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**REPORT OF  
THE COMPTROLLER AND  
AUDITOR GENERAL  
OF INDIA**

**FOR THE YEAR ENDED  
31 MARCH 2000  
REPORT No.1  
(REVENUE RECEIPTS)**

**GOVERNMENT OF ASSAM**

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PART I  
(REVENUE RECEIPTS)

GOVERNMENT OF ASSAM

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## **PREFATORY REMARKS**

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*This Report for the year ended 31 March 2000 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, agricultural income tax, taxes on motor vehicles, other tax and non-tax receipts and forest receipts of the State.*

*The cases mentioned in this Report are among those which came to notice in the course of test audit of records during the year 1999-2000 as well as those which came to notice in earlier years but could not be included in previous Reports.*



# FREEBORN KENNEDY

This report for the year ending March 31st 1900 is in accordance with the provisions of the Government Printing Office Act of 1897.

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## OVERVIEW

This report contains 21 paragraphs including 3 reviews relating to under-assessment, non-levy/short-levy of tax, interest, penalty etc., involving Rs. 100.19 crore, which is 6% of the revenue receipts of 1999-2000. The Government has accepted audit observations involving Rs.137.12 lakh of which Rs.12.57 lakh had been recovered up to June 2000.. Some of the major findings are mentioned below:

### 1 GENERAL

(i) The State Government's receipts for the year 1999-2000 amounted to Rs.4840.94 crore as against Rs.4506.54 crore for the year 1998-99. While the revenue raised by the Government amounted to Rs.1669.68 crore (tax revenue : Rs. 1224.76 and non-tax revenue : Rs.444.92 crore), the balance (Rs.3171.26 crore) was received from Government of India as the state's share of divisible Union Taxes (Rs.1448.78 crore) and grants-in-aid (Rs.1722.48 crore) during the year 1999-2000.

*[Paragraph 1.1]*

(ii) Test check of records of Offices of Sales Tax, Agricultural Income Tax, Taxes on Motor Vehicles, Land Revenue, State Excise, Forest Receipts and Other Tax and Non-Tax Receipts conducted during 1999-2000 revealed under-assessment/short-levy/loss of revenue amounting to Rs. 15960.55 lakh in 606 cases. The concerned departments accepted under-assessment etc., of Rs. 136.43 lakh in 64 cases pointed out in audit prior to the year 1999-2000.

*[Paragraph 1.7]*

(iii) At the end of June 2000, 1091 Inspection Reports issued upto December 1999 containing 2397 audit observations involving revenue effect of Rs.149.64 crore were outstanding for want of replies from the departments.

*[Paragraph 1.8]*

### 2 SALES TAX

(i) Incorrect grant of exemption from payment of tax resulted in non-levy of tax of Rs. 174.02 lakh (including interest).

*[Paragraph 2.2]*



(ii) There was an evasion of tax of Rs.106.13 lakh due to non-disclosure of purchases made by 8 dealers.

*[Paragraph 2.3]*

(iii) Short-levy of tax of Rs. 90.88 lakh (including interest) was due to incorrect determination of turnover and application of incorrect rate of tax.

*[Paragraph 2.4]*

(iv) Non-levy of tax of Rs. 43.02 lakh was due to failure of survey and consequent non-registration of dealers.

*[Paragraph 2.5]*

### **3 AGRICULTURAL INCOME TAX**

(i) Failure to check occurrence of incorrect computation of agricultural income, incorrect allowance of deduction etc., resulted in short-levy of tax of Rs. 370.68 lakh.

*[Paragraph 3.2.6 A (i to viii)]*

### **4 TAXES ON MOTOR VEHICLE**

(i) Loss of revenue of Rs.2897.73 lakh was due to non-realisation of fines under prescribed rules from the owners of overloaded goods vehicles.

*[Paragraph 4.2.8]*

### **5 STATE EXCISE**

(i) Loss of revenue of Rs. 287.17 lakh due to non-levy of excise duty on short lifting of country spirit.

*[Paragraph 5.2.6(i)]*

(ii) Short-realisation of excise duty of Rs. 806.35 lakh was due to misclassification of brands of India Made Foreign Liquor.

*[Paragraph 5.2.8]*



## **6 OTHER TAX RECEIPTS**

(i) Short-realisation of royalty on natural gas amounting to Rs. 787.77 lakh was due to unwarranted deduction of transport cost and collection charges by OIL.

*[Paragraph 6.2]*

(ii) Payment of royalty by the North Eastern Coalfields on the quantity of coal despatched from the leased area instead of actual quantity of coal extracted resulted in less payment of royalty of Rs.135.92 lakh.

*[Paragraph 6.3]*

## **7 FOREST RECEIPTS**

(i) Failure of Forest department to protect reserved forests from illicit felling and prevent removal of timber resulted in loss of revenue of Rs.348.78 lakh.

*[Paragraph 7.2]*



THE EFFECTS OF ...

The results of the ... in ... are ...

Paragraph 1

The results of the ... in ... are ...

Paragraph 2

THE EFFECTS OF ...

The results of the ... in ... are ...

Paragraph 3



**CHAPTER 1: General****1.1 Trend of Revenue Receipts**

The tax and non-tax revenues raised by the Government of Assam during the year 1999-2000, State's share of divisible Union taxes and grants-in-aid received from the Government of India during the year and the corresponding figures for the preceding two years are given below:

		(Rupees in crore)		
		1997-98	1998-99	1999-2000
I	<b>Revenue raised by the State Government :</b>			
	a) Tax Revenue	881.94	982.56	* 1224.76
	b) Non-Tax Revenue	381.21	451.97	444.92
	<b>Total</b>	<b>1263.15</b>	<b>1434.53</b>	<b>1669.68</b>
II	<b>Receipts from the Government of India :</b>			
	a) State's share of divisible Union Taxes.	1475.25	1349.33	* 1448.78
	b) Grants-in-aid	1587.25	1722.68	1722.48
	<b>Total</b>	<b>3062.50</b>	<b>3072.01</b>	<b>3171.26</b>
III	<b>Total receipts of the State Government (I and II)</b>	<b>4325.65</b>	<b>4506.54</b>	<b>** 4840.94</b>
IV	<b>Percentage of I to III</b>	<b>29</b>	<b>32</b>	<b>34</b>

\* Figures under the Major Head '0021' – Taxes on income other than Corporation Tax – Share of net proceeds assigned to States' booked in the Finance Accounts under 'A-Tax Revenue' have been excluded from 'Revenue raised by the State Government' and included in 'State's share of divisible Union Taxes' in this table.

\*\* For details, please see "Statement No.10-Detailed Accounts by Minor Heads" in the Finance Accounts of the Government of Assam for the year 1999-2000.



(i) The details of tax revenue raised under major heads of revenue during the year 1999-2000 alongwith corresponding figures for the preceding two years are given below:

(Rupees in crore)

Sl. No.	Head of revenue	1997-98	1998-99	1999-2000	Percentage of increase (+)/ decrease (-) in 1999-2000 over 1998-99.
1.	Sales Tax	507.66	550.40	742.32	(+) 35
2.	Land Revenue	60.89	65.95	69.08	(+) 5
3.	Taxes on Agricultural Income	84.31	103.26	74.82	(-) 28
4.	Taxes on Motor Vehicles	43.26	40.83	68.69	(+) 68
5.	State Excise	77.73	100.46	117.74	(+) 17
6.	Other Taxes on Income and Expenditure	39.48	46.74	58.62	(+) 25
7.	Stamp Duty and Registration Fees	24.50	29.66	34.96	(+) 18
8.	Taxes on Goods and Passengers	22.43	20.27	21.11	(+) 4
9.	Other Taxes and Duties on Commodities and Services	19.82	23.30	25.62	(+) 10
10.	Taxes and Duties on Electricity	1.86	1.69	11.80	(+) 598
<b>Total</b>		<b>881.94</b>	<b>982.56</b>	<b>1224.76</b>	<b>(+) 25</b>

The reasons for variation in receipts during 1999-2000 as compared to those in 1998-99 as intimated by three departments are given below:

a) State Excise – The Increase (17 per cent) was due to merger of Sales Tax with Excise Duty and revision of license fees.

b) Stamp Duty and Registration Fees – The Increase (18 per cent) was due to sale of more stamps.

c) Taxes on Agricultural Income – The shortfall (28 per cent) was due to less production of green tea leaves and fall in price of tea.

Specific reasons in respect of remaining heads of revenue have not been received (December 2000).



(ii) The details of non-tax revenue raised under major heads of revenue during the year 1999-2000 along with the corresponding figures for preceding two years are given below :

(Rupees in crore)

Sl. No.	Head of revenue	1997-98	1998-99	1999-2000	Percentage of increase (+) / decrease (-) in 1999-2000 over 1998-99
1.	Petroleum	301.96	302.36	319.73	(+) 6
2.	Forestry and Wildlife	7.80	9.59	14.73	(+) 54
3.	Other Administrative Services	18.19	44.13	28.06	(-) 36
4.	Roads and Bridges	1.16	16.80	7.85	(-) 53
5.	Other Industries	8.56	9.28	2.50	(-) 73
6.	Miscellaneous General Services	3.07	3.59	10.21	(+) 184
7.	Industries	0.69	30.01	<sup>5</sup>	(-) 100
8.	Others*	39.78	36.21	61.84	(+) 71
<b>Total</b>		<b>381.21</b>	<b>451.97</b>	<b>444.92</b>	<b>(-) 2</b>

Specific reasons in respect of increase or decrease of revenue have not been furnished by the departments (December 2000).

## 1.2 Variations between Budget Estimates and actuals

The variations between Budget Estimates of revenue and actual receipts under some of the principal heads are given below :

(Rupees in crore)

Sl. No.	Head of revenue	Budget Estimates	Actuals	Variations Increase (+)/ Shortfall (-)	Percentage of variation
(1)	(2)	(3)	(4)	(5)	(6)
<b>Tax Revenue</b>					
1.	Sales Tax	780.01	742.32	(-) 37.69	(-) 5
2.	Land Revenue	86.27	69.08	(-) 17.19	(-) 20
3.	Taxes on Agricultural Income	79.00	74.82	(-) 4.18	(-) 5
4.	Taxes on Motor Vehicles	86.09	68.69	(-) 17.40	(-) 20

<sup>5</sup> Only Rs.24,508 reflected in Finance Accounts.

\* Others represent 38 other Heads of Revenue.



(1)	(2)	(3)	(4)	(5)	(6)
5.	State Excise	141.08	117.74	(-) 23.34	(-) 17
6.	Other taxes on Income and Expenditure	67.25	58.62	(-) 8.63	(-) 13
7.	Stamp Duty and Registration Fees.	32.69	34.96	(+) 2.27	(+) 7
8.	Taxes on Goods and Passengers	22.64	21.11	(-) 1.53	(-) 7
9.	Other Taxes and Duties on Commodities and Services	28.00	25.62	(-) 2.38	(-) 8
10.	Taxes and Duties on Electricity	11.96	11.80	(-) 0.16	(-) 1
<b>Non-Tax Revenue</b>					
1.	Petroleum	360.70	319.73	(-) 40.97	(-) 11
2.	Forestry and Wildlife	8.82	14.73	(+) 5.91	(+) 67
3.	Other Administrative Services	29.02	28.06	(-) 0.96	(-) 3
4.	Roads and Bridges	6.51	7.85	(+) 1.34	(+) 21

The substantial variation between Budget Estimates and actual receipts in a large number of heads of tax and non-tax revenue indicate that the estimates were based on unrealistic assumptions.

The reasons for variation where it was substantial, though called for, have not been intimated (December 2000).

### **1.3 Cost of collection**

The gross collection in respect of major revenue receipts, expenditure incurred on their collection and the percentage of such expenditure to gross collection during the year 1997-98, 1998-99 and 1999-2000 alongwith the relevant all-India average percentage of expenditure for 1998-99 is given below as available :



(Rupees in crore)

Sl. No.	Head of revenue	Year	Gross collection	Expenditure on collection	Percentage of expenditure to gross collection	All India average percentage
1.	Sales Tax	1997-98	507.66	9.13	1.8	--
		1998-99	550.40	11.62	2.1	1.40
		1999-2000	742.32	25.56	3.44	--
2.	Taxes on Motor Vehicles	1997-98	43.26	2.99	6.9	--
		1998-99	40.83	3.58	8.8	3.22
		1999-2000	68.69	4.58	6.67	--

It may be seen from the table that in respect of Sales Tax and Taxes on Motor Vehicles, the percentage of expenditure on collection to gross collection was higher than the all-India average.

#### 1.4 Arrears in assesment

The number of assessments due for completion, those actually completed and pending finalisation at the end of 31 March 2000 and the corresponding figures for preceding three years in respect of Sales Tax and Other Taxes and of Agricultural Income Tax as reported (August 2000) by the departments are as under :

Year	Opening balance	Cases due for assessment	Total	Cases finalised	Closing balance	Percentage (5) to (4)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Finance (Taxation) Department</b>						
(Sales Tax, Professional Tax, Entertainment Tax, Amusement and Betting Tax, etc.)						
1996-97	43,489	30,348	73,837	47,338	26,499	64
1997-98	26,499	37,062	63,561	34,706	28,855	55
1998-99	28,855	37,351	66,206	33,581	32,625	51
1999-2000	32,625	37,524	70,149	35,846	34,303	51
<b>Agricultural Income Tax</b>						
1996-97	558	942	1,500	1,009	491	67
1997-98	491	972	1,463	1,023	440	70
1998-99	440	1,082	1,522	934	588	61
1999-2000	588	934	1,522	946	576	62



Thus the disposal of assessment cases of Sales Tax, Entertainment Tax, Amusement Tax and Betting Tax, etc., has been low resulting in high level of pendency. Reasons for not completing assessment in a large number of cases have not been intimated (December 2000) by the department.

### 1.5 Frauds and evasions

The details of cases of fraud and evasion of taxes and duties pending finalisation at the beginning of the year, number of cases detected by the departmental authorities, number of cases in which assessments/investigations were completed and additional demands (including penalties etc.) raised during the year and the number of cases pending finalisation at the end of March 2000 as furnished (August 2000) by the Finance (Taxation) Department, are given below :

(Rupees in lakh)

		Number of cases	Amount involved
A	(i) Number of cases pending as on 31 March 1999	264	969.55
	(ii) Number of cases detected during the year 1999-2000	856	419.37
B	<b>Number of cases in which investigations/assessments were completed during the year 1999-2000.</b>		
	(i) Out of cases at A (i) above	93	110.58
	(ii) Out of cases at A (ii) above	743	253.55
C	<b>Number of cases pending as on 31 March 2000</b>		
	(i) Out of cases at A (i) above	171	858.97
	(ii) Out of cases at A (ii) above	113	165.82



### 1.6 Pending appeals

Number of appeal cases pending at the beginning of the year, added and disposed of during the year and pending at the end of the year together with percentage of disposal to the total number of cases for the years from 1995-96 to 1999-2000 in respect of Sales Tax and Other Taxes as reported (August 2000) by the Finance (Taxation) Department are give below:

Name of Acts	Year	No. of appeals pending at the beginning of the year	No. of appeals filed during the year	Total	No. of appeals disposed of during the year	No. of appeals pending at the close of the year	Percentage of appeals disposed of out of the total
The Assam Sales Tax and other Taxation Acts	1995-96	881	423	1304	544	760	42
	1996-97	760	384	1144	411	733	36
	1997-98	733	549	1282	674	608	53
	1998-99	608	377	985	568	417	58
	1999-2000	417	504	921	299	622	32

### 1.7 Results of Audit

Test check of records of Sales Tax, Agricultural Income Tax, Taxes on Motor Vehicles, State Excise, Forest Receipts and Other Taxes and Non-Tax Receipts conducted during the year 1999-2000 revealed under-assessment/short-levy/loss of revenue amounting to Rs.15960.55 lakh in 606 cases. During the course of the year 1999-2000, the departments accepted under-assessment, etc. of Rs.469.29 lakh in 72 cases.

