M/s Bargarh Cements, Sambalpur, Orissa	2004-05	Summary	Provision for bad and doubtful debts was incorrectly allowed.	3.86
2	M/s Tamil Nadu State Transport Corporation Ltd., Erode, Tamil Nadu	1999-2000 to 2002-03	-do-	Deduction of Rs. 17.84 crore on account of contribution to insurance funds and provision for no fault liability was allowed as against the allowable amount of Rs. 12.19 crore.	2.49
3	M/s Northern Power Distribution Company, Hyderabad-VI	2001-02	-do-	Starting point for computation of income was adopted as nil against the correct amount of Rs. 2.33 crore. Further, special provisions were not applied.	2.33
4	M/s Pondicherry Industrial Promotion and Investment Corporation Ltd. Chennai-III	1998-99 1999-2000 2000-01	Summary Scrutiny Summary	Rs. 5.41 crore was withdrawn from special reserve and transferred to provision for doubtful loan and investments instead of treating it as income.	1.96
5	M/s HTL Ltd., Chennai-I	2001-02 2002-03	Summary	Provision for non-moving items was allowed.	1.91
6	M/s Jenson and Nicholson (India) Ltd., Kolkata-IV	2002-03	-do-	Deduction on account of unpaid sales tax and interest on loan was incorrectly allowed.	1.90 (P)
7	M/s Saketh India Ltd., Delhi-III	2003-04 2004-05	-do-	Assessments for assessment years 2003-04 and 2004-05 were not revised to withdraw the excess carry forward of loss.	1.49 (P)
8	M/s U.P. Industrial Development Corporation Ltd., Kanpur-II	2001-02	-do-	Accrued interest due from allottees of industrial plots was not brought to tax.	1.40
9	M/s SAMKRG Pistons & Rings Ltd., Hyderabad-III	2004-05	-do-	Depreciation was allowed at higher rates.	1.38

<b>Sl. No.</b>	<b>Assessee company/ CIT charge</b>	<b>Assessment year</b>	<b>Type of assessment</b>	<b>Nature of mistake</b>	<b>Tax effect</b>
10	M/s Jenson & Nicholson (India) Ltd., Kolkata-IV	2002-03	-do-	Provision for bad and doubtful debts was incorrectly allowed.	1.15 (P)
11	M/s Nandan Auto Tech Ltd., Delhi-V	2004-05	-do-	Excess carry forward of loss was incorrectly allowed.	1.03 (P)

**Appendix 16**  
(Referred to in para 3.33)

(Rs. in crore)

<b>CASES OF OVERASSESSMENT/OVER CHARGE</b>					
<b>Sl. No.</b>	<b>Assessee company/ CIT charge</b>	<b>Assessment year</b>	<b>Type of assessment</b>	<b>Nature of mistake</b>	<b>Tax effect</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
1	M/s. Mashreq Bank PSC, DIT(IT), Mumbai, Maharashtra	2002-03	Scrutiny	Tax on income determined under special provisions was taxed at 48 percent in stead of seven and one-half percent.	6.21
2	M/s. Industrial Development Bank of India, Mumbai City-III, Maharashtra	2004-05	-do-	Depreciation of Rs. 85.21 crore was disallowed but at the time of computation Rs. 94.84 crore was added back.	3.83
3	M/s. City Bank, DIT (IT), Mumbai, Maharashtra	2002-03	-do-	Long term capital gain was taxed at 40 percent instead of correct rate of 20 percent.	2.01
4	M/s Wipro Ltd., Banglore-I, Karnataka	2001-02	-do-	An amount of Rs. 1.60 crore on account of non recurring/extra ordinary items was added to the income instead of deducting it as the amount was already included in the profits.	1.31
5	M/s Skanskar Cementation International, Baroda, Gujarat	2001-02	-do-	Interest of Rs. 4.24 crore was levied for default in payment of advance tax for the period April 2000 to March 2004 as against Rs.2.94 crore for the period April 2001 to March 2004.	1.30



