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

FOR THE YEAR ENDED 31 MARCH 2001

**(REVENUE RECEIPTS)
GOVERNMENT OF KERALA**

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COMPTROLLER AND AUDITOR GENERAL OF INDIA
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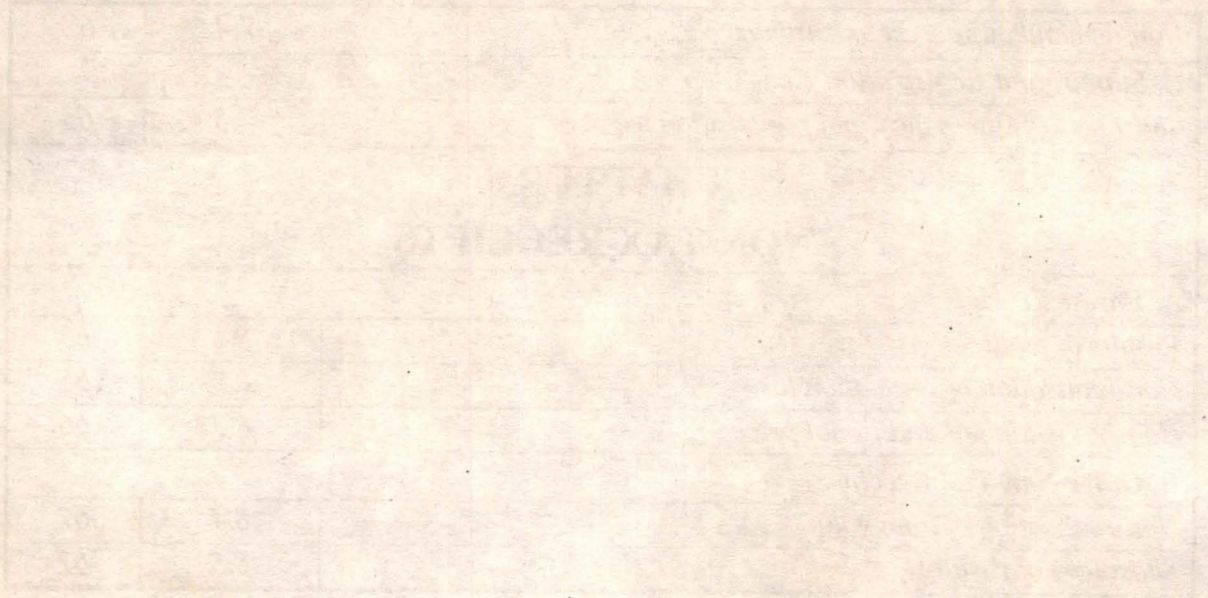
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PREFATORY REMARKS

This report for the year ended 31 March 2001 has been prepared for submission to 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, taxes on agricultural income, state excise, land revenue and building tax, taxes on vehicles, stamps and registration fees, taxes and duties on electricity, forest receipts and other non-tax 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 2000-2001 as well as those which came to notice in earlier years but could not be included in previous Reports.

Overview

Overview

This Report contains 39 paragraphs including two reviews relating to non-levy/short levy/loss of tax involving Rs 118.75 crore. Some of the major findings are mentioned below.

1. General

i) During the year 2000-01, the Government of Kerala raised a total revenue of Rs 6529.34 crore comprising tax revenue of Rs 5870.26 crore and non-tax revenue of Rs 659.08 crore. The State Government received Rs 1585.61 crore by way of State's share of divisible Union taxes and Rs 615.90 crore as grants-in-aid from the Government of India. Sales Tax (Rs 4344.33 crore) formed a major portion (74%) of the tax revenue of the State. Receipts from Forestry and Wild Life (Rs 141.24 crore) formed a major portion (21%) of the non-tax revenue. Compared to previous years, the total revenue raised by the State Government registered an increase of 14 per cent during 2000-01 against 10 per cent during 1999-2000. While the State's share of divisible Union taxes registered an increase of three per cent during 2000-01 against 11 per cent during 1999-2000, grants-in-aid from Government of India recorded a decrease of 10 per cent during 2000-01 against the increase of 12 per cent during 1999-2000.

(Paragraph 1.1)

ii) Test check of the records of Agricultural Income Tax and Sales Tax, State Excise, Land Revenue, Motor Vehicles, Registration, Power, Forest, etc., Departments conducted during 2000-01, revealed underassessments/short levy of revenue amounting to Rs 280.71 crore involved in 2,373 cases. During the course of the year 2000-01, the departments concerned accepted underassessments, etc., of Rs 12.79 crore involved in 1,292 cases of which 207 cases involving Rs 6.43 crore had been pointed out in audit during 2000-01 and the rest in earlier years.