This report contains 21 paragraphs including 3 reviews involving financial effect of Rs.100.19 crore. The departments/Government had accepted the audit observations involving Rs.137.12 lakh, of which Rs.12.57 lakh have been recovered. Audit observations with a total revenue effect of Rs.57.19 lakh have not been accepted by the Government / department but their contention having been found to be at variance with facts or legal position have been appropriately commented upon in relevant paragraphs. No replies have been received in other cases (December 2000).



## **1.8 Failure of Senior Officials to enforce accountability and protect the interests of Government**

Accountant General (AG) (Audit) arranges to conduct periodical inspection of the State Government departments to test check the transactions and verify the maintenance of important accounting and other records as per prescribed rules and procedures. These inspections are followed with Inspection Reports (IRs). When important irregularities, etc., detected during inspection are not settled on the spot, these IRs are issued to the Heads of Offices inspected with a copy to the next higher authorities. The orders of State Government (March 1986) provide for prompt response by the executive to the IRs issued by the AG to ensure rectificatory action in compliance with the prescribed rules and procedures and accountability for the deficiencies, lapses, etc. noticed during his inspection. The Heads of offices and next higher authorities are required to comply with the observations contained in the IRs and rectify the defects and omissions promptly and report their compliance to the AG. Serious irregularities are also brought to the notice of the Head of the Department by the Office of the Accountant General (Audit). A half yearly report of pending inspection reports is sent to the Secretary of the Departments in respect of pending IRs to facilitate monitoring of the audit observations in the pending IRs.

Inspection Reports on Receipts and Refunds issued up to December 1999 pertaining to Taxation, Land Revenue, Agricultural Income Tax, Geology and Mining, Stamp Duty and Registration, Transport, State Excise, Forestry and Wild Life Departments etc. disclosed that 3615 paragraphs relating to 1091 IRs remained outstanding at the end of June 2000. Of these 36 IRs containing 72 paragraphs had not been settled for more than 10 years. Year-wise position of the outstanding IRs and paragraphs are detailed in Annexure - A. Even the initial replies, which were required to be received from the Heads of Offices within six weeks from the date of issue were not received in respect of 6 Departments for 208 IRs issued between 1996-97 and 1999-2000. As a result, the following serious irregularities commented upon in 2397 paragraphs involving Rs.149.64 crore had not been settled as of June 2000.



(Rupees in crore)

Sl. No.	Nature of irregularities	Number of paragraphs	Amount
1.	Turnover escaping assessment	41	1.36
2.	Loss of revenue	248	22.81
3.	Non-levy/short-levy of interest	64	1.08
4.	Under assessment of tax	52	4.18
5.	Non-levy/short-levy of tax	96	3.34
6.	Irregular exemption	90	6.01
7.	Non-realisation/short-realisation of tax	36	2.32
8.	Non-levy of penalty	127	2.19
9.	Incorrect computation of Agricultural income	12	0.28
10.	Incorrect allowance of deduction	10	0.63
11.	Agricultural income escaped assessment	08	0.46
12.	Non-realisation/short-realisation of stamp duty and registration fee	26	0.13
13.	Non-realisation/short-realisation of royalty/revenue	42	12.14
14.	Non-payment/short-payment of interest for delayed payment of royalty.	04	3.17
15.	Outstanding demand of land revenue and local rates	408	25.10
16.	Retention of cash in hand by mouzadars	402	14.68
17.	Miscellaneous	731	49.76
<b>Total outstanding paragraphs</b>		<b>2397</b>	<b>149.64</b>

A review of the IRs which were pending due to non-receipt of replies, in respect of 8 (eight) departments revealed that the Heads of the Offices, whose records were inspected by A.G., and the Heads of Department (Commissioners/Principal Chief Conservator of Forests/Director) failed to discharge due responsibility as they did not send any reply to a large number of IRs/Paragraphs indicating their failure to initiate action in regard to the defects, omissions and irregularities pointed out in the IRs of the A.G. The Commissioners and Secretaries of the concerned Departments, who were informed of the position through half yearly reports, also failed to ensure that the concerned officers of the Department take prompt and timely action.

The above also indicated inaction against the defaulting officers and thereby facilitating the continuation of serious financial irregularities and non-realisation of the Government revenue though these were pointed out in audit.

It is recommended that Government should look into this matter and ensure that there exists a procedure for (a) action against the officials who failed to send the replies to IRs/Paras as per the prescribed time schedule, (b) action to







**CHAPTER 2: Sales Tax****2.1 Results of Audit**

Test check of assessment records of Sales Tax department conducted during the year 1999-2000, revealed under-assessment of taxes and losses of revenue, etc., amounting to Rs.2119.85 lakh in 302 cases, which broadly fall under the following categories:

(Rupees in lakh)

Sl. No.	Particulars	No. of cases	Amount
1	Turnover escaping assessment	21	137.64
2	Irregular exemption	63	469.24
3	Under-assessment of tax	2	4.62
4	Loss of revenue	3	111.43
5	Non-levy/short-levy of interest	27	55.48
6	Non-levy/short-levy of tax	52	744.17
7	Others	134	597.27
<b>TOTAL</b>		<b>302</b>	<b>2119.85</b>

During the course of the year 1999-2000, the department accepted under-assessment, etc., in 17 cases involving Rs.26.35 lakh pointed out in audit prior to the year 1999-2000 and the entire amount was recovered. A few illustrative cases highlighting important audit observations involving Rs.467.32 lakh of which Rs.67.94 lakh have been accepted by the department upto April 2000 as mentioned in the following paragraphs:

**2.2 Incorrect grant of exemption**

(i) Under the Assam Industries (Sales Tax Concession) Scheme, 1995 an industrial unit which undertakes expansion/diversification/modernization may be allowed to sell its finished products corresponding to the difference between the actual production after the completion of expansion etc., and the annual production during the base year, without the payment of Tax. Interest at the prescribed rate (2 per cent for each month) on the amount by which tax



paid falls short of the tax payable, is also payable for default in payment of tax due.

Test check of the assessment records of the Superintendent of Taxes, Jorhat, revealed (July-September 1998) that an industrial unit which had undertaken expansion was granted (August 1994) exemption from payment of tax for 7 years on the expanded capacity of the finished products with effect from 1 April 1994. However, while finalising the assessments for the return period 1994-95, 1995-96 and 1996-97, the assessing authority allowed (March 1998) exemption on the entire turnover of Rs.964.42 lakh instead of on the expanded capacity of turnover of Rs.428.57 lakh. This incorrect exemption resulted in non-levy of tax of Rs.64.30 lakh. In addition to tax, interest of Rs.36.87 lakh (upto September 1998) was leviable.

On this being pointed out the department in consultation with District Industries Centre confirmed the audit contention. However, on issue of show cause notice by the department the dealer has filed a writ petition in the Hon'ble Gauhati High Court and obtained (May 1999) an interim order of stay.

The case was reported to the Government (December 1999), followed by reminder (March 2000); their reply has not been received (December 2000).

**(ii) (a)** Under the Scheme, 1995 certain eligible industrial units are exempted from payment of tax on the sale of their finished products from the date of commencement of commercial production. Eligibility Certificates are issued to the industries by the Industry department on recommendations of the District Level Committee of which Deputy Commissioner of Taxes of the area is a member. The Commissioner of Taxes, Assam, clarified (March 1996) that industries engaged in conversion of rolled papers of bigger size into plain paper of different smaller sizes are not eligible for such exemption and the taxation department should not agree to the issuance of such certificates in District Level Committee.

Test check of assessment records of the Superintendent of Taxes, Unit-B, Guwahati, revealed (January-March 1998) that sale of foolscap paper, type paper and duplicating paper amounting to Rs.258.43 lakh in respect of two dealers was exempted from payment of tax though the paper sold was obtained by converting paper rolls of bigger sizes into paper of smaller sizes. The incorrect grant of exemption resulted in non-levy of tax of Rs.29.43 lakh including interest as detailed below :



(Rupees in lakh)

Sl. No.	Name of the dealer	Period Date of assessment	Total Turnover exempted	Tax involved at the rate of 8 per cent	Interest calculated (up to March 1998)	Total
1	M/s. Amit Paper Udyog	1994-95 23.2.1996	45.27	3.62	2.54	6.16
		1995-96 14.8.1996	89.47	7.16	3.29	10.45
		1996-97 22.7.1997	84.55	6.76	1.49	8.25
2	M/s. Kamal Industries	1995-96 2.7.1997	39.15	3.13	1.44	4.57
<b>Total</b>			<b>258.44</b>	<b>20.67</b>	<b>8.76</b>	<b>29.43</b>

On this being pointed out in audit (August 1998) the department stated (June 2000) that exemption was granted on the basis of the eligibility certificate issued by the Industry department. The above contention is not tenable as eligibility certificates were issued by the Industry department on the recommendations of the District Level Committee of which Deputy Commissioner of Taxes of the area is a member and further no action was taken to get it cancelled.

(b) Under the Scheme, 1995 industrial units are exempted from payment of tax on the sale of finished products manufactured by them out of raw materials.

Test check of assessment records of the Superintendent of Taxes, Jorhat, revealed (July – September 1998) that a new Industrial unit at Jorhat engaged in tyre retreading was issued Eligibility and Authorisation Certificates by the Industry and Sales Tax departments respectively granting full exemption of sales tax for a period of seven years from 1 October 1993 and assessments for the assessment years 1993-94, 1994-95 and 1995-96 were completed by the assessing officer (November 1996) exempting the entire turnover of Rs.24.13 lakh for the above periods from payment of tax. But an industrial unit engaged in retreading tyres cannot be treated as a manufacturing unit. Exemption allowed, therefore, was incorrect and resulted in non-levy of tax amounting to Rs.2.33 lakh.

This was pointed out to the department (February 2000). Final reply is awaited.



The case was reported to the Government (December 1998) followed by reminder (March 2000); their reply has not been received (December 2000).

**(iii)** Under the Assam Industries (Sales Tax Concessions) Scheme, 1995, "tea" shall be excluded from the raw material entitled to the benefits of tax exemption under the scheme and cannot be purchased by a dealer free of tax.

A test check of assessment records of the Superintendent of Taxes, Mangaldoi, revealed (March 1999) that sale turnover of Rs.168.18 lakh relating to the years 1995-96 and 1996-97 in respect of a dealer of tea was in correctly exempted (October 1997 and March 1998) from levy of tax on the ground that such sales were covered by industrial sales tax exemptions. This mistake resulted in short-levy of tax of Rs.20.12 lakh including interest of Rs.6.67 lakh (up to February 1999).

The case was reported to the department and the Government (April 1999) followed by reminders (November 1999 and February 2000); their replies have not been received (December 2000).

**(iv)** Under the Central Sales Tax Act, 1956 and rules made thereunder where a dealer claims that he is not liable to pay tax under the Act in respect of sale of any goods on the ground that the sale of such goods is a sale in the course of export out of the territory of India, he may in support of his claim furnish to the Assessing Authority a certificate of export in Form 'H' duly filled and signed by the exporter along with evidence of export of such goods viz., bill of lading, air consignment note etc.

Test check of assessment records of the Superintendent of Taxes, Tinsukia, revealed (July - September 1997) that 2 dealers claimed exemption on their sales of goods valued Rs.511.38 lakh on the ground that sales of such goods were effected in the course of export out of the territory of India. The Assessing Officers allowed (February 1997) exemption from tax treating the sales as covered by certificates of export 'H' and on evidence of export. However, scrutiny of records revealed that transaction valued at Rs.397.71 lakh only was covered by Form 'H' and evidence of export. Thus the balance turnover of Rs.113.67 lakh were not covered by 'H' forms and evidence of export. This resulted in non-levy of tax of Rs.11.37 lakh.

The matter was reported to the department and the Government (February 1998) followed by reminder (February 2000); their replies have not been received (December 2000).

**(v) (a)** The State Sales Tax laws provide that black tea sold in auction held at Guwahati is exempted from payment of tax subject to production of proof of



sale by the broker. However, no such exemption is admissible for any such sale of black tea outside Assam.

Scrutiny of the assessment records of the Superintendent of Taxes, Jorhat, revealed (July 1998) that a dealer despatched tea valued at Rs.23.19 lakh and Rs.21.94 lakh during the yearly assessment periods ending March 1995 and March 1996 respectively and claimed exemption from payment of tax on the ground that the tea was sold at Calcutta Auction and submitted brokers' certificate in support of his sale. Since sale of tea at Calcutta Tea Auction was not exempted from payment of tax, the exemption allowed (January and March 1998) by the authority was incorrect and resulted in non-levy of tax of Rs.4.51 lakh.

On this being pointed out by audit, the department stated (July 1999) that the broker is an agent of the dealer. Reply of the department is not acceptable to audit as the auction took place outside Assam (Guwahati) for which exemption was not permissible.

The case was reported to the Government (December 1998), followed by reminder (March 2000); their reply has not been received (December 2000).

**(b)** Under the Central Sales Tax Act, 1956, where the aggregate of sale price indicated by a dealer in his return includes tax collected by him, for the purpose of arriving at the taxable turnover, a deduction on account of tax collected by the dealer is allowed from the aggregate of sale price.

Test check of the assessment records of the Superintendent of Taxes, Diphu, revealed (December 1997) that net turnover of a registered tea dealer was determined (December 1996 and March 1997) by the Assessing Officer at Rs.206.74 lakh for the periods ending September 1992, March 1993, March 1994, March 1995 and March 1996.

The dealer claimed full exemption from payment of tax on Rs.227.41 lakh stating that he despatched tea to Calcutta auction and consignment agent. The dealer's claim was disallowed (December 1996 and March 1997) by the Assessing Officer and tax was levied after allowing deduction of Rs.20.67 lakh towards element of sales tax. Since the dealer claimed exemption on net turnover over the allowance of deduction of net turnover lakh towards tax element was incorrect. This resulted in short levy of tax of Rs.2.07 lakh.

On this being pointed out (February 1998) the department stated (May 2000) that the assessment has since been rectified and demand notice issued. The report on realisation has not been received (December 2000).



The case was reported to the Government (February 1998); their reply has not been received (December 2000).

(vi) Under the Assam General Sales Tax Rules, 1993, a registered dealer is entitled to sell taxable goods, free of tax, to another registered dealer within the State provided such sales/purchases are covered by sales tax declaration in prescribed form issued by the purchasing registered dealer to the selling dealer.

Test check of assessment records of the Superintendent of Taxes, Karimganj, revealed (September 1998) that two registered dealers were granted (March 1997) exemption from payment of tax on the sales turnover of Rs.18.46 lakh relating to the period from July 1993 to March 1994 on the strength of 4 declaration forms which were issued by a dealer within the State. As per records of the declaration books maintained by the Commissioner of Taxes, Assam, the declaration forms issued by the purchasing dealer had already been declared invalid in April 1991 by the Commissioner of Taxes, Assam. Thus the exemption granted to the selling dealer on the basis of invalid declaration forms was incorrect and resulted in non-levy of tax Rs.1.48 lakh and interest of Rs.1.54 lakh.

On this being pointed out in audit (September 1998) the department stated (August 1999 and February 2000) that assessment was revised by levying additional tax and interest of Rs.3.34 lakh and demand notice was also issued.

The case was reported to the Government (November 1998) followed by reminder (December 1999 and March 2000); their reply has not been received (December 2000).

### **2.3 Evasion of Tax**

Under the Assam General Sales Tax (AGST) Act, 1993, if a dealer fails to furnish a return, the assessing officer may complete the assessment to the best of his judgement within three years from the end of the year in respect of which assessment is made and within four years from the date of expiry of period of limitation with prior sanction of the Commissioner. Further, if the dealer fails to disclose fully and truly particulars of his turnover, assessment or re-assessment can be made by the assessing officer within eight years from the date of relevant year.