## Appendix 17

## Chapter IV: Income Tax

(Rs. in lakh)

Sl. No.	Name of the assessee/ CIT charge	Assessment year	Type of assessment	Nature of mistake	Tax effect
1	2	3	4	5	6
<b>PARA 4.9: MISTAKE IN ADOPTION OF CORRECT FIGURES</b>					
1.	Shri. Sheikh Ismail <b>Indore II</b>	1.4.1996 to 5.6.2002	Block	Mistake in adoption of correct figures.	10.71
2.	M/s Hem Kant Timber Ltd. <b>Kanpur Central</b>	2001-02	Scrutiny	Positive income of Rs. 10.56 lakh was erroneously adopted as negative income	8.35 (P)*
3.	Shri Niranjan Agrawal <b>Indore I</b>	1.4.1996 to 13.11.2002	Block	Mistake in adoption of correct figures.	6.35
4.	M/s Bihar State Tourism Development Corporation <b>Patna</b>	2000-01	Scrutiny	Disallowance of Rs. 9.3 lakh towards prior period expenses in assessment order was not given effect at computation stage.	5.77
<b>PARA 4.10.1: APPLICATION OF INCORRECT RATE OF TAX</b>					
5.	Shri Has Mukh T Sheth <b>Ahmedabad I</b>	2000-01 2001-02	Scrutiny	Tax charged at the rate of 10 percent instead of 30 percent	17.78
6.	M/s Sohan Lal and Company <b>Bhatinda</b>	1993-94	Scrutiny	Assessing officer had omitted to charge tax at maximum marginal rate of 40 percent	6.92
7.	Shri Vinod T Sheth <b>Ahmedabad I</b>	2000-01	Scrutiny	Tax charged at the rate of 10 percent instead of 30 percent	6.74
<b>PARA 4.11.1: NON LEVY OF SURCHARGE</b>					
8.	Shri Rama Krishana Hegde <b>Bangalore V</b>	1993-94	Scrutiny	No surcharge was levied on tax on long term capital gain	8.78
9.	Shri Kartik Kumar <b>Patna</b>	1991-92 to 2001-02	Block	Surcharge was not levied on undisclosed income	6.71

\* P : It denotes potential tax effect

10.	Shri Rajanikant S. Janani <b>Mumbai City XXI</b>	1.4.1990 to 14.2.2001	Block	Surcharge was not levied on undisclosed income	5.16
<b>PARA 4.12.1: INCORRECT ALLOWANCE OF LIABILITIES</b>					
11.	M/s Shetkari Sahakari Sakhar Karkhana Ltd. <b>Aurangabad</b>	1999-2000	Scrutiny	Provident fund of Rs. 64.15 lakh was not paid on due date	22.41
12.	M/s Samarth Sahakari Sakhar Karkhana Ltd. <b>Aurangabad</b>	1999-2000	Scrutiny	Provident fund of Rs. 36.18 lakh was not paid on due date	12.66
13.	M/s Inspiration Clothes & U <b>Kolkata Central-II</b>	2002-03	Scrutiny	Interest of Rs. 14.77 lakh on term loan was not paid within due date of filing of return of income	5.27 (P)
<b>Para 4.13.5: MISTAKES IN COMPUTATION OF BUSINESS INCOME</b>					
14.	M/s New Omkar Agencies <b>Kolhapur</b>	1996-97 & 1997-98	Scrutiny	Purchase of Rs. 85.63 lakh from unaccounted income was not considered for determining the taxable income by assessing officer.	24.81
15.	Shri Shiv Shankar Prasad Sahu <b>Ranchi</b>	2002-03	Scrutiny	Difference of Rs. 46.98 lakh in opening stock and closing stock was not added back.	20.03
16	Shri P.J.Karthikeyan <b>Chennai I</b>	2002-03	Scrutiny	Addition of Rs. 34.68 lakh was not done in regular assessment as directed by the Commissioner.	15.42
17.	M/s Arya Ship Breaking Corporation <b>Mumbai City XIV</b>	2002-03	Scrutiny	Closing stock of oil of Rs. 35.26 lakh was not accounted for.	14.95
18.	M/s Vira Associates <b>Kolkata XI</b>	2003-04	Scrutiny	Service charges of Rs. 27 lakh was short accounted for.	12.43
19.	Society for Promotion of Eco Friendly Sustainable Development <b>Bhopal</b>	1999-2000 2000-01 & 2001-02	Scrutiny	Incorrect allowance of exemption of Rs. 22.04 lakh under section 12	11.18

