## Report of the

## **Comptroller and Auditor General of India**

on

**Revenue Sector** 

for the year ended March 2014

Government of Bihar Report No. 3 of the year 2014

## TABLE OF CONTENTS

	Paragraph	Page
Preface	r ar agraph	V
Overview		vii
Chapter – I: General		VII
Trend of revenue receipts	1.1	1
Analysis of arrears of revenue	1.2	5
Arrears in assessments	1.3	6
Evasion of tax	1.4	7
Pendency of refund cases	1.5	8
Response of the Government/departments towards audit	1.6	8
Analysis of the mechanism for dealing with the issues raised		0
by Audit	1.7	11
Audit Planning	1.8	13
Results of audit	1.9	14
Coverage of this Report	1.10	14
Chapter – II: Commercial Taxes		
Tax administration	2.1	15
Results of audit	2.2	15
Performance audit on 'Levy and collection of Entry Tax'	2.3	17
Non-compliance of the provisions of the Acts/Rules	2.4	41
Suppression of turnover	2.5	41
Excess Input Tax Credit	2.6	43
Short levy of tax due to application of incorrect rate of tax	2.7	43
Incorrect allowance of deductions	2.8	44
Irregular deduction on account of transit sales	2.9	45
Incorrect/excess reimbursement of VAT/Entry Tax	2.10	45
Short payment of tax and non-levy of interest	2.11	46
Non-levy of interest for delayed payment of tax	2.12	47
Incorrect allowance of deduction on account of Bonus sales for drugs and medicines	2.13	48
Non-deduction of tax at source	2.14	49
Non-levy of purchase tax	2.15	49
Incorrect/excess availing of rebate	2.16	50
Non-calculation of reverse credit	2.17	50
Non-levy of electricity duty on sales of energy	2.18	51
Short levy of Entertainment tax	2.19	52
Non-levy of luxury tax and penalty for non-registration	2.20	52
Internal Audit	2.21	53
Chapter – III : State Excise		
Tax administration	3.1	55
Results of audit	3.2	55
Non-compliance of the provisions of the Act/Rules	3.3	56

Allotment of Excise Licences for liquor	3.4	56		
Cases of defalcation of excise revenue	3.5	62		
Short realisation of licence fee of excise shops after cancellation	3.6	64		
Undue favour to licensees due to incorrect adjustment of security money	3.7	65		
Non-levy of penalty for delayed deposit of licence fee	3.8	65		
Internal Audit	3.9	66		
Chapter – IV : Taxes on Vehicles				
Tax administration	4.1	67		
Results of audit	4.2	67		
Non-compliance of the provisions of the Acts/Rules	4.3	68		
Non-realisation of motor vehicle taxes	4.4	68		
Short realisation of Trade Certificate Fees	4.5	69		
Short realisation of one time tax and penalty from goods carriage vehicles	4.6	70		
One time tax from three wheelers	4.7	70		
Short realisation of one time tax and penalty from trailers	4.8	72		
Non/short realisation of one time tax and penalty from tractors	4.9	72		
Irregular issue of tax token	4.10	73		
Non/short realisation of trade tax from the dealers of motor vehicles	4.11	74		
Non-renewal of driving licences in Form-7	4.12	75		
Loss of revenue due to delivery of vehicles without temporary registration	4.13	76		
Internal Audit	4.14	77		
Chapter – V : Other Tax Receipts				
Tax administration	5.1	79		
Results of audit	5.2	79		
Non-compliance of the provisions of the Acts/Rules	5.3	80		
A: LAND REVENUE				
Non/short realisation of Stamp duty and Registration fees on settlement of <i>Sairat</i>	5.4	81		
B: STAMPS AND REGISTRATION FEE	S			
Blocking of Government revenue due to non-disposal of referred cases	5.5	81		
Non-realisation of Government revenue from finalised referred cases	5.6	82		
Non-levy of Stamp duty on lease agreements entered into between the Mobile companies and land owners	5.7	83		
Misclassification of category of land	5.8	83		
Internal Audit	5.9	84		

Chapter – VI : Non-Tax Receipts				
Non-ferrous Mining and Metallurgical Industries				
Tax administration	6.1	85		
Results of audit	6.2	85		
Non-compliance of the provisions of the Acts/Rules	6.3	86		
Non-levy of penalty for illegal procurement of minerals by works contractors	6.4	86		
Mineral excavation without approval of Mining Plan	6.5	88		
Loss of revenue and undue benefit to lessees due to non-registration of deeds of settlement of sand <i>ghats</i>	6.6	88		
Non/short realisation of royalty from brick kiln owners	6.7	89		
Non-levy of penalty for illegal use of ordinary earth	6.8	90		
Non-levy of fine for continued contravention of Acts/Rules	6.9	90		
Short realisation of royalty and interest from lease of stone quary	6.10	91		
Internal Audit	6.11	92		
Annexures		93		
Glossary of Abbreviations		133		