Cross-verification of the records of certain dealers registered in different unit offices of Sales Tax department with the records of other departments/other



units of Sales Tax department revealed that dealers did not disclose purchases made by them by utilizing declaration forms or otherwise/goods manufactured by them. The non-disclosure resulted in an escape of turnover of Rs.447.94 lakh having a tax effect of Rs.106.13 lakh including interest and penalty as detailed below :

(Rupees in lakh)

Sl No.	Name of the dealer/ nature of business/ the name of unit office where the dealer is registered	Name of the department and name of the unit office of Sales Tax with name of selling dealer whose records were cross-verified by audit	Assessment period / date of assessment	Turnover found assessable on cross-verification	Turn-over brought under assessment	Turn-over escaped assessment	Tax leviable on escaped turnover	Interest leviable	Maximum penalty leviable	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(10)	(11)	(12)
1	M/s Shree Balaji Veneer and Timber Mill  Veneer  Jorhat unit office	Central Excise, Jorhat	<u>1995-96</u> 11.02.97  <u>1996-97</u> 30.04.97	233.02	129.43	103.59	8.29	3.61	12.43	Department stated that the assessment was revised (September 1999) and demand notice issued for Rs.12.76 lakh (including interest Rs.4.47 lakh). The case was referred to the Recovery Officer for realisation. The reply of the government is awaited.
2	M/s Geeta Veneer Products  Veneer  Jorhat unit office	Central Excise, Jorhat	<u>1995-96</u> 14.11.96	94.53	30.18	64.35	5.15	2.99	7.72	The department stated that the assessment was revised (September 1999) and demand notice issued for Rs.9.16 lakh (including interest Rs.4.02 lakh). The case was referred to the Recovery Officer for realisation. The reply of the government is awaited.
3	M/s Steel and Industrial Stores  Iron and Steel, Plastic goods, Electrical goods etc.  Tinsukia unit office.	Central Excise, Tinsukia	<u>1993-94</u> 8.4.95 & <u>8.7.96</u> <u>1994-95</u> 8.2.96 <u>1995-96</u> 04.12.96	44.53	NIL	44.53	3.56	2.00	5.34	The case reported to the department and the Government (November 1999) followed by reminder (March 2000); their replies have not been received (December 2000).



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(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(10)	(11)	(12)
4	M/s Anand Bag Tea Company Ltd. & Anand Bag Tea Estate  Black tea  Tinsukia unit office	Central Excise, Tinsukia	<u>1994-95</u> 03.01.98	216.49	163.58	52.91	4.23	4.05	6.35	The case reported to the department and the Government (July 1999) followed by reminder (March 2000); their replies have not been received (December 2000).
5	M/s Ispat Udyog (P) Ltd.  Iron and Steel Tinsukia unit office.	Central Excise, Tinsukia	<u>1995-96</u> 11.9.96  <u>1996-97</u> 9.1.98	329.79	267.37	62.42	2.50	1.51	3.74	The case reported to the department and the Government (July 1999) followed by reminder (March 2000); their replies have not been received (December 2000).
6	M/s Safar Ali  Stone and gravel  Dhubri unit office.	Divisional Forest Officer, Dhubri	<u>1993-94</u> 10.11.97  <u>1994-95</u> 22.3.96  <u>1995-96</u> 3.7.96  <u>1996-97</u> 16.1.97	35.65	9.82	25.83	2.07	0.66	3.10	Department stated that assessment was revised (March 1999) and the dealer preferred appeal before the appellate authority (August 1999).. The decision of the appellate authority has not been received (December 2000).
7	M/s Naranarayan Paper and Paper Products  Paper  Karimganj unit office.	Unit 'A' Guwahati/Department of Sales Tax/ M/s United Stationery Stores.	<u>1994-95</u> 17.3.98	71.91	7.91	64.00	5.12	5.53	7.68	The department stated that assessment was revised and demand notice issued for Rs.16.41 lakh (including interest Rs.8.81 lakh). The report on realisation has not been received (December 2000).
8	M/s Shree Krishna Timber Suppliers  Timber  Guwahati unit 'C' office	Sales Tax Department/ Government of Meghalaya Shillong/ M/s Jirang Timber Labour Contractors Union, Shilong	1993-94	34.94	4.63	30.31	2.43	2.43	3.64	The department stated that assessment was revised and demand notice issued for Rs.6.18 lakh (including interest Rs.3.63 lakh and penalty of Rs.0.12 lakh). The report on realisation has not been received (December 2000)
<b>Total</b>				<b>1060.86</b>	<b>612.92</b>	<b>447.94</b>	<b>33.35</b>	<b>22.78</b>	<b>50.00</b>	



## **2.4 Short-levy of tax due to incorrect determination of turnover and rate of tax**

(i) Under the provision of AGST Act, 1993, tax payable by a dealer engaged in the execution of a works contract of the nature of 'supplying and fitting of electrical goods, supply and installation of electrical equipments including transformers' is 4 per cent on his taxable turnover and maximum allowable deduction towards labour and other charges is 10 per cent of the gross turnover.

Test check of assessment records of the Superintendent of Taxes, Golaghat, revealed (November 1997) that a dealer engaged in the execution of construction works including survey, erection, testing and commissioning of 400 KV double circuit transmission line disclosed gross turnover of Rs.2857.84 lakh in his annual return periods 1993-94, 1994-95, and 1995-96. The Assessing Officer while determining (March 1997) his taxable turnover at Rs.22.41 lakh allowed deduction of 20 per cent towards labour and other charges instead of 10 per cent from the gross turnover and levied tax at the rate of 2 per cent instead of correct rate of 4 per cent. Thus, due to application of incorrect rates, taxable turnover of Rs.285.78 lakh escaped assessment and tax amounting to Rs.54.10 lakh was not levied. In addition, interest (calculated upto November 1997) of Rs.32.21 lakh was also leviable.

On this being pointed out in audit (November 1997) the department rectified (June 2000) the assessments and issued fresh demand notices for Rs.103.32 lakh (including interest of Rs.59.14 lakh). Report on realisation is awaited (December 2000).

The matter was reported to the Government (March 1998) followed by reminder (March 2000); their reply has not been received (December 2000).

(ii) Government of Assam, Finance (Taxation) Department in their notification No.FTX.139/91/1 dated 8 August 1994 enhanced the rate of tax on the sale of Natural Gas to 12 per cent from 8 per cent.

Test check of the records of the Superintendent of Taxes, Sibsagar revealed (March 1999) that the tax on a taxable turnover of Rs.153.15 lakh of a company relating to the period from 8 August 1994 to 30 September 1994 was incorrectly levied at 8 per cent instead of 12 per cent. This resulted in short levy of tax amounting to Rs.4.57 lakh after adjusting the tax paid in excess.

On this being pointed out in audit (May 1999) the department stated (May 2000) that assessment was revised and a demand for Rs.9.56 lakh raised (May 2000). Report on realisation is awaited (December 2000).



The matter was reported to the Government (May 1999) followed by reminder (March 2000); their reply has not been received (December 2000).

## **2.5 Non-registration of dealer**

(i) Under the Central Sales Tax Act, 1956, every dealer making inter-State sale of goods is to get himself registered. Under the Act *ibid* and rules made thereunder, inter-State sale of goods other than declared goods, to registered dealers if supported by prescribed declaration forms furnished by the purchasing dealer are taxable at the concessional rate of 4 per cent. Otherwise tax is payable at the normal rate of 10 per cent. As per Government Notification No.FTX-127/86/Pt/II/8 dated 12 June 1998 no tax on supari under the Central Sales Tax Act shall be payable.

Test check of assessment records of the Superintendent of Taxes, Mangaldoi, revealed (March 1999) that two supari dealers registered under the AGST Act, 1993 but not under CST Act, 1956 made inter-State sale of goods valued at Rs.232.50 lakh during the year 1996-97 without payment of tax. Thus non-registration of the dealers resulted in non-realisation of tax of Rs.23.25 lakh.

The omission being pointed out in audit (March 1999) the Assessing Officer justified (March 1999) non-levy of tax under the notification mentioned above. The reply is not tenable since the notification takes prospective effect.

The case was reported to the Government (April 1999), followed by reminder (November 1999 and February 2000); their reply has not been received (December 2000).

(ii) Under the Assam General Sales Tax Act, 1993, every dealer whose gross turnover in any year is not less than Rs.50,000/- is liable to be registered to carry on his business as a dealer. The Act also empowers the Assessing Officer to register a dealer compulsorily, if in his opinion, the dealer is liable for registration but has failed to apply for registration. In such case the Assessing Officer may levy penalty not exceeding the amount of assessed tax in addition to tax and interest.

Test check of records of the Director of Welfare of Scheduled Castes, Assam, Guwahati revealed (July 1997) that a dealer under the jurisdiction of Superintendent of Taxes, Unit-D, Guwahati supplied 3314 sewing machines with accessories valued at Rs.116.00 lakh (inclusive of taxes) to the department during the period from March 1996 to December 1996. Test check of assessment records of the aforesaid Unit Office revealed (April-June 1998) that the dealer though liable to be registered was neither registered by



the department nor paid any tax, though this resulted in non-realisation of tax of Rs.28.36 lakh including interest of and penalty.

The matter was reported to the department and the Government (September 1998); their replies have not been received (December 2000).

## **2.6 Turnover escaping assessment**

Under the Assam General Sales Tax Act, 1993, if a dealer has concealed or failed to disclose fully and truly the particulars of his turnover, the Assessing Officer may within eight years from the date of the relevant year, make an assessment or reassessment of the dealer. The Act further provides that if a dealer conceals the particulars of his turnover, he shall pay by way of penalty, in addition to tax payable by him a sum not exceeding one-and-half times the amount of tax due.

(A) (i) Test check of assessment records of Superintendent of Taxes, Tinsukia, revealed (January - March 1999) that the taxable turnover in respect of 2 manufacturer dealers was determined (March 1998 and January 1999) by the Assessing Officer at Rs.1223.49 lakh instead of Rs.1336.65 lakh shown as goods sold in the manufacturing accounts attached to the Annual Returns submitted by the dealers for the assessment periods 1994-95 and 1995-96. Thus a turnover of Rs.113.15 lakh escaped assessment resulting in evasion of tax of Rs.15.94 lakh including interest as tabulated below.

The matter was reported to the department and the Government (June 1998); their replies have not been received (December 2000).

(ii) Under the Central Sales Tax Act, 1956 and rules made thereunder, inter-State sales not covered by declaration forms are taxable at the rate of 10 per cent or at the rate of tax applicable under the State Act, whichever is higher. Under the taxation laws of the State, if any dealer evades in any way the liability to pay tax, he shall be liable to pay penalty in addition to the tax payable by him, a sum not exceeding one and a half times the tax due. This provision of the State Act applies mutatis mutandis, in case of levy of penalty under the Central Sales Tax Act.

Test check of assessment records of the Superintendent of Taxes, Naharkatia, revealed (March 1998) that inter-State sales of two registered dealers for the period from April 1993 to March 1995 were determined (May 1995 and October 1995) by the Assessing Officer at Rs.67973. However, on cross verification by audit of the records of the Arunachal Pradesh Forest Corporation Limited, Arunachal Pradesh, revealed (March 1998) that the



dealers supplied tea seeds valued at Rs.27.42 lakh in the course of inter-State trade or commerce to the department during the period April 1993 to March 1995. Thus a turnover of Rs.26.74 lakh escaped assessment. This resulted in short-levy of tax of Rs.2.67 lakh. Besides maximum penalty not exceeding Rs.4.00 lakh was also leviable.

On this omission being pointed out in audit (May 1998), the department revised the assessments and demand notices for Rs.2.78 lakh issued. Out of Rs.2.78 lakh, the dealer paid Rs.1.45 lakh along with penalty of Rs.0.20 lakh and balance is in the process of realisation.

The case was reported to the Government (May 1998), followed by reminder (March 2000); their reply has not been received (December 2000).

**(B)** Test check of assessment records of the Superintendent of Taxes, Unit 'B', Guwahati, revealed (March 1998) that a dealer's opening stock of his taxable goods as on 1 April 1994, were (Rs.79.89 lakh,) purchases during the year 1994-95 (Rs.338.03 lakh) and closing stock as on 31 March 1995, (Rs.52.27 lakh) as per Annexure - I attached to the Annual Return of Turnover for the year. Thus net taxable sales of the dealer during the year 1994-95 worked out to Rs.365.65 lakh but the Assessing Officer determined (December 1996) the taxable turnover at Rs.347.12 lakh. Hence Rs.18.53 lakh was incorrectly omitted from the assessment having a tax effect of Rs.2.28 lakh. In addition, interest of Rs.1.55 lakh was also leviable.

On this being pointed out by audit (August 1998), the department revised (July 1999) the assessment and demand of Rs.4.11 lakh (including interest) was raised. Report on realisation has not been received (December 2000).

The case was reported to the Government (August 1998); their reply has not been received (December 2000).

**(C)** Test check of assessment records of the Superintendent of Taxes, Dibrugarh, revealed (August 1996) that the opening stock of taxable goods of a dealer as on 1 July 1993 was Rs.9.76 lakh. The dealer made purchases amounting to Rs.246.35 lakh during the period July 1993 to March 1995 against which net sales (including trade discount, stock transfer) amounted to Rs.222.32 lakh. Therefore, the closing stock as on 31 March 1995 worked out to Rs.33.79 lakh as against Rs.9.28 lakh as shown by the dealer in his books of accounts. Thus the dealer concealed his taxable turnover amounting to Rs.24.51 lakh having a tax effect of Rs.1.96 lakh. Maximum penalty of Rs.2.94 lakh was also leviable for suppression of turnover by the dealer. In addition, interest of Rs.62,742 (upto August 1996) was also leviable.

On the omission being pointed out in audit (October 1996), the department revised (May 2000) the assessment and raised a demand of Rs.3.44 lakh



(including interest). However, the assessing officer was silent about the imposition of penalty. Report on realisation has not been received (December 2000).

The case was reported to the Government (October 1996) followed by reminder (March 2000); their reply has not been received (December 2000).

## **2.7 Non-levy of penalty for misuse of 'C' form**

Under the Central Sales Tax Act, 1956, if any registered dealer, falsely represents when purchasing any class of goods that the goods purchased are carried by his certificate of registration, or after purchasing any goods for any of the purpose specified in the certificate of registration fails without reasonable excuse, to make use of the goods for any such purpose, the registration authority may impose penalty not exceeding one and a half times of the tax, which would have been levied at the general rate in respect of sale to him of the goods.

Test check of assessment records of 4 sales tax unit offices revealed (July 1999, September 1998, June 1998 and February 1999) that 6 registered dealers engaged in the business of manufacture and sale of tea, purchased goods valued at Rs.47.44 lakh from other State against declaration in form 'C', even though these goods were not used for manufacture of tea. Therefore, the purchases so made by the dealers attracted levy of penalty of Rs.5.27 lakh which was not levied.

On this being pointed out (December 1998/April 1999/August 1998/August 1999) the department recovered an amount of Rs.0.66 lakh in 4 cases. In one case the penalty was reduced from 1.16 lakh to Rs.0.40 lakh which also stands recovered. However, in one case ~~one~~ reply has not been received (December 2000).

## **2.8 Short-levy of interest**

Under the provisions of the Assam General Sales Tax Act, 1993, if a dealer fails to pay the full amount of tax payable by him, by the due date, he is liable to pay simple interest at the rate of 2 per cent for each month on the amount by which tax paid falls short of the tax payable.



Test check of assessment records of the Superintendent of Taxes, Sibsagar revealed (February – March 1999) that in 2 cases interest amounting to Rs.4.47 lakh for non-payment of admitted tax for the period 1994-95 and 1996-97 by the dealers was short levied by the concerned Assessing Officer while finalising the assessments in March 1998 and October 1997.

On this omission being pointed out (May 1999), the department rectified the assessment order in one case and raised a demand of Rs.1.33 lakh (May 2000). Reply of the department on its realization and action taken in respect of another case has not been received.

The matter was reported to Government in (May 1999). However, replies have not been received (December 2000).

## **2.9 Incorrect adjustment of tax**

As per entry 2 of the Schedule-III attached to the Assam General Sales Tax Act, 1993, tea is taxable at the rate of 8 paise per rupee at the point of last sale in the State.

