

OVERVIEW

I General

This Report contains 60 paragraphs, a Performance Audit (PA) Report and a Thematic Study(TS) Report highlighting non-levy or short-levy of tax, interest, penalty, revenue foregone, etc., involving ₹ 981.10 crore. Some of the major findings are mentioned below:

(Paragraph 1.5.2)

The total revenue receipts of the Government for the year 2011-12 amounted to ₹ 40,267.02 crore against ₹ 33,276.15 crore in the previous year. Of this, 49.38 *per cent* was raised by the State through tax revenue (₹ 13,442.74 crore) and non-tax revenue (₹ 6,442.96 crore). The balance 50.62 *per cent* was received from the Government of India in the form of State's share of divisible Union taxes (₹ 12,229.12 crore) and Grants-in-aid (₹ 8,152.20 crore).

(Paragraph 1.1.1)

As on 30 June 2012, 3,597 Inspection Reports, issued up to 31 December 2011 containing 10,270 audit observations involving ₹ 7,454.18 crore, were outstanding for want of comments/final action by the concerned Departments.

(Paragraph 1.2.1)

Test check of the records of assessment/collection of Value Added Tax including Sales Tax, Entry Tax, Profession Tax etc., Motor Vehicles Tax, Land Revenue, Stamp Duty and Registration Fees, State Excise Duty, Forest Receipts, Mining Receipts and Other Departmental Receipts, conducting a PA on Working of Excise Department and a TS on High Value Certificate- Pending Cases during the year 2011-12 revealed under assessment/short-levy/loss of revenue, etc., amounting to ₹ 5,005.13 crore in 2,16,945 cases. During the year 2011-12, the concerned Departments accepted under assessment and other deficiencies of ₹ 1,409.90 crore involved in 37,885 cases, which were pointed out in that year and earlier years. In 1,770 cases, the Departments also recovered ₹ 12.73 crore.

(Paragraph 1.5.1)

II Value Added Tax, Central Sales Tax, Entry Tax and Profession Tax

A Thematic Study on “**High Value Certificate- Pending Cases**” revealed the following:

- In 47 cases, Tax Recovery (TR) proceedings were initiated in six Circles against 44 dealers during 1999-2011 for recovery of ₹ 12.17 crore; but the notices in form 2 could not be served due to closure of business.

(Paragraph 2.2.7.1)

- In 29 cases, for realisation of tax of ₹ 1.16 crore from 27 dealers under the repealed Orissa Sales Tax (OST) Act relating to 1983-2005, the Tax Recovery Officers (TROs) of three Circles did not initiate TR proceedings in form 2 although they received requisition in form I from the Assessing Authorities (AAs).

(Paragraph 2.2.7.2)

- In 185 cases relating to 176 dealers, TR proceedings were initiated by the TROs of eight Circles between 1988-2012 for realisation of ST/OVAT dues of ₹ 25.35 crore; but no further action was taken.

(Paragraph 2.2.7.3)

- In four Circles demand notices were issued against 38 dealers for realisation of tax due of ₹ 3.04 crore from the year 1981-99 in 43 cases; but the TROs initiated TR proceedings for ₹ 0.24 crore only when the cases were barred by limitation of the time and no TR proceedings were initiated for ₹ 2.80 crore although the recovery was barred by limitation of time as on the date of audit.

(Paragraph 2.2.7.4)

- In 12 Circles tax due of ₹ 120.53 crore for the period 1982-2010 were outstanding against 733 dealers in 939 cases; but certificate requisitions were not issued by the Assessing Authorities (AAs) to the TROs for recovery of arrears.

(Paragraphs 2.2.8.1 to 2.2.8.3)

Tax and penalty of ₹ 5.22 crore was not levied in audit assessments due to underassessment of taxable turnover of three dealers.

(Paragraph 2.4.1)

Tax, penalty and interest of ₹ 4.96 crore was not levied in audit assessments on Duty Entitlement Pass Book of three dealers.

(Paragraph 2.4.2)

Inadmissible Input Tax Credit (ITC) of ₹ 3.43 crore was allowed in the self assessment of a Large Tax Payer Unit and ₹ 2.37 crore was allowed in audit assessment of three dealers including penalty.

(Paragraph 2.4.3 and 2.4.4)

Penalty of ₹ 19.87 crore for non-submission of the certified report on the audited accounts of 5,883 dealers (whose gross turnover exceeded ₹ 40 lakh during the preceding financial year) within the prescribed period was not levied.

(Paragraph 2.4.6)

Penalty of ₹ 2.90 crore, being twice the tax assessed, was not levied in audit assessments in respect of five dealers.

(Paragraph 2.4.8)

Interest of ₹ 0.88 crore towards delayed payment of tax was not levied against 1,211 dealers besides penalty of ₹ 1.81 crore.

(Paragraph 2.4.9)

Penalty of ₹ 14.18 crore was not imposed in audit assessments for misutilisation of declaration in form C of a dealer.

(Paragraph 2.5.1)

Tax and penalty of ₹ 2.01 crore was short-levied in three Ranges and three Circles against eight dealers due to allowance of concessional rate of tax against defective/invalid declarations in form 'C'.

(Paragraph 2.5.2)

Tax and penalty of ₹ 13.02 crore was short-levied in audit assessments due to allowance of inadmissible exemption/concession of tax in respect of 16 dealers of five Ranges and six Circles.

