

TABLE OF CONTENTS

	Reference to	
	Paragraph	Page
Preface		v
Overview		vii-xii
CHAPTER-I : GENERAL		
Trend of revenue receipts	1.1	1
Response of the Departments/Government towards audit	1.2	4
Outstanding IRs and audit observations	1.2.1	4
Adhoc committee meetings	1.2.2	5
Non-production of records to audit for scrutiny	1.2.3	6
Response of the Departments to draft audit paragraphs	1.2.4	6
Follow-up on Audit Reports – summarised position	1.2.5	7
Compliance with earlier Audit Reports	1.2.6	8
Analysis of the mechanism for dealing with the issues raised by Audit	1.3	9
Position of IRs	1.3.1	9
Assurances given by the Department/Government on the issues highlighted in the Audit Reports	1.3.2	9
Audit planning	1.4	11
Results of audit	1.5	11
Position of local audit conducted during the year	1.5.1	11
This report	1.5.2	12
CHAPTER-II : TAXES ON SALES, TRADE ETC.		
Tax administration	2.1	13
Trend of receipts	2.2	13
Analysis of arrears of revenue	2.3	14
Assessee profile	2.4	14
Cost of VAT per assessee	2.5	14
Arrears in assessment	2.6	15
Cost of collection	2.7	15
Analysis of collection	2.8	16
Impact of Audit Reports	2.9	16
Working of internal audit wing	2.10	17
Results of audit	2.11	17
IT Audit of VATSoft in Commercial Taxes Department (A review)	2.12	18
Other audit observations	2.13	35
Excess/incorrect allowance of input tax	2.13.1	36
Underassessment of output tax/net tax	2.13.2	37
Non/short levy of interest	2.13.3	37

	Reference to	
	Paragraph	Page
Excess adjustment of credit/refund amount	2.13.4	38
Non/short levy of penalty	2.13.5	38
Loss of revenue due to acceptance of belated returns	2.13.6	39
Incorrect adjustment of TDS	2.13.7	40
Incorrect grant of exemption	2.13.8	40
CHAPTER-III : TAXES ON MOTOR VEHICLES		
Tax administration	3.1	41
Trend of receipts	3.2	41
Analysis of arrears of revenue	3.3	42
Cost of collection	3.4	42
Impact of Audit Reports	3.5	42
Working of internal audit wing	3.6	43
Results of audit	3.7	43
Audit observations	3.8	45
Non-demand of tax	3.8.1	45
Non/short levy of lifetime tax	3.8.2	46
CHAPTER-IV : LAND REVENUE		
Tax administration	4.1	47
Trend of receipts	4.2	47
Analysis of arrears of revenue	4.3	48
Impact of Audit Reports	4.4	49
Results of audit	4.5	49
Grant of Government lands and regularisation of unauthorised occupation of Government lands (A review)	4.6	50
Other audit observations	4.7	71
Non/short levy of compounding amount	4.7.1	71
Short levy of fees for pre-mutation sketch	4.7.2	72
CHAPTER-V : STAMPS AND REGISTRATION FEES		
Tax administration	5.1	73
Trend of receipts	5.2	73
Analysis of arrears of revenue	5.3	74
Impact of Audit Reports	5.4	74
Working of internal audit wing	5.5	75
Results of audit	5.6	75
Audit observations	5.7	76
Short levy of stamp duty and registration fee due to incorrect determination of market value	5.7.1	77
Non-realisation of stamp duty and registration fees	5.7.2	78
Short levy of stamp duty and registration fee on lease deeds	5.7.3	78

	Reference to	
	Paragraph	Page
Short levy of stamp duty and registration fees	5.7.4	80
Short levy due to undervaluation	5.7.5	81
Absence of provision to determine market value in respect of 'certificate of sale' resulting in short realisation of stamp duty	5.7.6	82
Non-realisation of stamp duty and registration fee due to non-compliance with the conditions of grant	5.7.7	83
CHAPTER-VI : OTHER TAX RECEIPTS		
Tax administration	6.1	84
Trend of receipts	6.2	84
Analysis of arrears of revenue	6.3	85
Impact of Audit Reports	6.4	85
Working of internal audit wing	6.5	86
Results of audit	6.6	86
Non-levy of fee on rectified spirit	6.7	88
CHAPTER-VII : NON-TAX RECEIPTS		
Tax administration	7.1	89
Trend of receipts	7.2	89
Impact of Audit Reports	7.3	90
Working of internal audit wing	7.4	90
Results of audit	7.5	91
Interest Receipts (A review)	7.6	92
Other audit observations	7.7	112
Non-levy of royalty and penalty	7.7.1	113
Non-levy of royalty	7.7.2	113
Short levy of interest due to incorrect adjustment of payments	7.7.3	114
Annexure		117

PREFACE

This Report for the year ended 31 March 2010 has been prepared for submission to the Governor under Article 151 (2) of the Constitution.

The audit of revenue receipts of the State Government is conducted under Section 16 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. This Report presents the results of audit of receipts comprising sales tax, state excise, taxes on motor vehicles, land revenue, stamps and registration fees, other tax receipts and non-tax receipts of the State.

The cases mentioned in the Report are among those which came to notice in the course of test audit of records during the year 2009-10 as well as those which came to notice in earlier years but could not be included in previous years' Reports.