Test check of assessment records of the Superintendent of Taxes, Jorhat, revealed (August 1998) that two tea dealers against their tax liability of Rs.10.35 lakh for the assessment periods 1993-94, 1994-95 and 1995-96 deposited tax amounting to Rs.8.07 lakh into Government Treasury. In the assessment orders (March 1997, June 1997 and January 1997) the Assessing Officer adjusted (December 1998) an amount of Rs.1.60 lakh which the dealer claimed to have paid as 2 per cent tax at the time of purchasing goods from the Guwahati Tea Auction Market. Since no provision exists for such adjustment in the Act *ibid*, the adjustment allowed was incorrect. This incorrect adjustment resulted in short demand of tax of Rs.1.60 lakh. In addition, interest of Rs.1.38 lakh (upto August 1998) was also leviable.

On this being pointed out in audit (December 1998) the department stated (April 2000) that demand for Rs.3.24 lakh (including interest of Rs.1.66 lakh) has been raised. Report on realisation is awaited (December 2000).

The case was reported to the Government (December 1998) followed by reminder (September 1999 and March 2000); their reply has not been received (December 2000).



## CHAPTER: 3 Agricultural Income Tax

### 3.1 Results of Audit

Test check of assessment records of Agricultural Income Tax Office, Assam, conducted during the year 1999-2000 revealed (i) under-assessment of Tax and (ii) non-levy of interest, etc., amounting to Rs.3567.23 lakh which may broadly be categorised as under :

(Rupees in lakh)			
Sl. No.	Particulars	No. of cases	Amount
1	Incorrect computation of Agricultural Income	8	30.54
2	Short-levy/Non-levy of interest	2	5.12
3	Incorrect allowance of deduction	4	318.70
4	Miscellaneous	4	3212.87
<b>Total</b>		<b>18</b>	<b>3567.23</b>

The results of a review on "Assessment and Collection of Agricultural Income Tax of Tea Gardens" highlighting important audit findings and involving revenue effect of Rs. 3166.42 lakh are given in the following paragraphs. The department accepted audit observations in 21 cases involving Rs.370.68 lakh.

### 3.2 Review on "Assessment and collection of agricultural Income Tax of tea gardens"

#### 3.2.1 Introduction

Assam is one of the earliest States in India to enact legislation for the taxation of agricultural income. Its primary object was to levy tax on the agricultural portion of the income derived from the composite income arising out of growing and manufacturing of tea as determined in Income Tax Assessment. Assessment and collection of taxes are made under the provisions of the Assam Agricultural Income Tax Act, 1939 (AAIT Act) read with Income Tax Act, 1961 and the Rules framed under both the Acts.

Rule 8(1) of the Income Tax Rules, 1962 lays down that income derived from the sale of tea grown and manufactured by a seller in India shall be computed



as if it were income derived from business and forty per cent of such income shall be deemed to be income liable to tax under the Income Tax Act, 1961 and balance of sixty per cent of such income being agricultural income is to be assessed under the AAIT Act, after allowing deductions as laid down in the AAIT Act and the Rules made thereunder.

### 3.2.2 Organisational Set-up

The Commissioner of Taxes is the Head of the Department who is assisted by two Additional Commissioners of Taxes and four Joint Commissioners of Taxes. There is one Agricultural Income Tax Assessment Branch at Guwahati attached to the Commissioner with four Agricultural Income Tax Officers (AITO).

Besides, there is one Deputy Commissioner of Taxes (Appeal) for Agricultural Income Tax Branch. The Commissioner/Additional Commissioners of Taxes are vested with the powers of revision.

### 3.2.3 Scope of Audit

The assessments on agricultural income of companies growing and manufacturing tea were reviewed in audit during January/February 2000 covering the period from 1994-95 to 1998-99, to assess the adequacy of systems and procedures as well as the extent of compliance therewith.

### 3.2.4 Trend of revenue

Budget estimates, actuals, excess/shortfall and estimated annual rate of growth are given in the table below :

Year	Budget estimates		Actuals	Excess (+) Shortfall (-) with reference to revised estimate (in percentage)	Annual growth/Shortfall over previous year's actuals (in percentage)
	Original	Revised			
1994-95	70.18	41.00	38.68	(-) 5.65	
1995-96	35.00	43.86	46.97	(+) 7.09	(+) 21.43
1996-97	49.74	49.74	35.36	(-) 28.91	(-) 24.72
1997-98	61.58	40.48	84.31	(+) 108.27	(+) 138.43
1998-99	46.35	46.35	103.26	(+) 122.78	(+) 22.49
1999-2000	51.22	79.00	74.82	(-) 5.29	(-) 27.54



The department attributed (February 2000) the increase in receipts for the year 1995-96, 1997-98 and 1998-99 to good cultivation and good market price and the decrease in receipts for the year 1994-95, 1996-97 and 1999-2000 to low production and low market price. However, the above table reveals that estimated annual rate of growth taken into account while preparing revised estimate of an year was different for each year. It further reveals that the revised estimates for the year 1998-99 and 1999-2000 were less than the actuals of the previous years. Budget estimates were, therefore, not framed on realistic basis.

### **3.2.5 Highlights**

Failure to check occurrence of mistakes like incorrect computation of agricultural income, incorrect allowance of deductions etc., led to short-levy of tax of Rs.370.68 lakh.

**{Paragraph 3.2.6 A (i to viii)}**

No provisions exist in the Agricultural Income Tax Act for mandatory levy of penalty for delayed submission of Income Tax Assessment Orders. The delay in submission of Income Tax returns of the assesseees ranged from 3 to 43 months.

**{Paragraph 3.2.6 B (i)}**

Due to delay in finalisation of assessments in spite of receipt of Income Tax Assessment Orders, demand of Rs.2795.74 lakh in 14 cases was due to be realised.

**{Paragraph 3.2.6 B (ii)}**

### **3.2.6 Assessment**

#### **A Mistakes in assessments**

Cases of mistakes noticed during the review are mentioned below:

##### **(i) Incorrect allowance of depreciation**

As per Agricultural Income Tax Act, 1939, there is no provision for allowing depreciation on tea bushes.



The assessments of agricultural income of two assessee tea companies for the assessment years 1990-91 to 1994-95 were completed between March 1998 and September 1999. Audit scrutiny indicated (January – February 2000) that in the Income Tax Assessment Orders completed between June 1996 and May 1998, depreciation of Rs.643.56 lakh was incorrectly allowed on 'Tea bushes' resulting in under-assessment of agricultural income of Rs.386.14 lakh (60 per cent of Rs. 643.56 lakh) and consequently a short-levy of tax of Rs.288.54 lakh.

On this being pointed out in audit (February 2000), the department and the Government in their reply accepted (July 2000) the mistake and assured to rectify the assessments.

### **(ii) Excess allowance of deduction**

Under the provision of Section 33 AB of the Income Tax Act, 1961, deduction is allowable at the rate of 20 per cent of profit of such business arrived from growing, manufacturing and selling of tea, or the amount deposited with the "National Bank for Agriculture and Rural Development" whichever is less.

The assessments of agricultural income in respect of three assessee tea companies for the assessment years 1993-94, 1994-95 and 1998-99 were completed during March 1998 to January 2000. Audit scrutiny indicated (January – February 2000) that the Income Tax Assessing Officer, while completing the Income Tax Assessment during August 1997 to March 1999 allowed deductions of Rs.167.98 lakh instead of Rs.116.72 lakh. This resulted in excess allowance of deduction of Rs.51.26 lakh in respect of these companies, for the above assessment years. Thus, 60 per cent of excess allowance of Rs.51.26 lakh amounting to Rs.30.76 lakh was required to be added to agricultural income which was not done. This resulted in short-levy of tax and interest of Rs.30.35 lakh.

On this being pointed out in audit (April 1999 and February 2000), the department and the Government accepted the mistake (July 2000) in all three cases and stated that the assessments in two cases were rectified (between December 1999 and April 2000) and also realised Rs.2.73 lakh till April and May 2000. Further reports in other case are awaited (December 2000).

### **(iii) Excess allowance of profit from business**

As per provision of Income Tax Rules, 1962, income derived from the sale of tea grown and manufactured by the seller in India, shall be computed as if it



was income from composite business. Other business income not involved in growing and manufacturing of tea shall be kept apart before deriving the net composite tea business income.

The assessments of agricultural income of two tea companies for the assessment years 1994-95 and 1995-96 were completed between March 1998 and June 1998. Scrutiny of the Income Tax Assessment Orders completed between October 1997 and March 1998 revealed (February 2000) that profit from 'purchased tea leaves' and that from 'packet tea' was computed at Rs.89.87 lakh. The said profit of Rs.89.87 lakh was required to be kept apart from the composite income of the assessee as 100 per cent assessable under the Income Tax Act. But the Income Tax Assessing Officer, while completing the assessments kept apart Rs.154.10 lakh instead of Rs.89.87 lakh. This resulted in under-assessment of agricultural income of Rs.38.54 lakh [60 per cent of (Rs.154.10 lakh – Rs.89.87 lakh)] involving under charge of tax and interest of Rs.26.40 lakh.

On this being pointed out in audit (February 2000), the department and the Government accepted (July 2000) the mistakes and stated that steps were being taken to rectify the assessments.

#### **(iv) Omission to add back inadmissible expenditure**

As per provision of the Income Tax Act, 1961, any expenditure not related to the previous year, is not an allowable deduction under the heads "Profits and gains from business or profession"

The assessment of agricultural income of a tea company for the assessment year 1995-96 was completed in June 1998 on the basis of Income Tax Assessment Order completed in March 1998. Audit scrutiny revealed (February 2000) that the Income Tax Assessing Officer while completing the assessment disallowed (March 1998) the expenditure of Rs.21.39 lakh as it did not relate to the previous year ending 31 March 1995. But did not add the same to the composite income. This resulted in under-assessment of agricultural income of Rs.12.84 lakh (60 per cent of Rs.21.39 lakh) and corresponding short-levy of tax of Rs.7.70 lakh.

On this being pointed out in audit (February 2000) the department and the Government stated (July 2000) that the assessment has been rectified (May 2000) and demand notice was issued. Further reports are awaited (December 2000).



### **(v) Incorrect adoption of agricultural income**

Under the Assam Agricultural Income Tax Act, 1939, if for any reason any agricultural income chargeable to agricultural income tax has escaped assessment for any assessment year, the Agricultural Income Tax Officer may, at any time within eight years of the end of that assessment year serve on the person liable to pay agricultural income tax on such agricultural income a notice and may proceed to assess or reassess the dealer/assessee in respect of such period.

During test check (January 1999) of assessment records of agricultural income it was noticed that the Agricultural Income Tax Officer, while rectifying (September and November 1997) the assessment of a tea company for the assessment year 1991-92, incorrectly adopted composite income of Rs.40.84 lakh instead of Rs.46.84 lakh. This resulted in under-assessment of agricultural income of Rs.3.60 lakh [60 per cent of (Rs.46.84 lakh – Rs.40.84 lakh)] involving short-levy of tax and interest of Rs.4.34 lakh.

On this being pointed out in audit (April 1999), the department and the Government stated (July 2000) that the assessment was rectified (September 1999) and a demand was raised for Rs.4.33 lakh, of which Rs.2.17 lakh was realised. Arrear Certificate was sent (April 2000) to the Superintendent of Taxes (Recovery), Tezpur for recovery of the arrears. Further reports on this case are awaited (December 2000).

### **(vi) Non-levy/short-levy of interest**

(a) Under the provision of Assam Agricultural Income Tax Act, 1995 (amended), where in any financial year an assessee has paid advance tax less than 75 per cent of tax determined on regular assessment, simple interest at the rate of two per cent for each English Calendar month from the 1<sup>st</sup> day of April of succeeding financial year in which advance tax was payable upto the month prior to the month of regular assessment shall be payable by the assessee upon the amount by which the advance tax paid falls short of the tax determined on regular assessment. Prior to the amendment of the Act, interest was leviable at the rate of 12 per cent per annum on the amount of shortfall from the 1<sup>st</sup> day of January of said assessment year upto the date of assessment or the date on which 75 per cent of assessed tax was paid, whichever is earlier.

The assessments of agricultural income in respect of seven (7) assesseees for the assessment years 1996-97 to 1998-99 were completed during Decemeber 1997 to September 1999. Audit scrutiny revealed (April 1999 and February 2000) that 7 assesseees were assessed to a tax of Rs.106.33 lakh. Advance tax of Rs.79.75 lakh required to be paid up to 31 March of the relevant financial



year was not paid in due time. Interest for shortfall payment of advance tax amounted to Rs.10.50 lakh whereas Assessing Authorities levied only Rs.3.42 lakh for the years 1996-97 and 1997-98. This resulted in non/short-levy of interest of Rs.7.08 lakh.

On this being pointed out in audit (April 1999 and February 2000), the department and the Government accepted (July 2000) the audit observation in all the cases. In 4 (four) cases assessments were rectified and demand notices issued (September 1999 and January 2000) for Rs.3.89 lakh, of which Rs.3.20 lakh was realised. Reports on further progress are awaited (December 2000).

**(b)** Under the Assam Agricultural Income Tax (Amendment) Act, 1984, where an assessee did not pay the amount of tax demanded from him after an assessment made, within the date specified in the notice of demand served on him in this behalf, he shall be liable to pay simple interest from the 1<sup>st</sup> day of the month next following the said date upto the date of full payment of tax, at the rate of sixteen per cent per annum on the amount of tax reduced by the amount of tax paid on or before the said first day, until the tax is fully paid.

Test check of the assessment records of the Agricultural Income Tax Officer (AITO), Guwahati revealed (February 1999) that in 3 cases of 3 tea companies, interest amounting to Rs.2.18 lakh for non-payment demanded tax by the assesseees in time was not levied (February 1997, April 1997 and March 1998) by the concerned Assessing Officers.

On this being pointed out in audit (April 1999), the department and the Government accepted (July 2000) the mistakes in all 3 cases and stated that assessments were rectified. Rs.0.42 lakh pertaining to one case was fully realized (January 2000). In other two cases further reports on realisation are awaited (December 2000).

#### **(vii) Mistake in giving effect to appellate order**

As per Agricultural Income Tax Act, 1939, there is no provision for allowing deduction of loss other than tea business loss from agricultural income.

The assessment of agricultural income of an assessee tea company for the assessment year 1994-95 was completed in October 1998 and subsequently rectified in December 1998. Audit scrutiny indicated (February 2000) that the Income Tax Assessing Officer while revising the Income Tax Assessment in May 1998 in pursuance of an appellate order, allowed deduction of Rs.7.66 lakh being "Loss on purchase/Sale of shares" from the composite tea business income. The said loss was not a tea business loss but the AITO, while



completing the assessment did not add back Rs.4.59 lakh (60 per cent of Rs.7.66 lakh) to the agricultural income of the assessee. This resulted in short levy of tax of Rs.2.76 lakh.

On this being pointed out (February 2000), the department and the Government accepted the mistake and stated (July 2000) that steps were being taken to rectify the assessment order. Further reports are awaited (December 2000).

**(viii) Incorrect allowance of deduction due to excess carry forward of loss**

As per provisions of the Income Tax Act, 1961, a sum to be allowed by way of Investment Allowance/Development Allowance for that assessment year shall be only such amount as is sufficient to reduce the said total income to nil. Further, there is no provision in the Agricultural Income Tax Act, for allowing deduction of loss other than tea business loss.

The assessment of agricultural income for the assessment year 1989-90 was completed in October 1998 determining net agricultural loss of Rs.4.10 lakh. Audit scrutiny revealed (February 2000) that the composite business loss was assessed at Rs.4.22 lakh before allowing deduction under Investment and Development Allowance of Rs.2.61 lakh. The Income Tax Assessing Officer while completing the assessment in March 1998 incorrectly allowed deduction of Rs.2.61 lakh from the composite business loss of Rs.4.22 lakh and assessed the composite loss of Rs.6.83 lakh. This mistake resulted in excess carry forward of loss of agricultural income of Rs.1.56 lakh having a tax effect of Rs.1.33 lakh including interest.