20.	Shri Vinod Kumar Khetawat <b>Kolkata City XV</b>	2002-03	Scrutiny	Profit of Rs. 25.98 under stated due to short accounting of sales.	10.91
21.	M/s Mangal Exports <b>Mumbai City XIV</b>	2003-03	Scrutiny	Excess allowance of donation of Rs. 20 lakh	10.03
22.	H.P. State Cooperative Bank Ltd. <b>Shimla</b>	2000-01	Scrutiny	Deduction u/s 80G was allowed at the rate of 100 percent against the eligible rate of 50 percent.	9.82
23.	M/s Shankar Mahadev Company Ltd. <b>Thane City III</b>	2001-02	Scrutiny	Contract receipt of Rs. 15.22 lakh related to sublet work was not accounted for.	7.78
24.	M/s Balaji Cold Storage <b>Pune City II</b>	1996-97	Scrutiny	Commission for getting an assignment in 1996-97 was not disallowed on the grounds as confirmed in 1995-96 at appellate stage.	6.73
<b>PARA 4.14.1: INCORRECT ALLOWANCE OF DEPRECIATION</b>					
25.	Shri Prafull Kumar Maheswari <b>Bhopal</b>	2001-02	Scrutiny	Incorrect allowance of depreciation on Press Complex building at the rate 20 percent instead of 10 percent as applicable	12.45
26.	Kisan Sahakari Starch Mfg. Society Ltd. <b>Nasik</b>	1999-2000 2000-01	Scrutiny	Incorrect allowance of depreciation on assets not put to use	7.92
27.	M/s B.R. Films <b>Mumbai City XI</b>	2002-03	Scrutiny	Double allowance of depreciation	7.15
28.	M/s The Shahabad Coop. Sugar Mills Ltd <b>Karnal</b>	2000-01 2001-02	Scrutiny Summary	Incorrect allowance of depreciation at full rate instead of 50 percent on assets put to use for less than 180 days.	6.59

<b>PARA 4.15.1: INCORRECT COMPUTATION OF CAPITAL GAINS</b>					
29.	Shri K.D.Shah <b>Mumbai City XXII</b>	2001-02	Scrutiny	Capital gain from transfer of immovable property was not offered for tax	15.61
30.	Shri Saremal P. Jain <b>Mumbai City XVI</b>	2002-03	Scrutiny	Incorrect allowance of exemption on capital gain under section 54.	5.39
31.	Shri Ramesh Chand Soni <b>Alwar</b>	2002-03	Scrutiny	Non levy of tax on capital gain.	5.07
<b>PARA 4.16.2: INCOME ESCAPING ASSESSMENT</b>					
32.	M/s Anam Scientific and Technological Applied Research Foundation <b>Chennai DIT</b>	2002-03	Scrutiny	Corpus fund of Rs. 35.91 lakh not utilised for specific efforts within the prescribed period of 10 years was not offered for tax.	10.64
33.	M/s Awadh Associates <b>Gorakhpur</b>	2004-05	Scrutiny	Contract receipt of Rs. 27.63 lakh escaped assessment.	10.49
34.	M/s Bihar Cooperative Bank Ltd. <b>Patna</b>	1999-2000	Scrutiny	Interest of Rs. 26.06 lakh granted on refund was not offered for tax.	10.16
35.	M/s Jeena and Company <b>Mumbai Central IV</b>	2001-02	Scrutiny	Provision for taxation added was of Rs. 1.13 crore instead of Rs. 1.32 crore.	9.72
36.	M/s Maharashtra Oil Industries <b>Nasik City I</b>	1999-2000	Scrutiny	Excess allowance of interest to the partners	7.49
<b>PARA 4.17.2: INCORRECT CARRY FORWARD AND SET OFF OF LOSSES</b>					
37.	M/s Raj Oil Mills <b>Mumbai City XX</b>	1999-2000 2000-01	Scrutiny	Incorrect/excess set off of loss of Rs. 37.94 lakh	19.89
38.	Shri Jugal Kishore Maheshwari <b>Mumbai Central IV</b>	2002-03	Scrutiny	Long term capital loss of Rs. 42.94 lakh was set off from the speculation business profit	11.96