(Paragraph 1.8)

iii) As at the end of June 2001, 4,534 inspection reports containing 20,111 audit observations involving revenue effect of Rs 1233.96 crore issued up to December 2000 were outstanding for want of final replies from the departments.

(Paragraph 1.9)

2. Sales Tax

i. Underassessment of turnover in 11 cases resulted in short levy of tax of Rs 13.26 crore.

(Paragraph 2.2)

ii. *Non-levy of additional sales tax resulted in short levy of tax of Rs 61.80 lakh in three cases.*

(Paragraph 2.3)

iii. *Incorrect grant of exemption resulted in short levy of tax of Rs 49.95 lakh in 16 cases.*

[Paragraph 2.4(a&b)]

iv. *Short/non-levy of interest of Rs 44.08 lakh was noticed in nine cases.*

(Paragraph 2.5)

v. *In six cases turnover tax amounting to Rs 35.42 lakh was not levied.*

(Paragraph 2.6)

vi. *Mistakes in computation resulted in short levy of tax of Rs 32.76 lakh in eight cases.*

(Paragraph 2.7)

vii. *Penalty of Rs 32.30 lakh was omitted to be levied in three cases.*

(Paragraph 2.8)

3. Taxes on Agricultural Income

i. *Review on "Arrears of revenue under Taxes on Agricultural Income" revealed the following.*

- *The department did not have the details of the arrears actually pending collection and their year wise and party wise breakup. The provisional figures furnished by the department showed that an amount of Rs 59.39 crore was pending collection as on 31 March 2000.*

[Paragraph 3.2.4]

- *The total arrears as on 31 March 2000 reported by 7 assessing authorities to the Commissioner was less than the amount outstanding in the demand and collection register by Rs 3.72 crore. Arrears amounting to Rs 1.64 crore pertaining to older periods were not carried over in three offices.*

[Paragraph 3.2.4(b)]

- *The total collection reported by the Inspecting Assistant Commissioner (Special), Ernakulam to the Commissioner during 1999-2000 was in excess by Rs 1.92 crore over the collection recorded in the collection register.*

[Paragraph 3.2.4(c)]

- *No action had been taken to advise the revenue authorities to recover arrears of Rs 33.40 crore even after 4 months to 10 years of issue of demand notices.*

[Paragraph 3.2.5(a)]

- *Delay of 4 months to 10 years was noticed in reporting arrears of Rs 12.51 crore to revenue authorities for recovery.*

[Paragraph 3.2.5(b)]

- *Two cases were closed without recovering interest of Rs 8.91 lakh. Interest of Rs 1.13 crore was not included/short included in the revenue recovery certificates in 16 cases .*

(Paragraph 3.2.6)

- ii. *Grant of inadmissible replantaiton allowance resulted in short levy of tax of Rs 21.99 lakh.*

(Paragraph 3.3)

4. State Excise

- i. *Low production of spirit in four distilleries as a result of failure to achieve the norm fixed by the Central Board of Molasses, involved duty effect of Rs 3 crore.*

(Paragraph 4.2)

- ii. *Failure to get the properties involved in the solvency certificates mortgaged and to invoke the provisions of the rules resulted in the abkari contractors defaulting payment of kist of Rs 1.99 crore.*

(Paragraph 4.3 A)

- iii. *Incorrect refund of the amount deposited by the defaulting tenderer resulted in loss of revenue of Rs 13 lakh.*

(Paragraph 4.3 B)

5. Land Revenue and Building Tax

- i. *Lease rent of Rs 15.62 crore remains uncollected from lessees of government lands due to non-revision of lease rent in 5 cases.*

(Paragraph 5.2)

- ii. *Collection charge of Rs 18.67 lakh for recovery of arrears was not collected from the defaulters.*

(Paragraph 5.3)

iii. *Building tax was assessed short by Rs 9.53 lakh in three cases.*

(Paragraph 5.4)

6. Taxes on Vehicles

i. *Vehicle tax of Rs 3.11 crore was not realised from owners of inter-State contract carriages.*

(Paragraph 6.2)

ii. *There was non-recovery/short levy of one time tax of Rs 64.60 lakh in respect of 586 new vehicles.*

(Paragraphs 6.3 and 6.4)

7. Other Tax Receipts

i) *Review on Assessment and collection of Luxury tax revealed the following.*

• *Registration/renewal fee and penalty of Rs 5.13 lakh could not be collected from 44 hotels due to non-registration.*