On this being pointed out in audit (February 2000), the department and the Government stated (July 2000) that steps had been taken to rectify the assessment order. Further reports are awaited (December 2000).

**B Arrears in assessment**

As per the particulars furnished by the department, the number of assessments due for disposal, the number of assessments actually concluded and the number of assessments pending at the end of each year during the last six years are shown below :



	1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000
Opening balance of cases	462	394	558	491	440	588
No of assessments due for disposal during the year	807*	872	942	972	1082	934
No. of assessments actually concluded	875	708	1009	1023	934	946
Amount involved (in lakh of Rupees)	NA	NA	NA	NA	5887.01	6758.16
No. of assessments pending at the end of each year and period of pendency	394	558	491	440	588	576
1 to 2 years	184	254	272	216	309	349
2 to 5 years	116	198	134	168	212	174
5 to 10 years	82	89	77	52	60	48
Above 10 years	12	17	8	4	7	5

The assessments for large number of cases are kept pending for over two years. On this being pointed out (February 2000), the department stated (February 2000), that the assessments could not be completed due to non-receipt of the certified copies of the Income Tax Assessment Order. Test check (August 2000) of 42 assessment cases pending for over two years revealed that assessments in 13 cases were kept pending inspite of receipt of Income Tax Assessment Orders. The assessments for remaining cases were kept pending due to non-receipt of Income Tax Assessment Orders.

Besides, the other shortcomings as noticed during review on assessment and the absence of provision in the Act are discussed below:

**(i) Absence of provision to penalize default in filing the Income Tax Assessment Order**

The Assam Agricultural Income Tax Act provides for submission of the 1<sup>st</sup> copy of the Income Tax Assessment order within thirty days from the date of order and the certified copy of such order within 90 days from such order by the assessee.

It was noticed in audit that in 14 assessment cases in respect of 5 major tea companies, there were delays on their part in filing of 1<sup>st</sup> copy/certified copy

\*Figures as reported by the department in July 2000.

NA - Not Available.



of Income Tax Assessment Orders ranging from 3 to 43 months reckoned from the date of Income Tax Assessment Order. Details are shown in table below:

Sl. No. of cases	Name of assessee	Assessment year	Date of Income Tax Assessment Order	Date of submission to AITO	Delay in sub-mission to AITO
1	'A'	1990-91	13.11.95	18.05.96	More than 5 months
2	-do-	1991-92	27.12.95	18.05.96	More than 4 months
3	'B'	1990-91	07.07.95	02.04.98	More than 30 months
4	'C'	1990-91	19.02.98	16.10.98	More than 7 months
5	-do-	1991-92	18.02.98	16.10.98	More than 7 months
6	-do-	1992-93	18.02.98	16.10.98	More than 7 months
7	-do-	1993-94	18.02.98	16.10.98	More than 7 months
8	-do-	1994-95	28.02.97	16.10.98	More than 19 months
9	'D'	1990-91	25.06.93	10.02.97	More than 43 months
10	-do-	1991-92	12.06.96	10.02.97	More than 7 months
11	-do-	1992-93	30.03.95	10.02.97	More than 22 months
12	-do-	1993-94	29.03.96	10.02.97	More than 10 months
13	'E'	1994-95	31.03.97	20.08.98	More than 16 months
14	-do-	1996-97	21.12.98	09.04.99	More than 3 months

Such delays in submission of Income Tax Assessment Order resulted in delayed assessment and consequential non-realisation of revenue due for long periods. Government has, however, not yet framed adequate deterrent measures like mandatory levy of penalty for delayed submission of Income Tax Assessment Order.

The Government stated (July 2000) that the suggestion made by audit was being examined.

#### **(ii) Non-finalisation of assessments**

Expeditious completion of final assessment is essential to realize tax dues. However, the Act does not provide any time limit for completion of the assessment after receiving the Income Tax Assessment Order. It was noticed from the records produced to Audit that additional agricultural income tax of Rs.2795.74 lakh based on Income Tax Assessment Orders for assessment years 1990-91 to 1994-95 and 1996-97 passed after scrutiny in 14 assessment cases in respect of 5 major tea companies could not be assessed after a lapse of



1 year to 7 years from the date of finalisation of Income Tax Assessments. Details are shown in table below :

(Rupees in lakh)

Sl. No. of cases	Name of assessee	Assessment year	Date of assessment by IATO	Taxable turnover of agricultural income as per Income Tax Assessment Order	Tax payable as per Col.5	Admitted tax paid as per return	Balance tax due	Period of delay
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	M/s Mcleod Russel (I) Ltd.	1990-91	13.11.95	590.61	490.20	233.38	256.82	4 years
2	-do-	1991-92	27.12.95	901.02	675.76	441.92	233.84	4 years
3	M/s George Williamson (Assam)Ltd.	1990-91	07.07.97	546.74	453.79	433.19	20.60	3 years
4	M/s. Andrew Yule & Co. Ltd.	1990-91	19.02.98	739.64	613.90	358.99	254.91	2 years
5	-do-	1991-92	18.02.98	717.88	538.41	303.00	235.41	2 years
6	-do-	1992-93	18.02.98	486.36	364.77	170.55	194.22	2 years
7	-do-	1993-94	18.02.98	216.05	129.63	46.70	82.93	2 years
8	-do-	1994-95	28.02.97	487.35	292.41	83.80	208.61	3 years
9	M/s. Warren Tea Limited	1990-91	25.06.93	541.05	449.08	427.37	21.71	7 years
10	-do-	1991-92	12.06.96	907.59	680.69	330.46	350.23	4 years
11	-do-	1992-93	30.03.95	871.32	653.49	139.51	513.98	5 years
12	-do-	1993-94	29.03.96	674.58	404.75	40.40	364.35	4 years
13	M/s. Koombor Tea Co. Ltd.	1994-95	31.03.97	61.49	36.89	--	36.89	3 years
14	-do-	1996-97	21.12.98	35.40	21.24	--	21.24	1 year
<b>Total</b>				<b>7777.08</b>	<b>5805.01</b>	<b>3009.27</b>	<b>2795.74</b>	

In two cases ('E') assessments were completed (May 2000) at the instance of audit.

In respect of one assessee 'D' involving assessment years 1990-91 to 1993-94, the department stated (July 2000) that the assessee claimed deduction of payment of tax on specified land from the agricultural income in the light of Judgement passed by the Hon'ble High Court. The matter has been taken up by the department with the government advocate for filing appeal against the judgement. The assessments are pending for the period ranging from 4 to 7 years.

In respect of assessee 'B' for the assessment year 1990-91, the assessment was kept pending at the assessee's request till disposal of tribunal appeal preferred against Income Tax Assessment. The assessment should have been finalized and rectification wherever needed or necessary could be made.

In respect of assessees 'A' and 'C' involving assessment years 1990-91 to 1994-95, the assessments remained unfinalised without any specific reason.



Appropriate measures may be taken so that assessment of agricultural income tax is not kept pending resulting in blockade of government revenue.

### **C Position of appeal cases lying with departmental authorities**

The position of appeal cases is shown below:

Year	Opening balance of cases under appeal	Addition during the year	Disposed during the year	Closing balance of cases under appeal	Percentage of Column 4 to Column 3.
(1)	(2)	(3)	(4)	(5)	(6)
1994-95	66	22	19	69	86
1995-96	69	51	33	87	65
1996-97	87	50	39	98	78
1997-98	98	4	4	98	100
1998-99	98	5	5	98	100
1999-2000	98	17	6	109	35

It would be seen from the above that disposal of appeal cases was less than receipts during 1994-95 to 1996-97 and 1999-2000.

### **D Collection of arrear Agricultural Income Tax**

A trend analysis of the demand, collection and balance for the year 1994-95, 1995-96, 1996-97, 1997-98, 1998-99 and 1999-2000 based on data furnished by the Department is given below :

(Rupees in lakh)

Year	Opening balance of revenue due for collection	Demand raised during the year	Total dues for collection	Collection during the year	Percentage of collection	Closing balance of revenue due
1994-95	1658.60	505.72	2164.32	959.33	44.32	1204.99
1995-96	1204.99	1888.81	3093.80	384.16	12.42	2709.64
1996-97	2709.64	1513.81	4223.45	737.10	17.45	3486.35
1997-98	3486.35	690.59	4176.94	1809.71	43.33	2367.23
1998-99	2367.23	1128.66	3495.89	246.38	7.05	3249.51
1999-2000	3249.51	1112.70	4362.21	1241.36	28.46	3120.85



In reply to audit query, the department stated (February 2000) that this pendency of revenue is mainly due to non finalisation of appeal cases lying with various stages viz. Appellate Authority, High Court, Supreme Court etc. The different stages of pendency of the outstanding revenue at the end of 1999-2000 is indicated as under :

		(Rupees in lakh)					
	Stages	Period of delay with number of cases					Revenue involved
		Up to 1 year (No. of cases)	1-2 years (No. of cases)	2-3 years (No. of cases)	3-4 years (No. of cases)	4 years and above (No. of cases)	
Appeal	D.C.T.	17	5	4	50	33	122.31
	High Court	--	--	--	--	126	1671.17
	Supreme Court	--	--	--	--	15	107.38
	Assam Board of Revenue	--	--	--	1	--	0.07
Other stages	Bakijai Proceedings (certificate proceedings)	--	1	2	2	33	72.18
	AITO	--	--	--	--	--	1147.74
<b>Total</b>							<b>3120.85</b>



in reply to which they are departmental. (Paragraph 2, page 100) The  
 evidence of a crime is mainly due to non-attendance of special cases. The  
 main reason being the absence of the defendant. (Paragraph 3, page 100)  
 The different stages of procedure of the criminal justice system in the  
 1999-2000 is indicated as follows:

(Figure in lakhs)

Stages	Period - July 1st to March 31st		Period - April 1st to June 30th		Period - July 1st to September 30th	
	No. of cases	% of total	No. of cases	% of total	No. of cases	% of total
Police	100	100	100	100	100	100
Magistrate	80	80	80	80	80	80
Session Judge	60	60	60	60	60	60
High Court	40	40	40	40	40	40
Supreme Court	20	20	20	20	20	20
Total	200	100	200	100	200	100



## CHAPTER 4 : Taxes on Motor Vehicles

### 4.1 Results of Audit

Test check of records of the Commissioner of Transport and District Transport Officers, conducted in audit during the year 1999-2000, revealed under-assessment of taxes, losses of revenue and other irregularities amounting to Rs.3745.50 lakh in 77 cases as shown below:

(Rupees in lakh)

Sl. No.	Particulars	Number of cases	Amount
1	Non-realisation/short-realisation of Motor Vehicle Tax/Surcharge	13	90.80
2	Other Irregularities including review.	64	3654.70
	<b>Total</b>	<b>77</b>	<b>3745.50</b>

During the course of the year 1999-2000, the concerned department accepted under-assessment etc., of Rs.24.59 lakh involved in 15 cases of which 1 case involving Rs.0.27 lakh has been pointed out in audit during 1999-2000 and the rest in earlier years. In 15 cases an amount of Rs.11.71 lakh had been recovered. The results of a review on "Taxes on Motor Vehicles and Factors Leading to Shortfall in Revenue Receipts-Motor Vehicles" involving financial effect of Rs.3420.50 lakh are given in the following paragraphs:

### 4.2 Review on "Taxes on Motor Vehicles and Factors Leading to Shortfall in Revenue Receipts-Motor Vehicles"

#### 4.2.1 Introduction

The conditions for plying motor vehicles and levy and collection of taxes thereon are governed by the provisions of Assam Motor Vehicles Taxation (AMVT) Act, 1936, Assam Motor Vehicles (AMV) Rules, 1940, Motor Vehicle (MV) Act, 1988 and rules made thereunder. The levy and collection



of passenger and goods tax is regulated under the Assam Passengers and Goods Taxation (APGT) Act, 1962 and rules made thereunder.

Under the provision of the AMVT Act, 1936, the Transport Department is empowered to levy and collect registration fee, inspection fee, vehicle tax, surcharge, conversion fee, composite fee etc. The levy of tax under the APGT Act, 1962 was transferred to the department on 1 August 1989 prior to which it was entrusted to the Sales Tax department.

While the functioning of the Transport Department is guided by provisions of various Acts and Rules, there is no departmental manual prescribing the internal controls to be exercised in levy and collection of motor vehicle tax.

#### **4.2.2 Organisational set-up**

The Commissioner of Transport (COT), Assam is the head of the department and is also the ex-officio Secretary, State Transport Authority. He is assisted by one Joint Commissioner, one Deputy Commissioner, and one Assistant Commissioner of Transport, 24 District Transport Officers (DTOs), who are also ex-officio officers incharge of the Regional Transport Authority (RTA). In his capacity as the Secretary, State Transport Authority (STA), the Commissioner of Transport is responsible for issue of National Permits, Tourist permits and permits for all stage carriages as specified in the Motor Vehicles Taxation Act. There are 50 Motor Vehicle Inspectors and 78 Enforcement Inspectors in the department.

#### **4.2.3 Scope of Audit**

A review on "Taxes on Motor Vehicles and Factors Leading to Shortfall in Revenue Receipts" was conducted in October 1999 and February 2000 with a view to examining various factors leading to non-realisation of motor vehicle tax, fees and fines alongwith short-realisation of fines and penalties. For this purpose records of the C.O.T Assam and 10\* out of 24 District Transport Officers and 2 check gates (Baxirhat and Srirampur) were examined for the period from 1995-96 to 1999-2000.

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\* Dhubri, Dibrugarh, Golaghat, Kamrup (East), Kamrup (West), Morigaon, Nagaon, Sibsagar, Sonitpur, Tinsukia.



**4.2.4 Highlights**

i) In 10 District Transport Offices, motor vehicles tax and surcharge of Rs.4.92 crore on foreign Vehicles was not realised.

(Paragraph 4.2.7)

ii) Failure to exercise proper control under prescribed rules for realisation of fines on over-loaded goods vehicles, led to loss of revenue of Rs.28.98 crore in 287811 cases.

(Paragraph 4.2.8)

iii) Composite tax of Rs.24.81 lakh was short-realised due to levy of tax at lesser rates.

(Paragraph 4.2.9)

**4.2.5 Trend of revenue**

Taxes on motor vehicles are the sixth largest source of revenue for the Government of Assam. Budget estimates and actuals of taxes on motor vehicles and taxes on goods and passengers, variation between budget estimates and actuals for the period from 1995-96 to 1999-2000 are shown below :

(Rupees in crore)

Year	Budget estimates		Actuals	Variation between budget estimates and actuals	Percentage of variation to budget estimates	No. of vehicles registered during the year
	Original	Revised				
1995-96	50.89	59.39	56.06	(-) 3.33	(-) 5.61	25283
1996-97	69.70	69.72	72.52	(+) 2.80	(+) 4.07	28960
1997-98	70.83	84.85	65.69	(-) 19.16	(-) 22.58	30729
1998-99	97.13	97.16	61.10	(-) 36.06	(-)37.11	32698
1999-2000	108.70	107.36	67.99	(-)39.37	(-)36.67	31135



Reasons for shortfall in revenue collection was attributed (March 2000) by the department mainly to introduction of one time tax on private vehicles which ended in 1996-97, ban on timber movement and use of railways for transportation of coal by the operators.

#### **4.2.6 Uncollected revenue**

During test check of the records of 10 (ten) D.T.Os, only two D.T.Os viz, Dibrugarh and Tinsukia could furnish the position of accumulated arrear revenue amounting to Rs.5.41 crore as on 31 October 1999, details of which are given below :

(Rupees in crore)

Year	Amount outstanding at the beginning of the year	Demand for the year	Collection during the year	Balance
1995-96	1.58	2.51	2.90	1.19
1996-97	1.19	3.84	2.99	2.04
1997-98	2.04	4.07	2.48	3.63
1998-99	3.63	2.66	2.64	3.65
1999-2000 (upto Oct'99)	3.65	3.13	1.37	5.41

8 D.T.Os could not furnish any records showing the year-wise outstanding revenue position and collection thereof. Position of uncollected revenue State as a whole was not available with the Commissioner of Transport, Assam.