39.	M/s Cascade Investment <b>Pune City II</b>	2001-02	Scrutiny	Irregular carry forward of loss of Rs. 16.56 lakh due to late filing of return.	6.49(P)
<b>PARA 4.18.1: INCORRECT ALLOWANCE OF DEDUCTION IN RESPECT OF EXPORT PROFITS</b>					
40.	Shri Subhash B. Mutha <b>Pune City II</b>	2001-02	Scrutiny	The deduction to eligible profit from business was considered at Rs. 1.92 crore instead of Rs. 1.47 crore.	22.41
41.	M/s Cello Home Products <b>Mumbai City III</b>	2003-04	Scrutiny	The deduction of Rs. 54.60 lakh allowed u/s 80 IB was not reduced from the profit of business while computing deduction u/s 80 HHC.	21.41
42.	M/s Ahura Associates <b>Thane City III</b>	2002-03	Scrutiny	The deduction of Rs. 38.11 lakh allowed u/s 80 IA was not reduced from the profit of business while computing deduction u/s 80 HHC.	19.12
43.	M/s Richa Knitwears <b>Delhi IX</b>	2001-02	Scrutiny	Profit of Rs. 30.23 lakh from sale of licence (Quota sale) was not excluded from export profit while computing deduction u/s 80 HHC.	13.12
44.	M/s Bhawani Sea Foods <b>Rajkot</b>	2000-01	Scrutiny	The deduction of Rs. 11.10 lakh allowed u/s 80 IA was not reduced from the profit of business while computing deduction u/s 80 HHC.	6.67

<b>PARA 4.20.1: NON/SHORT LEVY OF INTEREST</b>					
45.	Shri Ajit Kumar Verma <b>Patna</b>	1996-97	Scrutiny	Against the chargeable interest of Rs. 21.30 lakh assessing officer charged Rs. 4.53 lakh only for not furnishing of return of income.	16.78
46.	M/s Price Water House <b>Kolkata City XIV</b>	2001-02	Scrutiny	Against the chargeable interest of Rs. 43.52 lakh assessing officer charged Rs. 27.85 lakh only for default in payment of advance tax.	15.67
47.	M/s E.M.Brothers <b>Mumbai City IX</b>	1996-97	Scrutiny	Against the correct period from 1 April 1996 to 30 March 2004, the assessing officer charged interest for the period from 1 January 1997 to 30 March 2004 only.	15.26
48.	Shri Dahyabai Hansraj Shah <b>Mumbai City XIV</b>	2000-01	Scrutiny	Against the chargeable interest of Rs. 20.29 lakh, assessing officer charged Rs. 8.51 lakh only, for default in payment of advance tax.	11.78
49.	Shri M.C.Anand <b>Jalandhar II</b>	1982-83	Scrutiny	Interest leviable for a delay in payment of tax demand, was not levied by the assessing officer.	9.85
50.	M/s Swastik Trading Co <b>Ludhiana</b>	1996-2003	Block	Non levy of interest for delay in filing of return	9.04
51.	Shri Ladda Badrinarayan Nandkishore <b>Kolhapur</b>	1999-2000	Scrutiny	Against the chargeable interest of Rs. 22.82 lakh, assessing officer charged Rs. 12.52 lakh only for default in payment of advance tax.	8.29

