

OVERVIEW

This Report contains 41 paragraphs relating to non/short levy of taxes, royalty, fees, rent, interest and penalty etc., loss of revenue, irregular exemption and other irregularities. It also contains a performance audit on “Working of Recovery Offices in Sales Tax Department in Assam” and a theme audit on “Assessment, levy and collection of water rates for irrigation/non-irrigation purposes in Assam”. The above cases involve monetary implication of ₹ 1,486.44 crore. Some of the major findings are mentioned below:

I. GENERAL

- The total receipts of the State for the year 2011-12 were ₹ 27,455.39 crore against ₹ 23,004.94 crore in the previous year. Of this, 38 *per cent* was raised by the Government through tax revenue (₹ 7,638.23 crore) and non-tax revenue (₹ 2,866.76 crore). The balance 62 *per cent* was received from the Government of India in the form of State’s share of net proceeds of divisible Union taxes (₹ 9,283.53 crore) and grants-in-aid (₹ 7,666.87 crore).

(Paragraph 1.1)

- Failure of senior officials to ensure timely replies and accountability resulted in non-settlement of 2,721 paragraphs involving revenue implication of ₹ 935.88 crore at the end of June 2012.

(Paragraph 1.2.1)

- During the year 2011-12, only two Audit Committee meetings in respect of Environment & Forest and Transport Departments were held in which 202 paragraphs involving ₹ 16.35 crore, were settled.

(Paragraph 1.2.2)

- Test check of records of 148 units of sales/value added tax, motor vehicles, state excise, forest, other tax and non-tax receipts conducted during the year 2011-12 revealed under assessment/short levy/short demand leading to loss of revenue aggregating ₹ 1,864.50 crore in 498 cases.

(Paragraph 1.5.1)

II. TAXES ON SALES, TRADE ETC.

A performance audit on “Working of Recovery Offices in Sales Tax Department in Assam” revealed the following:

- During 2006-07 to 2010-11, the recovery of arrears was in the range of one to two *per cent* while there were 15,795 pending cases involving revenue of ₹ 1,564.31 crore as on 31 March 2011.

(Paragraph 2.11.7)

- Non-availability of information on movable and immovable properties of the certificate debtors with the Assessing Officers handicapped the Recovery Officer to take result oriented action on arrear certificates. Consequently, arrear dues of ₹ 6.94 crore remained unrealised.

(Paragraph 2.13)

- Due to non-initiation/execution of coercive measures/lack of follow up action on warrants of arrest issued, arrear dues involving ₹ 51.11 crore remained unrealised.

(Paragraph 2.15)

- Non-issue/delayed issue of inter-State arrear certificates led to the arrear dues of ₹ 2.26 crore remaining unrealised.

(Paragraph 2.16)

- Due to lack of follow up action on appeal cases, delay in finalisation of appeal cases and delay in reassessment giving effect to the orders of the appellate authorities, the arrear dues of ₹ 8.74 crore remained unrealised.

(Paragraph 2.17)

- Seven cases involving arrear dues of ₹ 4.84 crore have been disposed by the concerned Courts. Due to lack of follow up action/non-compliance of the Courts verdict, the arrear dues of the same amount remained unrealised.

(Paragraph 2.19)

- The rate of interest leviable for belated payment of arrear dues has not been reviewed for almost 100 years. Though the interest rate under Assam VAT Act was fixed as 18 *per cent* per annum, the cases under recovery proceedings still continue to be at 6.25 *per cent*.

(Paragraph 2.22)

- Due to deficiencies in the internal control mechanism, absence of internal audit and absence of a system for periodic review of the register of certificates, the higher authorities in the Department remained unaware about the deficiencies detected during the performance audit.

(Paragraph 2.24)

Other audit observations

Application of incorrect rate of tax resulted in short levy of tax of ₹ 1.44 crore on which interest of ₹ 2.32 crore was additionally leviable.

(Paragraph 2.29)

Non-conduct of scrutiny/selection of a case for assessment led to non-detection of evasion of tax of ₹ 1.33 crore.

(Paragraph 2.30)

Application of lower rate of tax resulted in short realisation of tax of ₹ 40.12 lakh including interest.

(Paragraph 2.32)

Non-completion of best judgment assessment led to evasion of tax of ₹ 25.42 lakh including interest.

(Paragraph 2.33)

Irregular application of rate resulted in short levy of entry tax of ₹ 1.10 crore.

(Paragraph 2.42)

Failure of the assessing officer to take cognisance of the purchase turnover of a dealer prior to registration/assessment resulted in non-levy of entry tax of ₹ 20.03 lakh.

(Paragraph 2.43)

III. STATE EXCISE

Misclassification of India Made Foreign Liquor resulted in short realisation of excise duty of ₹ 29.20 crore.

(Paragraph 3.9)

Non-raising of demand for recovery of excise duty of ₹ 8.75 crore on short production of liquor.

(Paragraph 3.10)

Failure of the SE to properly draw up the 'Order' on physical verification report led to possibility of recovery of revenue amounting to ₹ 2.05 crore doubtful.

(Paragraph 3.12)

IV. MOTOR VEHICLE TAXES

Overloading of vehicles in violation of MV Act led to non-levy and non-realisation of minimum fine of ₹ 518.73 crore, besides endangering public life and property.

(Paragraph 4.9)

Mis-appropriation of revenue of ₹ 5.05 lakh.

(Paragraph 4.12)

V. MINES AND MINERALS

Non-insertion of standard norms for deduction on account of operational utilisation in the Petroleum and Natural Gas Rules, 1959 deprived the Government of additional revenue of ₹ 136.31 crore.

(Paragraph 5.5)

Absence of a system of cross verification of the monthly returns with the annual accounts of the lessee led to non-detection of short payment of royalty of ₹ 26.33 crore including interest.

(Paragraph 5.6)

Non-submission of claim by Government of Assam for payment of additional royalty on crude oil – non-realisation of revenue of ₹ 2.51 crore.

(Paragraph 5.8)

VI. OTHER NON-TAX RECEIPTS

A theme audit on “Assessment, levy and collection of Water Rates for irrigation/non-irrigation purposes in Assam” revealed the following:

- Absence of a prescribed time limit for completion of assessment and issuing demand notices led to non-realisation of water rates of ₹ 50.78 crore.

(Paragraph 6.2.3)

- Government neither prescribed any mechanism for monitoring water drawn for non-irrigation purposes nor fixed the water rates for such usage despite provisions in the Assam Irrigation Act. Consequently, the Department was unaware of the volume of water used in this sector and the Government was deprived of additional sources of revenue.

(Paragraph 6.2.4)

- Loss of water in transit beyond permissible limit led to loss of revenue of ₹ 325.64 crore.

(Paragraph 6.2.8)

- Government is yet to approve and implement the State Water Policy which was required to be implemented by 2004.

(Paragraph 6.2.10)

Environment and Forest Department

Non-realisation of forest royalty of ₹ 17.86 lakh on forest produce utilised for departmental works.

(Paragraph 6.4)

Settlement of tenders for supply of feed for captive animals above the prevailing market prices resulted in excess expenditure of ₹ 18.68 lakh.

(Paragraph 6.7)