#### **4.2.7 Arrears of vehicle tax and surcharge**

Under section 4, read with section 5 of the Assam Motor Vehicle Taxation Act, 1936, as amended from time to time taxes on motor vehicles are to be paid in advance on or before 15 April each year or optionally in four equal instalments payable on or before 15 of April, July, October and January respectively. In case of non-payment, a notice of demand is required to be issued in each case and noted in the Combined Register maintained for the purpose. The D.T.Os are required to review the register from time to time.

During a test check of 166 Combined Registers for foreign vehicles (gross weight 3 MT and above) maintained in 10 DTOs revealed



(October 1999 – February 2000) that these were not reviewed by the D.T.Os and as a result in 1817 cases Motor Vehicle Tax of Rs.2.66 crore and in 1780 cases surcharge of Rs.2.26 crore remained <sup>un</sup>realized. Even demand notices for payment of tax were not issued in 1636 cases involving Rs.2.36 crore.

On this being pointed out, the Commissioner of Transport stated (May 2000) that necessary instructions were being issued to furnish the detailed particulars regarding outstanding Motor Vehicle Tax and Surcharge and that steps would be taken to collect the same. Details of D.T.O.- wise and year-wise tax and surcharge for the period from 1995-96 are given in Annexure – B.

These also include 1466 number of vehicles which were plying for more than 12 months without being assigned new registration marks; consequently Rs.5.96 lakh being registration fee and fine remained unrealized.

#### **4.2.8 Non/Short-levy of fines**

Under Section 194 of the MV (Amendment) Act, 1994, excess loading of goods vehicles shall be punishable with a minimum fine of two thousand rupees besides imposition of additional amount of one thousand rupees per tonne of excess load along with charges for off-loading of the excess load.

A test check of the records of the Commissioner of Transport, 10 District Transport Officers and 2 check gates, revealed that 287811 goods vehicles carrying excess load were detected by the department during the period from April 1995 to March 2000. Out of these, in 287415 cases, fine of Rs.5744.03 lakh was incorrectly realized instead of Rs.8629.88 lakh and in 396 cases neither the minimum fine nor additional fine amounting to Rs.11.88 lakh was realized. Thus there was short/non-levy of fine of Rs.2897.73 lakh.

#### **4.2.9 Non/Short-realisation of composite tax from other States under National Permit Scheme**

As per Government notification issued in August 1993, an operator of a public carrier goods vehicle, under the National Permit Scheme, authorized to ply in Assam State but registered in another State, is liable to pay composite tax at the rate of Rs.5,000 per annum effective from 1 September 1993. This composite tax is in lieu of the tax chargeable under the Assam Passenger and Goods Taxation Act, 1962 and is to be paid in advance either in lumpsum on



or before 15 September or in two equal instalments of Rs.2500/- on half yearly basis payable on 15 September and 15 March. The scheme provides that in case of delay in payment of composite tax by the owner of the vehicle within the period specified he is liable to pay in addition to the lumpsum fee mentioned above, an additional sum of Rs.100 per month or part thereof.

Scrutiny of the statement of drafts forwarded by other States being Composite Tax in between April 1995 to October 1999 revealed that there was short levy of Composite Tax of Rs.24.81 lakhs on 2907 goods vehicles plying in more than 12 Regional Transport Authorities (RTAs). This short-realisation was mainly due to collection of Composite Tax by other States at lesser rates. It was further noticed in audit that the Commissioner of Transport did not maintain any register/records to watch the receipt and unrealized position of the Composite Tax realisable from the States year-wise. The department did not pursue the cases with concerned States. The exact amount due to be realised could not be ascertained as no records were maintained. The Commissioner of Transport received a list of drafts (402 nos.) from the Commissioner of Taxes, Assam, in November 1998 which indicated that there was a short-realisation of Rs.0.93 lakh against 120 vehicles. The period for which tax was realized was not mentioned in the list.

In May 1997, the department took up the matter of short-realisation of Composite Tax with Regional Transport Authorities of other States. No follow-up action was, however, taken thereafter.



## CHAPTER 5: State Excise

### 5.1 Results of Audit

Test check of records of receipts and refund in the State Excise offices conducted in audit during the year 1999-2000 revealed losses of revenue etc., amounting to Rs.3042.27 lakh in 63 cases as detailed below :

Sl. No.	Particulars	(Rupees in lakh)	
		No. of cases	Amount
1.	Short/non-realisation of Excise duty	5	9.26
2.	Excess allowance of godown loss	3	4.46
3.	Non-realisation of Excise Duty due to warehouse going dry.	4	50.69
4.	Others (including review)	51	2977.86
<b>Total</b>		<b>63</b>	<b>3042.27</b>

During the course of the year 1999-2000, the department/Government have accepted the observations of audit in 4 cases involving Rs.4.08 lakh relating to the years prior to 1999-2000 of which Rs.2.74 lakh in 4 cases have been recovered.

The results of a review on "Receipts under State Excise" highlighting important irregularities involving Rs.1655.76 lakh are given in the following paragraphs :

### 5.2 Receipts from Bonded warehouses and retail Vendors

#### 5.2.1 Introductory

In the State of Assam, the key excisable items such as India Made Foreign Liquor (IMFL), Beer, Country Spirit, Mritasanjibani are all imported from outside the State. The spirit so imported is stocked in warehouses and issued from time to time to retail vendors on payment of contract cost price of the



spirit together with the excise duty payable thereon. Passes are issued for each import indicating quantity and time within which import is to be completed. The licensee is to furnish proof of lifting the specified quantity of spirit and delivering the same to the officer-in-charge of the specified warehouse within the specified time. In case of default, the licensee is to pay duty on the quantity short-lifted on demand. The import of such goods are regulated according to the provision of the Excise Act 1910, Assam Excise Rules 1945 and various administrative orders issued from time to time. These rules and orders also regulate the functioning of the excise department of the State Government. The establishment and working of bonded warehouses is regulated by the Assam, Bonded Warehouse Rules 1965 framed under the Excise Act 1910. Excise revenue is derived from any duty, fee, tax, penalty payment (other than a fine imposed by a court) or confiscation imposed or ordered under the provisions of the Assam Excise Act 1910 or any other law for the time being in force relating to liquor or intoxicating drugs.

### **5.2.2 Organisational set-up**

The Excise Department is headed by the Commissioner of Excise who is assisted by an Additional Commissioner, one Joint Commissioner, one Deputy Commissioner and one Chemical Examiner in the headquarter. At the district level and in the sub-divisions, there are 22 Superintendents of Excise, 33 Deputy Superintendents of Excise who are assisted by 152 Inspectors of Excise for administration of excise laws under the direct control of the Deputy Commissioner.

### **5.2.3 Scope of Audit**

With a view to assessing the efficiency of the system for administration of the Act, records in the office of the Commissioner of Excise, Assam along with those of Excise administration in 10 districts out of 23 districts and 28 warehouses including 23 bonded warehouses of these 10 districts for the period from 1994-95 to 1998-99 were test checked during the period from October 1999 to February 2000. Deficiencies noticed in audit in respect of the operation of such warehouses resulting in loss of revenue are discussed in the succeeding paragraphs.



#### **5.2.4 Highlights**

(i) There was a loss of revenue of Rs.287.17 lakh due to non-levy of excise duty on short lifting of country spirit.

{Paragraph 5.2.6 (i)}

(ii) There was a loss of revenue of Rs.109.52 lakh due to non-availability of stock in the warehouse.

{Paragraph 5.2.6 (ii)}

(iii) Import permit fee of Rs.36.33 Lakh was not realized while issuing 239 permits.

{Paragraph 5.2.7 (i)}

(iv) Short-realisation of excise duty of Rs.806.35 lakh due to misclassification of brand of IMFL.

{Paragraph 5.2.8}

(v) The issuance of rum in excess of the allotted quota resulted in a loss of revenue of Rs.383.46 lakh.

(Paragraph 5.2.9)

#### **5.2.5 Trend of revenue**

The state excise revenue consists mainly of duty on liquor, licence fee for bonded warehouses and retail liquor dealers, gallonage fee and vend fee at the prescribed rates.

The budget estimates vis-a-vis excise revenue realised by the State during the years 1994-95 to 1999-2000 are given below :



(Rupees in crore)

Years	Budget Estimate		Actuals	Variation (+) Excess (-) Shortfall	Percentage of variation	Cost of collection as per Finance Accounts	Percentage of cost of collection	All India Percentage of cost of collection
	Original	Revised						
1994-95	20.77	25.38	26.49	(+) 1.11	4.37	3.52	13.29	3.12
1995-96	32.90	32.90	28.95	(-) 3.95	12.00	4.10	14.16	3.20
1996-97	37.31	37.31	29.42	(-) 7.89	21.15	4.25	14.45	3.53
1997-98	41.76	75.00	77.73	(+) 2.73	3.64	4.70	6.05	3.20
1998-99	85.88	85.88	100.46	(+) 14.58	16.98	5.65	5.62	3.25
1999-2000	94.90	141.08	117.74	(-) 23.34	16.54	6.21	5.27	--

From the above table it would be seen that there had been shortfall of revenue collection as compared to budget estimates during 1995-96 and 1996-97. Commissioner of Excise attributed (October 1999) the shortfall to non-availability of spirit from the exporting States and decrease in consumption of country spirit. Further percentage of expenditure on collection to total excise revenue collection was substantially higher than the all India average during the years.

### 5.2.6 Operation of Country Spirit Warehouses

#### (i) Loss of revenue due to non-levy of excise duty on short lifting of country spirit

As per Rule 78 of Assam Excise Rules 1945 and provisions contained for execution of bond for the import or transport and storage of country spirit, the licensee or his legal representatives shall on each occasion of import or transport and storage of the country spirit within the time mentioned in the pass, furnish satisfactory proof to the officer granting the pass that the specified quantity of the country spirit has been delivered in full to the officer-in-charge of the country spirit warehouse. In case of default, the licensee shall be liable to pay a sum equal to the amount of duty payable on the quantity short lifted.



The Commissioner of Excise is to exercise control over the lifting of the country spirit as required in the permit through the quarterly returns submitted to him by the Deputy Commissioner.

In the audit of 3 country spirit warehouses in Assam it was noticed that licensees had short lifted 10.13 lakh \*BL (16.71 lakh \*\*LPL) against the permitted quantity of 30.95 lakh \*BL (51.07 lakh \*\*LPL) during the period from April 1994 to March 1999. The licensee did not furnish any certificate of short execution from the exporting authority nor paid any duty to the Government. The loss of revenue due to short lifting of country spirit worked out to Rs.287.17 lakh as shown below :

(Rupees in lakh)

Sl No	Name of the warehouse	Year to which relates	No. of permit	Permitted quantity	Quantity actually lifted	Quantity short lifted	Loss of revenue
(in thousand of BL)							
1.	Tinsukia Warehouse	1994-95	2	116	92	24	4.75
		1995-96	1	100	95	5	0.99
		1996-97	2	300	216	84	16.63
		1997-98	1	180	175	5	1.65
			<b>6</b>	<b>696</b>	<b>578</b>	<b>118</b>	<b>24.02</b>
2.	Nazira Warehouse	1994-95	1	24	20	4	0.79
		1997-98	1	126	125	1	0.33
		1998-99	1	126	54	72	23.76
			<b>3</b>	<b>276</b>	<b>199</b>	<b>77</b>	<b>24.88</b>
3.	Jorhat Warehouse	1994-95	8	451	308	143	28.32
		1996-97	3	272	175	97	19.21
		1997-98	3	400	284	116	38.28
		1998-99	5	1000	538	462	152.46
			<b>19</b>	<b>2123</b>	<b>1305</b>	<b>818</b>	<b>238.27</b>
<b>Grand Total</b>			<b>28</b>	<b>3095</b>	<b>2082</b>	<b>1013</b>	<b>287.17</b>

Thus failure of the Commissioner to effectively exercise internal control through the mechanism of quarterly statements led to a loss of revenue of Rs.287.17 lakh.

### (ii) Loss of revenue due to no stock day in the warehouse

Rule 106 of the Assam Excise Rule 1945 and clause 15 of the standard agreement make it mandatory on the part of the contractor to maintain such minimum stock of spirit in the warehouse as may be fixed by the Excise

\* BL = Bulk Litre

\*\* LPL = London Proof Litre



Commissioner from time to time. In the event of stock falling below the prescribed minimum, the Deputy Commissioner may make up the same from any source he may think fit and require the contractor to make good any loss to the Government owing to his failure to maintain adequate stock of spirit.

To watch the stock balance, officer in-charge of a warehouse is required to submit a weekly return showing the balance spirit in stock to the respective Deputy Commissioner through the Superintendent of Excise who in turn forwards the same to the Commissioner of Excise for necessary action.

In the course of test check of records of all the 5 country spirit warehouses it was noticed that the stock of country spirit was allowed to decline to zero for various periods due to failure of the contractors to lift permitted quantities from the distilleries. Calculated on the basis of sales during preceding three years, the revenue loss amounted to Rs.109.52 lakh as detailed below :

(Rupees in lakh)

Name of warehouse	Year to which relates	No-stock days	Maximum continuous no-stock days	Revenue loss
Tinsukia	February'97 to June'99	37 days	22 days	20.68
Nazira	January'95 to June'99	31 days	18 days	10.63
Jorhat	March'97 to August'99	98 days	22 days	44.27
Silchar	February'97 to February'99	77 days	66 days	16.09
North Lakhimpur	July'97 to January' 99	130 days	78 days	17.85
<b>Total</b>				<b>109.52</b>

No action was taken by the department to recover the loss from the contractors though there were demands from the retailers for supply of the liquor. In spite of this default, one licensee "Noble Sales Agency" was allowed to continue licence in the subsequent years.

On this being pointed out (November/December 1999) the Commissioner of Excise while agreeing to the facts stated (June 2000) that loss of revenue due to non execution of permits and warehouses going dry could not be effected from the contractors by him as payments to the contractors were made at the level of Secretariat. However, no final reply has been received from the Government.



### **5.2.7 Operation of the Bonded Warehouse**

Deficiencies noticed in audit in respect of operation of India Made Foreign Liquor (IMFL) bonded warehouses resulting in loss of revenue in respect of few important cases are mentioned below :

#### **(i) Non-realisation of Import Permit Fee**

The Government of Assam in the notification dated 12 May 1998 fixed the rate of import permit fee on IMFL at the rate of Rs.30 per case and on Beer at the rate of Rs.18 per case with effect from 12 May 1998. This shall be payable in advance for issuance of the pass for import of IMFL and Beer in Assam.

Test check of Import permit/pass register in respect of Bonded Warehouses maintained in the office of the Commissioner of Excise also revealed that 155 Import Permits for 86807 cases of IMFL and 84 Import Permits for 57151 cases of Beer were issued to 13 Bonded Warehouses during 12.5.98 to 19.8.98 without realising Import permit fee. This resulted in non-realisation of import permit fee amounting to Rs.36.33 lakh.

On this being pointed out (November 1999) the department while accepting the audit observation stated that steps to realise the amount were being taken (June 2000).

#### **(ii) Non-levy of excise duty on excessive transit wastage**

As per the provisions of the Assam Bonded Warehouse Rules, 1965, as amended by a notification dated 6 April 1989 wastage not exceeding 1 (one) per cent shall be permissible for actual loss in transit by leakage or evaporation or breakage of vessels or bottles containing liquor. It is further provided that if the report of the officer-in-charge shows that the wastage exceeds the prescribed limit, the licensee shall be liable to pay the duty at the prescribed rate, as if wastage in excess of the prescribed limit had actually been removed from the warehouse.