52.	M/s Alnoor Exports Mikki House Meerut	2003-04	Scrutiny	Against the chargeable interest of Rs. 55.34 lakh assessing officer charged Rs. 47.14 lakh only, for default in payment of advance tax.	8.20
53.	Shri Brij Lal Goyal Delhi Central I	1 April 1996 to 4 April 2002	Block	Non levy of interest for default in payment of demand within the specified period.	7.33
54.	Shri A.D.Narottam Mumbai Central VII	2001-02	Scrutiny	Against the correct period from 1 August 2001 to 28 August 2002, the assessing officer charged interest for the period from 1 September 2001 to 28 August 2002 only.	7.25
55.	M/s J.M.D. International Delhi Central I	1 April 1996 to 4 April 2002	Block	Non levy of interest for default in payment of demand within the specified period.	5.98
56.	Shri Neeraj Rastogi Kanpur Central	1999-2000	Scrutiny	Against the chargeable interest of Rs. 6.62 lakh assessing officer charged Rs. 0.91 lakh only for late furnishing of return.	5.71
57.	M/s Anil Steel Traders Ahmedabad Central II	1995-96 1996-97 1997-98	Scrutiny	Against the chargeable interest of Rs. 23.71 lakh assessing officer charged Rs. 18.02 lakh only in all these assessment years, for default in payment of advance tax.	5.69
58.	Shri J.R.Gupta Delhi Central III	1 April 1990 to 14 February 2001	Block	Non levy of interest for default in payment of demand within the specified period.	5.58

59.	Shri Joginder Kapoor <b>Delhi, Central Circle IV</b>	1 April 1989 to 27 July 1999	Block	Non levy of interest of Rs. 5.50 lakh for default in payment of demand in arrear.	5.50
60.	Sri B.Sadasiva <b>Hyderabad Central</b>	2002-03	Scrutiny	Short levy of interest of Rs. 5.36 lakh for delay in filing of return and default in payment of advance tax.	5.36
61.	Brijesh Charitable Trust <b>Karnal</b>	1993-94	Scrutiny	Against the chargeable interest of Rs. 45 lakh assessing officer charged Rs. 39.89 lakh only, for default in payment of advance tax.	5.11
62.	M/s Aattam Gems <b>Mumbai City XVI</b>	1997-98	Scrutiny	Short levy of interest for delay in filing of return.	5.09
<b>4.21: CASES OF OVER ASSESSMENT/OVERCHARGE</b>					
63.	M/s Inspiration Clothes & U <b>Kolkata Central II</b>	2002-03	Scrutiny	Omission to allow depreciation (which was made mandatory from assessment year 2002-03) resulted in underassessment of loss of Rs. 57.54 lakh involving potential overcharge of tax of Rs. 20.54 lakh.	20.54 (P)
64.	M/s Bihar State Co-operation of Milk Producers Federation Ltd. <b>Patna</b>	2002-03	Scrutiny	Against the chargeable tax and interest of Rs. 1.15 crore the assessing officer erroneously charged Rs. 1.35 crore resulting in overcharge of tax of Rs. 20.31 lakh.	20.31
65.	Shri D.N. Roy <b>Patna</b>	1996-97	Scrutiny	Against the chargeable demand of Rs. 6.13 lakh the assessing officer erroneously charged Rs. 13.70 lakh resulting in overcharge of tax of Rs. 7.57 lakh.	7.57