(Paragraph 2.5.3, 2.5.4, 2.5.5, 2.5.6 and 2.5.8)

Penalty of ₹ 3.90 crore being twice the tax assessed was not levied in audit assessments in respect of six dealers of two ranges and one circle.

(Paragraph 2.5.7)

Tax and penalty of ₹ 0.30 crore was short-levied due to excess allowance of set off.

(Paragraph 2.6.3)

III Motor Vehicles Tax

Motor Vehicles tax and additional tax of ₹ 81.07 crore including penalty was either not realised or short-realised in respect of 37,313 vehicles under different categories.

(Paragraph 3.3.1.1 and 3.3.1.2)

Motor Vehicles tax of ₹ 0.56 crore including penalty was non/ short-realised from 252 Private Service vehicles.

(Paragraph 3.3.2)

Compounding fee of ₹ 0.57 crore was not realised from 1,125 goods vehicles carrying extra load.

(Paragraph 3.3.3)

Penalty of ₹ 0.28 crore was non/short realised in 94 cases for belated payment of tax and additional tax.

(Paragraph 3.3.4)

Process Fee of ₹ 1.29 crore in respect of 1.29 lakh cases was not realised from the vehicle owners.

(Paragraph 3.4.1)

IV Land Revenue, Stamp Duty and Registration Fee

In four cases, 31.743 acres of Government land was in advance possession without revenue receipts of ₹ 59.97 crore by the Department.

(Paragraph 4.3.1.1)

Revenue of ₹ 9.78 crore could not be realised due to non-finalisation of lease cases of 12.14 acres of Government land in four cases.

(Paragraph 4.3.1.2)

In one case ₹ 0.46 crore towards royalty, fine and cost of mineral was short-levied for unauthorised removal of minor minerals.

(Paragraph 4.3. 2)

Government sustained loss of Stamp Duty and Registration Fees of ₹ 0.93 crore due to belated revision of Bench Mark Valuation by two District Sub Registrars and two Sub Registrars.

(Paragraph 4.4.1.1)

V State Excise Duty and Fees

A Performance Audit on “**Working of Excise Department**” revealed the following:

- Molasses is being manufactured, stored and sold by the sugar factories without the necessary licence.

{Paragraph 5.2.7.1(i)}

- Allowance of excess wastage than the norm prescribed under the Excise Technical Manual in manufacture of Beer led to loss of revenue of ₹ 2.80 crore.

{Paragraph 5.2.7.3(i)}

- Delay in supply of Country Spirit (CS) in bottles led to revenue loss of ₹ 4.80 crore.

(Paragraph 5.2.8.2)

- Revenue of ₹246.16 crore could not be earned due to non provision for levy of transport fee on IMFL, Beer and CS in the AEPs.

(Paragraph 5.2.8.5 (ii))

- Renewal of excise shops without enhancement of Consideration Money (C.Money) led to revenue loss of ₹ 85.08 crore, incorrect fixation of C.Money led to revenue loss of ₹ 80.76 crore

(Paragraphs 5.2.9.1 & 5.2.9.3)

- Prescription for levy of State Excise Duty at lower rate on Canned Beer led to revenue loss of ₹ 13.88 crore.

(Paragraph 5.2.9.7)

- Seized hemp plants with large revenue potential were not disposed off through auction.

(Paragraph 5.2.9.12)

- Monitoring and control measures in recording complaints, periodical inspection of Excise shops, sugar factories and manufacturing units, enforcement activities was weak. Low rates of conviction in the excise offence cases were also noticed.

(Paragraph 5.2.10)

- Internal Control Mechanism is poor and Internal Audit is in arrears in respect of 232 units as on 31 march 2011 Manpower deployment for regulatory and enforcement activities including internal audit was inadequate.

(Paragraphs 5.2.10 and 5.2.10.6)

Bottling fees of ₹ 5.59 crore was not realised from a Brewery.

(Paragraph 5.4.1)

State Excise Duty of ₹ 68.88 lakh including fine was not realised from 20 licensees for non-lifting of the Minimum Guaranteed Quantity (MGQ) of liquor.

(Paragraph 5.4.2)

Transport fee of ₹ 34.20 lakh was not levied and realised from 189 outstill shops for short-fall in lifting and utilisation of Mohua flower.

(Paragraph 5.4.3)

VI Forest Receipts

Government revenue of ₹ 2.08 crore was blocked due to non-disposal of sandal wood seized in forest offence cases.

(Paragraph 6.3.1)

Interest of ₹ 2.60 crore for delayed payment of royalty was not levied against the Orissa Forest Development Corporation Limited (OFDC).

(Paragraph 6.3.3)

VII Mining Receipts

Extraction of 290.99 LMT of coal in excess of approved limit without prior Environment Clearance (EC) led to raising of demand of ₹1295.85 crore towards cost price thereof. Unlawful Extraction of Iron and Manganese Ores in excess of approved limit without prior EC led to non realisation of ₹145 crore towards price of such minerals.

(Paragraph 7.3.1.1 & 7.3.1.2)

Government revenue of ₹ 1.83 crore was lost due to non-seizure of minerals procured without any lawful Authority.

(Paragraph 7.3.4)

VIII Other Departmental Receipts

Electricity Duty of ₹ 2.43 crore including interest was not levied on auxiliary consumption of energy by M/s Bhusan Steel Ltd.

(Paragraph 8.3.3)

Electricity duty of ₹ 128.06 crore including interest was not levied on consumption of electricity by M/s Vedanta Aluminium Limited.

(Paragraph 8.3.4)