During test check of 7 (seven) Bonded Warehouses it was noticed that transit loss in excess of the permissible limit of one per cent was incorrectly allowed resulting in loss of revenue of Rs.15.54 lakh as detailed below :



(Rupees in lakh)

Sl. No	Name of Bonded warehouse	Type of spirit	Period	Quantity despatched	Transit loss allowed	Transit loss permissible	Excess allowed	Excise duty involved
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1.	R.B.S, Sibsagar	IMFL	11/98 to 8/99	12.6	1.11	0.13	0.98	0.89
2	Ajoy Dutta Bonded warehouse, Jorhat	IMFL	6/99 to 7/99	209.54	5.54	2.10	3.44	2.87
3	N.S.S.S.S, Guwahati	IMFL	6/97 to 5/99	444.31	9.24	4.44	4.80	4.76
4	Megha Assam Bonded warehouse, Guwahati	IMFL	6/99	43.15	2.26	0.43	1.83	1.58
5	Konark Enterprises Pvt. Limited, Bongaigaon	IMFL	10/98 to 11/98	6.59	0.65	0.06	0.59	0.62
6	C.S.D. Massimpur, Silchar	IMFL	11/96 to 7/97	64.8	5.89	0.65	5.24	0.69
7.	Barak Valley Bonded warehouse, Silchar	IMFL BEER	3/98 to 8/99 3/99	33.05 14.04 BL	4.05 1.28 BL	0.33 0.14 BL	3.72 1.14 BL	3.99 0.14
<b>Total</b>								<b>15.54</b>

On this being pointed out the department stated that the licensee Ajoy Dutta Bonded Warehouse had been directed (May 2000) to deposit the amount into the treasury. Final reply in the remaining cases is awaited.

### 5.2.8 Short-realisation of excise duty due to misclassification of brand of IMFL

In Assam, the excise duty is realized on the basis of cost price of different brand of IMFL. But the term "Cost Price" has not been defined in the Assam Excise Act. According to the taxation laws of the State 'Cost Price' means money or money value consideration, paid or payable by a dealer (a bonded warehouse) for import of goods, including any sum charged for anything done by the dealer (bonder) with or in respect of the goods at the time of or before delivery of such goods. Therefore, import permit fee which is required to be paid by a bonder before importing the goods (IMFL) from outside the State forms an element of the "Cost Price".



The rates of excise duty for general brand, regular brand and luxury brand of IMFL and basis of classification were as follows :

Sl. No.	Name of Brand	Basis of classification	Rate of excise duty per case
01.	General Brand	Cost price upto Rs.549/- per case	Rs. 486.00
02.	Regular Brand	Cost price Rs.550/- to Rs.649/- per case	Rs. 580.50
03.	Luxury Brand	Cost Price Rs.650/- to Rs.1099/- per case.	Rs. 742.50

It is evident from the above that there was a difference of excise duty of Rs.94.50 per case and Rs.162.00 per case of IMFL in between general brand and regular brand and regular brand and luxury brand respectively.

Test check of records of 20 Bonded Warehouses under 10 Superintendents of Excise revealed (October 1999 to February 2000) that the Excise Department realised excise duty on the basis of cost price without taking into consideration the import permit fee at the rate of Rs.30 per case w.e.f. 1 June 1998 (from the date of import permit fee realized from retailers) which was paid by the bonders concerned before importing of IMFL and realised from retailers. Thus due to misclassification of proper brand of IMFL there was short-levy/realisation of excise duty of Rs.806.35 lakh during 1 June 1998 to 31 March 1999 as shown below :

(Rupees in lakh)

IMFL having cost price		Brand Classification		Excise duty per case		Short levy/realisation per case	IMFL sold in cases during 1.6.98 to 31.3.99	Total short levy/realisation
Per -case		Classified as	Should have been classified as	Realised	Realisable			
Without import permit fee	With import permit fee Rs.30/-							
Rs.520/- to Rs.549/-	Rs.550/- to Rs.579/-	General Brand	Regular Brand	Rs.486.00	Rs.580.50	Rs.94.50	109678	Rs.103.64
Rs.620/- to Rs.649/-	Rs.650/- to Rs.679/-	Regular Brand	Luxury Brand	Rs.580.50	Rs.742.50	Rs.162.00	433768	Rs.702.71
<b>Total</b>								<b>Rs.806.35</b>

<sup>β</sup> Per case = 12 bottle of 750 ML or 24 bottle of 375 ML



### **5.2.9 Loss of revenue due to excess issue of Rum**

As per Government notification dated 24 September 1997 issued under the Excise Act, 1910, excise duty on consumption of Rum by the Defence personnel and para-military Forces stationed in Assam shall be levied at the rate of Rs.24 per LPL against the Government allotted quota with effect from 1 April 1997. Prior to this the duty on Rum for these categories was Rs.8 per LPL against the Government allotted quota.

Scrutiny of records of the Commissioner of Excise relating to issue of Rum to the Defence personnel and Para Military Forces revealed that during 1994-95 to 1998-99, against the Government allotted quota of Rum of 140 lakh bottles, the Commissioner of Excise issued 173.39 lakh bottles of Rum to 3 C.S.D. Depots viz., (i) Narangi, Guwahati (ii) Missamari, Tezpur and (iii) Masimpur, Silchar stationed in Assam resulting in excess issuance of 33.39 lakh bottles as detailed below :

<b>Year</b>	<b>Government allotted quota (in Bottles)</b>	<b>Quantity issued ( in Bottles)</b>	<b>Excess issued (in Bottles)</b>
1994-95	3500000	3621000	121000
1995-96	2500000	3221460	721460
1996-97	2000000	3614400	1614400
1997-98	3000000	3391200	391200
1998-99	3000000	3490800	490800
<b>Total</b>	<b>14000000</b>	<b>17338860</b>	<b>3338860</b>

Thus issuance of Rum in excess of the allotted quota was incorrect and resulted in loss of Rs.383.46 lakh.

### **Other interesting points**

#### **5.2.10 Non-realisation of Establishment charges**

Rule 7 of Assam Bonded Warehouses Rule, 1965, envisages that the Commissioner of Excise shall appoint such Excise officials and establishment as he thinks fit in the charge of Bonded Warehouses. The licensee shall pay to the State Government at the end of each month such establishment charges as



may be determined by the Commissioner of Excise from time to time. The cost of establishment shall include pay and allowances, if any, as well as leave salary and pension contribution.

During audit of 5 offices of Superintendents of Excise it was seen that 11<sup>5</sup> Bonded Warehouses did not pay establishment charges of excise officials entrusted to their Bonded Warehouses. Except Superintendent of Excise, Jorhat, no District unit offices placed any demand on the Bonded Warehouses for payment of establishment charges. This had resulted in non-realisation of establishment charges amounting to Rs.17.39 lakh.

### 5.2.11 Monitoring and Evaluation

#### Inspection

Inspection is an important part and parcel of monitoring and evaluation as an internal control mechanism for ensuring proper functioning of all systems at all times and for timely detection of irregularities

The Commissioner of Excise is required to inspect the offices of Superintendent of Excise once in each year and as far as possible sub-divisional excise offices and excise warehouses also. Scrutiny of records revealed (October 1999 – February 2000) that during 1994-95 to 1998-99 Superintendent of Excise offices and warehouses in Tinsukia, Nazira and Jorhat were inspected once only.

As per executive instructions appended to Assam Excise Act and Rules 1945 the Deputy Commissioner of District, the Superintendent of Excise and the Inspector of Excise are required to inspect field offices, Bonded and country Warehouses etc. with prescribed periodicity. The following table indicates substantial short fall in carrying out inspection :

Sl. No.	Designation of officers meant for inspection	Norms of inspection
1	Deputy Commissioner (District)	Annually (each warehouse)
2	Superintendent of Excise	200 days annually
3	Inspector	20 days in each month.

<sup>5</sup> Jorhat (1), Kamrup (2), North Lakhimpur (1), Silchar (4), Tinsukia (3).



During the audit of 3 warehouses it was noticed from the inspection register maintained in the respective warehouse that no inspection was conducted by the Deputy Commissioner (District) nor any inspection report was recorded by the Superintendent of Excise during 1994-95 to 1998-99.

The foregoing observations were reported to the Department/Government (May 2000); their replies have not been received (December 2000).



## CHAPTER 6: Other Tax and Non-Tax Receipts

### 6.1 Results of Audit

Test check of assessment records in the offices dealing with the following revenue receipts during the year 1999-2000 revealed short realisation, non-payment of royalty on Gas, Coal, etc., amounting to Rs.2377.82 lakh in 61 cases as shown below:

(Rupees in lakh)

Sl. No.	Particulars	No. of cases	Amount
1	Geology & Mining	8	1484.08
2	Stamp Duty & Registration Fee	5	46.03
3	Land Revenue	48	847.71
	<b>Total</b>	<b>61</b>	<b>2377.82</b>

Two paragraphs involving financial effect of Rs.923.69 lakh bringing out major points noticed during 1999-2000 and earlier years were issued to the Department/Government for their comments. The important audit observations made in those cases are mentioned in the following paragraphs:

### GEOLOGY & MINING

#### 6.2 Short-realisation of royalty

The Petroleum and Natural Gas Rules, 1959 stipulate that a lessee shall pay to the State Government on demand a royalty computed at the rate of 10 per cent of the gross value at the well head of all crude oil/natural gas obtained from mining operations.

The Petroleum and Natural Gas Ministry (Ministry) vide letter dated 31 December 1991 fixed the price of natural gas with calorific value in the range of 9000 to 9500 K.Cal. per cu.mt. at Rs.1000 per thousand cu.mts. with effect from 1 January 1992 for North Eastern Region. The discount available on this price on a case to case basis was limited to maximum of Rs.400 per thousand cu.mts. It was further clarified that gas with lower or higher calorific value than the range mentioned above would continue to be governed by the formula conveyed vide Ministry's letter dated 17 February 1987.



Test check of records of the Directorate revealed (April 1999) that Oil India Limited (OIL) produced and supplied 192.61<sup>CU</sup> cu.mts. of natural gas having calorific value of more than 10,000 K.Cal/cu.mts. during the period from April 1997 to January 1999. However, instead of applying the formula laid down by the Ministry in 1987 for determining the royalty payable on the natural gas, OIL applied its own formula which had no official sanction and which incorporated an unwarranted deduction of transportation cost and collection charges. This resulted in loss of revenue of Rs.7.88 crore to the Government.

On this being pointed out in audit (April 1999), the department and the Government in their reply (June 2000) stated that the matter was referred to OIL who stated that the royalty was paid after making suitable adjustment of cost of collection and transportation charges. The reply is not tenable in view of the fact that the fixation of royalty on gas was arbitrary and not in accordance with the instruction laid down in the Ministry's letter dated 31 December 1991.

### **6.3 Non-payment of royalty**

Section 9 of Mines and Minerals (Regulation and Development) Act, 1957 regulates payment of royalty from the lessee on the quantity of minerals removed or consumed from the leased area. According to the judgement of the Honourable Orissa High Court (case No.909 of 1974), removal from the seam in the mine and extracting the same through the pit's mouth to the surface satisfy the requirement of section 9 in order to give rise to liability for royalty.

Mention was made in paragraph 4.2.7 (C) of the Report of the Comptroller and Auditor General of India on Revenue Receipts, Government of Assam for the year ended 31 March 1998 regarding non-payment of royalty by North Eastern Coalfields (NEC) amounting to Rs.930.99 lakh during the last five years ending 1996-97. The department raised demand (September 1999) with NEC for payment of royalty on total quantity of coal extracted.

Scrutiny of records of the Directorate revealed (April 1999) that payment of royalty on coal by NEC was based on actual quantity despatched (12.52 lakh M.T.) from leased area for sale rather than on the quantity of coal extracted (13.65 lakh M.T.) during the years 1997-98 and 1998-99 and royalty was paid only on 12.52 lakh M.T. instead of on 13.65 lakh M.T. actually extracted. As such, difference between the quantity actually extracted and quantity despatched escaped computation of royalty, resulted in under-assessment of royalty of Rs.1.36 crore.



On this being pointed out in audit (April 1999), the department and the Government in their reply (June 2000) stated that the Coal India Limited held that the judgement of Orissa High Court is applicable only within the State of Orissa and not in Assam or any other State in the country unless it is set aside by the Apex Court. The contention of Coal India Limited as forwarded by the Government is not tenable as the department did not even raise any demand for the amount.



On this being pointed out in April 1997 the Government and the  
Government in their reply (para 100) stated that the fact that the  
for the treatment of Overseas Irish Citizens in the State of  
Great Britain in a way of the same kind as the citizens of the State  
of the United Kingdom. The Government of the United Kingdom has  
the right to do so as the Government of the United Kingdom has  
the right to do so.



## CHAPTER 7 : Forest Receipts

### 7.1 Results of Audit

Test check of records maintained in the offices of the Divisional Forest Officers, Assam, conducted in audit during 1999-2000 revealed losses, blockage of revenue, etc. amounting to Rs.1107.88 lakh in 85 cases, which fall into the following categories :

(Rupees in lakh)			
Sl. No.	Particulars	No. of cases	Amount
1.	Loss of revenue due to shortage/damage of timber	10	313.78
2.	Loss of revenue due to non-settlement/delay in settlement of Mahal, Quarry, etc.	41	198.22
3.	Loss of revenue due to non-disposal/delay in disposal of timber	07	45.78
4.	Blocking up of revenue due to delay in disposal or non-disposal of timber/non-realisation of royalty	04	184.73
5.	Loss of revenue due to illegal felling and removal of timber	05	80.43
6.	Miscellaneous	18	284.94
<b>Total:</b>		<b>85</b>	<b>1107.88</b>

A few illustrative cases involving Rs.385.94 lakh highlighting important audit observations are mentioned in the following paragraphs :



## 7.2 Loss due to illicit felling and removal of Forest Produce

Under the Assam Forest Regulation, 1891, and Rules framed thereunder felling/removal of forest produce from forest areas without valid authorization constitutes a forest offence punishable with fines. Forest produce removed illegally is also liable to be seized by forest officials. To prevent such illegal felling/removal of forest produce the department has deployed Forest Protection Force and Forest Protection Squads in the Forest areas.

Test check of records of three Divisional Forest Officers revealed (between March 1999 and May 1999) that 7589.792 cu.m. of timber valued at Rs.348.78 lakh were removed by miscreants as tabulated below :

Sl. No.	Name of the Division	Illegally felled stumps/out turn (in cu.m)	Out turn recovered by the Department (in cu.m)	Out turn removed by miscreants (in cu.m)	Value of out turn removed (Rs. in lakh)	Nature of observations
1	Divisional Forest Officer, Kamrup East Division.	6641.743	2001.763	4639.980	299.22	Illegal felling and removal took place in south Guwahati Range, Palasbari Range and Rani Range during 1994-95 to 1996-97.
2	Divisional Forest Officer, Wild Life Division, Nagaon.	3198.532	463.953	2734.579	42.50	Illegal felling and removal took place in 1994 and 1995 in the Laokhowa and Baokhowa wild life sanctuary respectively..
3	Divisional Forest Officer, Digboi Division.	Not available	Not available	215.233	7.06	Illegal felling and removal of timber took place during 1998-99 in Lakhi Pathar Range, Margherita Range (West), Jagun Range, Lekhapani Range and Soraipang Range.
<b>Total</b>		<b>9840.275</b>	<b>2465.716</b>	<b>7589.792</b>	<b>348.78</b>	

Failure of the department to protect forest produce from illegal felling and to prevent removal of timber resulted in loss of revenue of Rs.348.78 lakh.



The Divisions stated (between November 1999 and March 2000) that the depletion of forest is due to insufficient deployment of Forest Protection Force and also other factors such as shortage of vehicles and lack of sophisticated weapons.

The matter was reported to the Government (between May 1999 and July 1999) followed by reminder (May 2000); their reply has not been received (December 2000).