66.	Dr. Chandra Bhushan Dubey <b>Patna Central</b>	1996-97	Scrutiny	Against the chargeable interest of Rs. 6.72 lakh assessing officer charged Rs. 12.89 lakh, for late submission of return and default in payment of advance tax resulting in overcharge of interest of Rs. 6.17 lakh.	6.17
<b>PARA 4.22.1: OMISSION TO LEVY PENALTY</b>					
67.	Dr. O.P. Gupta <b>Patna Central</b>	1990-91 to 3 November 1999	Block	Penalty for concealment of income was not levied.	15.82
<b>PARA 4.23.1: MISTAKES IN SUMMARY ASSESSMENTS</b>					
68.	Sri Venkateswara Cooperative Sugar Factory Limited <b>Tirupati</b>	2001-02	Summary	Incorrect allowance of deduction towards Employees Provident Fund and family pension fund as these were not deposited within the specified due dates.	24.1(P)
69.	M/s Asian Exim International <b>Jalandhar</b>	2002-03	Summary	Incorrect allowance of deduction u/s 80 IB against proceeds from sale of DEPB and Duty Draw Back of Rs. 2.19 crore which had no nexus with the manufacturing activities.	22.23
70.	M/s Gupta International <b>Karnal</b>	2003-04	Summary	Incorrect allowance of deduction of Rs. 42.42 lakh under section 80 IB on export incentive of Rs. 1.71 crore.	21.24
71.	Shri D. Sachitha- nantham <b>Coimbatore III</b>	2002-03	Summary	Excess set off of loss of Rs. 47.38 lakh	21.06

72.	M/s Tribal Development Corporation of Orissa <b>Bhubaneswar</b>	2001-02	Summary	Incorrect allowance of deduction towards Employees Provident Fund sales tax, bonus and royalty of Rs. 42.76 lakh as these were not deposited within the specified due dates	16.7(P)
73.	Shri K.R. Subramaniam <b>Chennai I</b>	2002-03	Summary	Omission to consider disclosed investment of Rs. 35 lakh in the assessment for assessment year 2002-03 on account of survey proceedings.	15.55
74.	The Kattumannar Koil PACR Bank Ltd. <b>Pondicherry</b>	2003-04	Summary	Irregular allowance of deduction towards Non Statutory Reserve Rs. 45.43 lakh in loss case.	14.31(P)
75.	The Nagpattinam Dist.Co-op. <b>Trichy I</b>	2003-04	Summary	Incorrect allowance of provision for doubtful debt of Rs. 37.63 lakh.	13.83 (P)
76.	Panchayati Akhada <b>Allahabad</b>	2003-04	Summary	Incorrect allowance of deduction of Rs. 38.34 lakh towards charitable purposes	13.53
77.	M/s Pruthi International <b>Ludhiana</b>	2003-04	Summary	Incorrect allowance of deduction of Rs. 32.82 lakh towards export profit in loss case.	12.75
78.	M/s Kisan Sahkari Chini Mills Ltd. <b>Aligarh</b>	2001-02	Summary	Incorrect allowance of prior period expenses of Rs. 42.08 lakh.	12.62(P)
79.	AAREN Exports <b>Jalandhar I</b>	2002-03	Summary	Incorrect allowance of deduction u/s 80 IB against proceeds from sale of DEPB, Duty Draw Back and premium of Rs. 1.80 crore which had no nexus with the manufacturing activities.	12.02

80.	Smt Kauser Begum <b>Kolkata-XIII</b>	2003-04	Summary	Short term capital gain of Rs. 29.81 lakh was not taxed being claimed as investment in residential flat.	10.77
81.	M/s Balasor Gramya Bank <b>Balasor</b>	2004-05	Summary	Incorrect allowance of deduction of Rs. 34.01 lakh towards provision for gratuity to staff not paid during the previous year.	10.43(P)
82.	M/s Talbro Forgings <b>Jalandhar</b>	2002-03	Summary	Incorrect allowance of deduction u/s 80 IB against proceeds from sale of DEPB of Rs. 88.35 lakh which had no nexus with the manufacturing activities.	10.4
83.	M/s Soneam Impex <b>Mumbai City XXII</b>	2001-02	Summary	Incorrect allowance of deduction of Rs. 21.94 lakh towards export profit in loss case.	10.26
84.	M/s B.Text Ointment Manufacturing Company <b>Valsad</b>	2004-05	Summary	Incorrect allowance of deduction of Rs. 20.47 lakh on account of dividend income exempt from tax.	9.59
85.	M/s Narhari Exports <b>Ahmedabad</b>	2003-04	Summary	Incorrect allowance of deduction of Rs. 23.25 lakh towards export profit in loss case.	9.42
86.	M/s Shabari Enterprises <b>Bangalore III</b>	2002-03	Summary	Incorrect allowance of deduction towards Employees Provident Fund and ESI not deposited within the specified due dates.	9.25
87.	M/s Seyadu Beedi Company <b>Madurai II</b>	2003-04	Summary	Excess claim of depreciation on windmills.	9.06
88.	M/s Kiran Roadlines <b>Central II Ahmedabad</b>	2004-05	Summary	Penalty paid was incorrectly allowed as expenditure.	9.02

