

## **OVERVIEW**

This Report contains 28 paragraphs including two reviews relating to non/short levy of taxes, duties, interest and penalty, etc., involving tax effect of Rs. 82.74 crore. Some of the major findings are mentioned below:

### **1. General**

- The total receipts of the State Government for the year 2008-09 was Rs. 18,452.31 crore. Revenue raised by the Government during the year was Rs. 14,893.73 crore, comprising tax revenue of Rs. 11,655.28 crore and non-tax revenue of Rs. 3,238.45 crore. The State Government also received Rs. 1,724.62 crore as State's share of divisible Union taxes and Rs. 1,833.96 crore as grants-in-aid from the Government of India.

**(Paragraph 1.1)**

- Arrears of revenue at the end of March 2009 as reported by some departments were Rs. 2,366.78 crore, of which Rs. 606.22 crore were outstanding for more than five years.

**(Paragraph 1.6)**

- At the end of June 2009, 6,553 audit observations involving Rs. 8,663.68 crore relating to 2,868 inspection reports issued upto December 2008 remained outstanding.

**(Paragraph 1.12)**

- Test check of the records of the taxes on sales/trade etc., stamp duty and registration fee, state excise, taxes on goods and passengers, taxes on vehicles, other tax and non-tax receipts conducted during the year 2008-09 revealed under assessments/short levy/non-levy/loss of revenue aggregating Rs. 281.13 crore in 37,889 cases. During the course of the year 2008-09, the departments accepted under assessment of Rs. 15.75 crore in 2,861 cases. Of these, the departments recovered Rs. 1.30 crore.

**(Paragraph 1.17)**

### **2. Taxes on Sales, Trade etc.**

A review of **Recovery of sales tax/VAT in arrears** revealed the following:

- The outstanding arrears increased from Rs. 440.49 crore to Rs. 1,591.87 crore (361 *per cent*) over the period from April 2003 to March 2008. The pace of recovery was very slow against the mounting arrears.

**(Paragraph 2.2.7)**

- No time limit has been prescribed for attachment and disposal of attached property, and for issue of revenue recovery certificate against defaulting dealer under the HGST/HVAT Act. This led to accumulation of arrears of Rs. 8.10 crore.

**(Paragraph 2.2.8)**

- Lack of co-ordination between departmental authorities to take effective action to recover the dues led to accumulation of arrears of Rs. 12.68 crore.

**(Paragraph 2.2.9.2)**

- Rs. 10.84 crore could not be recovered due to lack of provisions in Haryana Value Added Tax Act regarding entertainment of appeals on pre-payment of additional demands in dispute.

**(Paragraph 2.2.10)**

- Collection of Rs. 152.40 crore was held up due to non-vacation of stay orders or non-disposal of appeals by first appellate authority.

**(Paragraph 2.2.13)**

- Incorrect levy of concessional rate of tax on sale of rags purchased against declaration in forms VAT-D1 for use in the manufacture of goods instead of at the general rates applicable to rags (being unclassified goods) resulted in non-levy of VAT amounting to Rs. 1.33 crore.

**(Paragraph 2.4.1)**

- Application of incorrect rate of tax on the sales of tyres and tubes resulted in underassessment of VAT of Rs. 86.70 lakh.

**(Paragraph 2.4.2.1)**

- In the case of a dealer of Bahadurgarh, the assessing authority allowed deductions of Rs. 1.22 crore instead of Rs. 87 lakh on account of deferment of tax. This resulted in excess deferment of tax of Rs. 69.22 lakh including interest of Rs. 34.41 lakh.

**(Paragraph 2.4.3)**

- Incorrect classification of mosquito mats/coils by the assessing authorities, Ambala Cantonment and Kurukshetra in the case of two dealers resulted in short levy of tax amounting to Rs. 76.67 lakh.

**(Paragraph 2.5.1.1)**

### **3. Stamp Duty and Registration Fee**

- Stamp duty of Rs. 44.20 lakh was short levied on 50 sale deeds of plots in municipal limits with an area less than 1,000 square yards due to application of lower rates fixed for agricultural land instead of higher rates fixed for residential areas.

**(Paragraph 3.4.1)**

### **4. State Excise**

#### **Excise and Taxation Department**

- Non-initiation of action to recover the differential amount of license fee from 12 defaulting allottees of retail liquor outlets even after reauction of vends at their risk and cost deprived the Government of revenue of Rs. 1.01 crore.

**(Paragraph 4.3.1)**

- License fee and interest of Rs. 81.29 lakh was short recovered from 75 licensees by Deputy Excise and Taxation Commissioners, Kaithal, Karnal, Panipat and Sonipat during the years 2006-07 and 2007-08.

**(Paragraph 4.3.2.1 and 4.3.2.2)**

### **5. Other Tax Receipts**

#### **Excise and Taxation Department**

- Passengers tax amounting to Rs. 98.77 lakh was not demanded by the department in respect of buses of educational institutions, transport co-operative societies and city bus operators.

**(Paragraph 5.3.1)**

#### **Transport Department**

- Token tax of Rs. 44.27 lakh was not demanded by ten Regional Transport Authorities from the owners of city bus operators and stage carriage buses for the different period between April 2006 and March 2008.

**(Paragraph 5.4.1.1 and 5.4.1.2)**

## **6. Non-Tax Receipts**

### **Home Department**

A review of **Receipts of police department** revealed the following:

- Failure on the part of department to raise and realise the police cost from Railways resulted in non-realisation of revenue of Rs. 19.96 crore.

**(Paragraph 6.2.8.1 and 6.2.8.2)**

- Acceptance of payment of incentive money from Ministry of External Affairs in the absence of any control mechanism for recovery of dues for passport verification reports led to short reimbursement of Rs. 1.26 crore.

**(Paragraph 6.2.9)**

- Failure to raise and collect demand timely on provisional basis quarterly as per Government of India instructions resulted in non-realisation of revenue of Rs. 5.29 crore.

**(Paragraph 6.2.13)**

- Police cost amounting to Rs. 1.14 crore was under assessed due to non-inclusion of different elements of cost.

**(Paragraph 6.2.14.2)**

### **Public Health Department**

- Water charges aggregating to Rs. 73.44 lakh was not demanded by the department from owners of 576 unmetered water supply connections of commercial, institutional and industrial establishments for the period between December 2006 and March 2008.

**(Paragraph 6.4)**

### **Civil Aviation Department**

- Government revenue amounting to Rs. 69.36 lakh realised from leasing out surplus land of civil aerodromes was retained unauthorisedly by Haryana Institute of Civil Aviation.

**(Paragraph 6.5)**

### **Mines and Geology Department**

- Royalty and interest of Rs. 33.56 lakh was not recovered from 150 brick kiln owners.

**(Paragraph 6.6)**