### **7.3 Loss due to grant of unauthorised extension of mahal**

According to the Assam Sale of Forest Produce, Coupes and Mahals Rules, 1977, no extension of the coupe or mahal period is ordinarily admissible. In exceptional cases, Government may, however, reserve to itself the right of extension on the merit of the case provided that mahal dues have not fallen in arrears due to lapse on the contractor or mahalder. However, no extension of the lease period shall be allowed / granted after the date of expiry of the lease.

(i) Scrutiny of records of Doomdooma Forest Division revealed (June 1999) that Sand Mahal No.2 was settled (August 1996) with a mahaldar through negotiation for extraction of 5000 cu.m. of sand at Rs.6.25 lakh for the working period from 19 August 1996 to 18 February 1998 by the Government. The mahaldar extracted 2462 cu.m. of sand during the working period and 2538 cu.m. was not extracted. In consideration of mahaldar's prayer petition (March 1998) the Government granted (August 1998) extension of mahal period for a period of 2 years from 26 October 1998 to 25 October 2000 on payment of 40 per cent extension fee on the balance quantity. The extension of mahal with the existing mahaldar after the expiry of the lease period of mahal was not permissible under the rules. This has resulted in loss of revenue of Rs.5.77 lakh (calculated proportionately on last settled value).

The Division stated (March 2000) that the extension was granted by the Government.

The matter was reported (July 1999) to the Government; followed by reminder (May 2000); their reply has not been received (December 2000).



(ii) It was noticed in audit (March 1999) that in Sibsagar Forest Division, Bihubor Stone Quarry No.II was settled (February 1995) for Rs.4.96 lakh for extraction of 6750 cu.m. of stone for the working period from 6 April 1995 to 5 April 1997. The mahaldar defaulted in payment of last kist money (Rs.0.62 lakh). Nevertheless, the Government extended the mahal period (September 1997) for a period of one year to the existing mahaldar to extract the balance quantity of 1135 cu.m. of stone on payment of extension fee of 25 per cent amounting to Rs.20856. Thus, the extension of mahal period with the existing mahaldar despite non-payment of kist money in time was in violation of the rules, resulting in loss of revenue of Rs.2.27 lakh.

On this being pointed out, the Department stated (August 1999) that the grant of one year extension was as per clause 4 (iii) of Rule 21 of the Assam Sale of Forest Produce, Coupes and Mahal Rules, 1977, but the reply is not tenable, since the mahaldar defaulted in payment of last kist money.

The matter was reported to the Government (June 1999); followed by reminder (May 2000); their reply has not been received (December 2000).

#### **7.4 Non-imposition of monopoly fee**

According to Rules framed under the Assam Forest Regulations 1891, Government Departments are permitted to extract forest produce for their departmental use on prior payment of royalty by engaging contractors or other wise. A transit pass should be issued by an authorised Forest Officer in token of full payment of the amount due to the Government on account of forest produce. Further, under the Government notification dated 30 June 1992, monopoly fee upto 200 per cent on the royalty shall be imposed on the quantity of forest produce collected unauthorisedly.

Audit of records of Divisional Forest Officer, Darrang Division disclosed (February-March 1999) that the Executive Engineer, Public Works Department (P.W.D.), Embankment and Drainage (E&D) and Irrigation Division, Mangaldai had deposited an amount of Rs.5.31 lakh by treasury challans during 1996-97 and 1997-98 on account of royalty on minor forest produce without mentioning any quantity in the challans recovered from contractors. The extraction of the forest produce by the above departments through contractors was made without permits or transit pass. This indicates the absence of internal control of the Department in monitoring the extraction / movement of the forest produce from time to time. The monopoly fee of



Rs.10.62 lakh was not imposed by the Department despite extraction of forest produce unauthorisedly by other departments, who, in turn, were to recover the same from the concerned contractors.

The Division accepted the fact and stated (February 2000) that 200 per cent monopoly fee would be imposed.

The matter was reported to the Government (April 1999); their reply has not been received (December 2000).

### **7.5 Non fixation of time limit for disposal of appeals**

Forest mahals/quarries are settled for a fixed period and any loss of working period so fixed entails loss of revenue, which can never be recouped.

The Public Accounts Committee, while discussing the Audit Reports 1974-81 recommended in their Thirty-third Report (September 1984) that the Government should lay down time bound programme for various activities connected with the settlement of Forest mahals/quarries and the periods of operation so that loss in working period is kept down to the absolute minimum.

Following the discussion on paragraph 6.6 of 1982-83 of the Comptroller and Auditor General's Report on the loss of huge amount of revenue due to delay in settlement of mahal and delay in disposal of appeals/review petitions, the Public Accounts Committee, in their Fifty-Sixth Report strongly recommended that in future, the Department should settle the mahal after disposing the appeals/review petitions, if any, taking least possible time. To curb the frequent tendency of filing unjustified appeals causing loss of valuable working period, amendment of the existing Rules, if necessary, be made by the Department.

(i) During the course of audit of records of Sibsagar Forest Division, it was noticed (March 1999) that the Bihubor Stone Quarry No.II was advertised (November 1994) for sale for the working period 1994-96 after the expiry of the previous mahal period on 28 January 1994. The sale could not be effected due to issue of stay order (December 1994) by the Chief Conservator of Forests, following the prayer petition of an intending mahaldar for negotiated settlement. The quarry was settled in February 1995 with him for extraction of 6750 cu.m. of stone at Rs.4.96 lakh for the working period from 6 April



1995 to 5 April 1997. Subsequently, the Government granted (September 1997) extension of mahal period for one year from 13 December 1997 to 12 December 1998 on the basis of the prayer petition (September 1996).

Thus, due to delay in settlement of the quarry, the same remained inoperative for a total period of 1 year 10 months 16 days which resulted in loss of revenue of Rs.4.65 lakh (calculated proportionately on the settled value).

Loss occurred due to non-fixation of time frame for each stage by the Government despite recommendation of Public Accounts Committee.

On this being pointed out the department stated (August 1999), that the mahal period remained idle due to examination of the prayer petition by the Government. The contention of the department is not tenable since delay took place in disposing of the appeal petition.

The matter was reported to the Government (July 1999); reply has not been received (December 2000).

(ii) Scrutiny of records of Doom Dooma Forest Division, revealed (June 1999) that sand mahal No.6 for the working period 1 July 1994 to 30 June 1996 was provisionally settled (July 1994) with the highest tenderer at Rs.3.51 lakh for extraction of 6000 cu.m. of sand by the Government. But due to delay in disposal of appeal petition (August 1994) filed by the ex-mahaldar, the settlement of the mahal was deferred by 12 months 17 days (1 July 1994 to 17 July 1995) and the working period was re-fixed from 18 July 1995 to 17 July 1997 which resulted in loss of revenue of Rs.1.83 lakh.

Before the expiry of existing mahal period 4 (four) prayer petitions were received by the Government, which were ultimately rejected. The mahal for the next working period was put to sale for the period 15 July 1998 to 14 July 2000 and settled with the second highest tenderer at Rs.3.62 lakh as the first highest tenderer could not produce financial soundness certificate. The settlement was kept in abeyance following an appeal petition submitted by ex-mahaldar seeking settlement of mahal in favour of him. In the process, the mahal remained inoperative from 18 July 1997 to 3 June 1999 which resulted in further loss of revenue of Rs.3.29 lakh. Loss was sustained due to non-fixing of time frame by the Government despite recommendation of Public Accounts Committee.

The Department in reply (March 2000) accepted the loss which is attributable to undue delay in disposal of appeal petition.



The matter was reported to the Government (July 1999); followed by reminder (May 2000); reply has not been received (December 2000).

### **7.6 Incorrect deduction of moisture content**

According to the clause 5(4) (i) of the agreement between the Government of Assam and Hindustan Paper Corporation (HPC) Limited regarding extraction of bamboo from Reserve Forest Area, the Corporation shall pay royalty of Rs.62.50 per tonne of air dry bamboo at 10 (ten) per cent moisture content as per weighment carried to weigh bridge installed at the Project site.

Test check of the records of Hailakandi Forest Division revealed (May 1999) that HPC Limited extracted 31115.318 MT of bamboo during the year 1996-97 and 1997-98. The department allowed (May 1998) a deduction of 8584 MT on account of moisture content instead of admissible quantum of 3112 M.T. This resulted in short payment of royalty of Rs.3.42 lakh on excess deduction of 5472 M.T.

The matter was reported to the department and the Government (July 1999); followed by reminder (January 2000) to the department; their replies have not been received (December 2000).

### **7.7 Loss of revenue due to delayed operation of timber**

The scheme of departmental operation of timber envisages expeditious disposal of soft wood species such as Hollong, etc., which lose their commercial value after three months from felling due to infections and vagaries of weather. Operation of timber includes sectioning, logging and dragging/transporting of timber to a forest depot.

During the course of audit of the Divisional Forest Officer, Digboi Division, it was noticed (May/June 1998) that 69 nos. of wind fallen trees measuring 213.3853 cu.m. of soft wood timber were lying at Rajaali Beat since May 1996. Out of these, 108.3065 cu.m. were operated during October 1996 and disposed of subsequently. The balance 105.0788 cu.m. valued at Rs.2.88 lakh could not be operated due to non-receipt of fund. Being soft wood species, the timber fully deteriorated and lost its commercial value due to vagaries of



weather as the department had failed to dispose of the timber within the stipulated period. This resulted in loss of revenue of Rs.2.88 lakh.

On this being pointed out, the department stated (July 1999) that the wind fallen trees could not be operated in time due to non-availability of funds.

The matter was reported to the Government (September 1998); but their reply has not been received (December 2000).

### **7.8 Loss due to delay in refund of revenue**

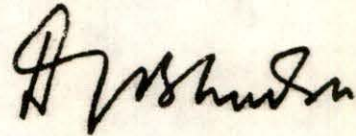
Refund of Revenue ordered by Government is an inevitable payment. As per General Financial Rules, such payments should not be delayed unnecessarily. The Government imposed (February 1986) ban on sale of timber on permits and directed (May 1986) all Divisional Forest Officers that all the adhoc allotments of timber should immediately be cancelled and any unadjusted royalty realised thereagainst be refunded forthwith.

During the course of audit of the Divisional Forest Officer, Digboi it was noticed (May – June 1998) that a plywood mill was allotted (July 1985) 300 cu.m. of timber on payment of Rs.3.18 lakh being the value thereof. Out of this, an amount of Rs.1.85 lakh being the value of unlifted quantity of timber (174.223 cu.m.) was refundable to the firm as per Government direction (February 1986). But the Divisional Forest Officer did not make the refund despite directive from the Government. The firm filed a suit in the Gauhati High Court, to enforce their claim against the Government. On the basis of the directive of the Hon'ble High Court, the Chief Conservator of Forests (T), Assam, informed (September 1996) the Divisional Forest Officer to refund the amount along with 12 per cent interest. Accordingly, 85569 cu.m. of timber costing Rs.4.28 lakh was allotted to the firm towards adjustment of Rs.1.85 lakh (refund) and Rs.2.43lakh (interest). Thus, failure of the Department to act on the Government instruction in time resulted in loss to the Government on account of avoidable payment of interest of Rs.2.43 lakh.



On this being pointed out, (September 1998), the Division accepted (July 1999) the loss.

The matter was reported to the Government (September 1998); their reply has not been received (December 2000).



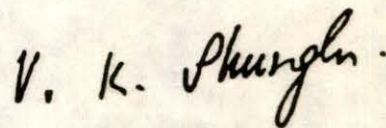
( D. J. BHADRA)

Accountant General (Audit), Assam

**GUWAHATI**

The, 18 JAN 2001

**Countersigned**



(V.K.SHUNGLU)

Comptroller and Auditor General of India

**NEW DELHI**

The 30 JAN 2001



On this being noted, the Division accepted the order dated 10/11/1937.

The order was forwarded to the Government (Revenue) for their consideration (D. Number 1037).

(D. A. BHADRA)  
Accountant General (Audit), Assam

GUM BHATI  
The

Countersigned

(V. K. SRINIVAS)  
Comptroller and Auditor General of India

NEW DELHI  
The



**Annexure – ‘A’**

**Statement showing position of outstanding Inspection Reports/Paragraphs as on 30 June 2000**  
(Reference: Paragraph 1.8)

Sl.No.	Name of Department	Total number of outstanding IRs/Paragraphs at the end of June 2000			Total number of outstanding IRs/Paragraphs not settled for more than 10 years			Total number of IRs against which initial replies not received.	
		Year of issue	No. of IRs	No. of Paragraphs	Year of issue	No. of IRs	No. of Paragraphs	Year of issue	No. of IRs
1	Taxation	1986-87 to 1999-2000	155	574	1986-87 to 1999-2000	9	12	1999-2000	10
2	Agricultural Income Tax	1995-96 to 1999-2000	5	75	Nil	Nil	Nil	Nil	Nil
3	Land Revenue	1993-94 to 1999-2000	449	1132	1993-94 to 1999-2000	Nil	Nil	1997-98 to 1999-2000	157
4	Geology and Mining	1989-90 to 1999-2000	7	33	1989-90 to 1999-2000	1	3	Nil	Nil
5	Registration	1993-94 to 1999-2000	60	107	Nil	Nil	Nil	1996-97 to 1999-2000	10
6	Transport	1987-88 to 1999-2000	125	576	1987-88 to 1999-2000	12	40	1999-2000	12
7	State Excise	1993-94 to 1999-2000	85	233	Nil	Nil	Nil	1999-2000	11
8	Forestry and Wildlife	1988-89 to 1999-2000	205	885	1988-89 to 1999-2000	14	17	1999-2000	8
<b>Total</b>			<b>1091</b>	<b>3615</b>		<b>36</b>	<b>72</b>		<b>208</b>



**Annexure - B**  
**Statement showing D.T.O.- wise and year-wise Vehicle Tax and Surcharge due and remaining unrealised**  
**(Reference paragraph 4.2.7)**

(Rs. in lakh)

Name of D.T.O.	No. of vehicles		1995-96	1996-97	1997-98	1998-99	1999-2000	Total	1995-96	1996-97	1997-98	1998-99	1999-2000	Total	Remarks		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
	In respect of Tax	In respect of Surcharge	Vehicle Tax					Surcharge						No. of Demand Notices Issued	Tax involved	Surcharge involved	
Sibsagar	108	108	1.33	1.98	2.51	3.21	3.64	12.67	1.25	1.84	2.41	3.01	3.44	11.95	3	0.50	0.40
Dibrugarh	98	98	1.02	1.57	2.11	2.87	3.23	10.80	0.92	1.44	1.91	2.52	2.83	9.62	22	0.79	0.63
Tinsukia	331	322	2.52	4.05	6.47	8.86	11.92	33.28	1.98	3.55	5.97	8.30	11.30	31.10	9	0.63	0.54
Dhubri	33	33	0.37	0.60	0.84	1.02	1.21	4.04	0.32	0.55	0.78	0.92	1.15	3.72	--	--	--
Kamrup (West)	477	463	13.40	18.99	21.46	23.20	24.43	101.48	11.30	15.49	15.76	16.46	17.88	76.89	29	8.19	5.52
Kamrup (East)	290	283	2.57	6.96	7.91	8.16	11.94	37.54	1.95	6.13	7.16	7.34	11.00	33.58	14	2.10	1.83
Nagaon	99	99	1.07	1.88	2.44	3.21	3.32	11.92	1.01	1.80	2.30	3.05	3.13	11.29	21	3.17	2.01
Marigaon	88	87	0.54	1.42	2.04	2.28	2.72	9.00	0.49	1.35	1.98	2.09	2.50	8.41	--	--	--
Somitpur	123	117	2.69	3.08	3.42	4.06	4.88	18.13	2.20	2.70	2.85	3.40	4.15	15.30	20	3.48	3.02
Golaghat	170	170	4.07	4.44	5.28	6.18	6.77	26.74	3.59	3.84	4.73	5.75	6.10	24.01	63	11.14	10.97
<b>Total</b>	<b>1817</b>	<b>1780</b>						<b>266.14</b>						<b>225.87</b>	<b>181</b>	<b>30.00</b>	<b>24.92</b>

\* Demand notices comprised demand for tax and surcharge.