89.	M/s Theni Krishna Exports <b>Madurai II</b>	2003-04	Summary	Excess allowance of deduction of Rs. 21.07 lakh towards export profit without deducting 90 percent of other income.	8.64
90.	M/s Dee Cee Exports <b>Coimbatore III</b>	2002-03	Summary	Excess allowance of deduction of Rs. 19.36 lakh towards export profit without deducting 90 percent of interest income.	7.93
91.	Shri Kyomi Inoue <b>Baroda</b>	2004-05	Summary	Perquisite of Rs. 15.61 lakh not taxed.	6.19
92.	M/s Orbit Bearing India (P) Ltd <b>Rajkot</b>	2004-05	Summary	Incorrect allowance of deduction u/s 80 IB against proceeds from sale of DEPB of Rs. 17.10 lakh which had no nexus with the manufacturing activities.	6.13
93.	Sai Engineering Foundation <b>Shimla</b>	2002-03	Summary	Incorrect allowance of deduction of Rs. 16.16 lakh towards charitable purpose.	5.87
94.	Shri Babulal K.P. Soni <b>Mumbai City XVII</b>	2000-01	Summary	Incorrect deduction of Rs. 7.71 lakh towards short term capital gains without verifying details of the transaction.	5.78
95.	Shri Tsuyoshi AIO <b>Baroda</b>	2004-05	Summary	Income of Rs. 6.51 on account of perquisites was not taxed.	5.25

96.	M/s D2 International <b>Kolkata City XVIII</b>	2001-02	Summary	Excess allowance of deduction of Rs. 10.49 lakh towards export profit without deducting 90 percent of specified receipts.	5.15
97.	M/s Dhanam's Knit Garments <b>Coimbatore III</b>	2000-01	Summary	Excess allowance of deduction of Rs. 12.58 lakh towards export profit without deducting 90 percent of interest income.	5.04

The Ministry have accepted the audit observations in the case at serial numbers 2, 3, 4, 11, 12, 16, 20, 22, 21, 23, 26, 27, 28, 29, 34, 35, 36, 45, 46, 48, 51, 53, 54, 55, 57, 58, 59, 60, 61, 64 and 66 of the Appendix above.

## Appendix 18

## Chapter V: Other Direct Taxes

(Rs. in lakh)

Sl. No.	Name of assessee/ Status	CIT Charge	Assessment Year	Nature of mistake	Tax effect
<b>Para 5.6.2: Wealth escaping assessment</b>					
1	Shri S N Wadiyar	Mysore	1999-2000, 2000-01 and 2003-04	Inadmissible cumulative tax liability claimed as deduction.	8.09
2	M/s Usha Beltron Ltd, Ranchi	Ranchi	2002-03	Value of building and motor cars shown less.	5.75
<b>Para 5.8.3: Mistakes in levy of interest</b>					
3	M/s Premier Automobiles Ltd	Mumbai City X	1995-96 and 2000-01	Interest for non payment of demand was charged short	5.81
<b>Para 5.17.3: Non correlation of records</b>					
4	M/s ECD Electrons and Electrolysis Pvt.Ltd.	Mumbai City II	1999-2000 and 2000-01	Interest income of Rs. 1.63 crore was not offered for tax	8.16
<b>Para 5.18.2: Mistakes in levy of interest</b>					
5	M/s Cholamandalam Investment and Finance Company Ltd.	Chennai I	1996-97	Short levy of interest for short payment of advance tax	7.52

The Ministry have accepted the audit observations in cases at serial number 4 and 5 of the Appendix above.