[Paragraph 7.2.7(a)]

• *Short/non-payment of registration/renewal fee by 32 hotels on the rolls of the department amounted to Rs 2.65 lakh for which penalty leviable was Rs 5.30 lakh.*

[Paragraph 7.2.7(b)]

• *Incorrect assessment in 11 cases resulted in short levy of tax of Rs 43.43 lakh.*

(Paragraph 7.2.8)

• *Incorrect payment of tax at compounded rate resulted in short levy of tax of Rs 16.15 lakh in 3 offices.*

(Paragraph 7.2.9)

• *Penalty of Rs 87.70 lakh was not levied for belated filing of returns by assesseees.*

(Paragraph 7.2.10)

ii. *Electricity duty for 1997-98 was short assessed by Rs 18.59 crore.*

(Paragraph 7.3)

iii. *Interest of Rs 1.00 crore for non-remittance of surcharge was not demanded.*

(Paragraph 7.4)

iv. *Under statement of consideration in four documents resulted in short levy of stamp duty of Rs 8.83 lakh.*

(Paragraph 7.5)

8. Non-Tax Receipts

Re-auction loss of Rs 14.48 lakh was not recovered from original bidders in 10 cases.

(Paragraph 8.2)



CHAPTER 1

GENERAL

1.1. Trend of revenue receipts

The tax and non-tax revenue raised by Government of Kerala during the year 2000-01, the State's share of divisible Union taxes and grants-in-aid received from Government of India during the year and the corresponding figures for the preceding two years are given below.

		1998-99	1999-2000	2000-01
		(In crore of rupees)		
I	Revenue raised by the State Government			
	a) Tax revenue	4649.56	5193.50	5870.26
	b) Non-tax revenue*	557.66 (509.52)	530.72 (487.21)	659.08 (610.12)
	Total *	5207.22 (5159.08)	5724.22 (5680.71)	6529.34 (6480.38)
II	Receipts from Government of India			
	a) State's share of divisible Union taxes	1382.30	1535.22	1585.61
	b) Grants-in-aid	608.60	682.31	615.90
	Total	1990.90	2217.53	2201.51
III	Total receipts of the State Government (I and II) *	7198.12 (7149.98)	7941.75 (7898.24)	8730.85* (8681.89)
IV	Percentage of I to III	72	72	75

i) The details of the tax revenue raised during the year 2000-01, along with the figures for the preceding two years are given below.

* The figures shown in brackets are the figures net of expenditure on prize winning tickets of the lotteries conducted by the Government.

* For details please see statement No. 11 – Detailed Accounts of Revenue by Minor Heads in the Finance Accounts of Kerala for the year 2000-01. 'Share of net proceeds assigned to States' under the Major Heads 0020, 0021, 0028, 0032, 0037, 0038, 0044 and 0045 booked in the Finance Accounts under 'A-Tax Revenue' have been excluded from the revenue raised by the State and included in the State's share of divisible Union Taxes in this statement.

Sl. No.	Head of Revenue	1998-99	1999-2000	2000-01	Percentage of Increase (+)/ decrease (-) in 2000-01 over 1999-2000
		(In crore of rupees)			
1	Sales Tax	3366.62	3853.54	4344.33	(+) 13
2	State Excise	529.62	591.10	688.94	(+) 17
3	Stamps and Registration Fees				
	a) Stamps- Judicial	19.32	23.21	26.65	(+) 15
	b) Stamps - Non- Judicial	205.36	164.98	210.89	(+) 28
	c) Registration Fees	76.47	91.46	103.56	(+) 13
4	Taxes and Duties on Electricity	39.06	3.33	14.92	(+) 348
5	Taxes on Vehicles	323.31	380.83	394.85	(+) 4
6	Taxes on Agricultural Income	27.02	14.19	3.83	(-) 73
7	Land Revenue	32.73	34.67	39.35	(+) 13
8	Others	30.05	36.19	42.94	(+) 19
	Total	4649.56	5193.50	5870.26	(+) 13

The reasons attributed by the departments for the variation in receipts during 2000-2001 over the receipts during 1999-2000 were as follows.

i) State Excise: The increase was due to enhancement of rentals of toddy and foreign liquor shops and accountal of the security of Rs 45 crores remitted by the Kerala State Beverages (M&M) Corporation under collection for 2000-01.

ii) Stamps and Registration Fees: The increase was due to efforts taken to coerce public to show the actual consideration in all documents.

iii) Taxes and Duties on Electricity: The increase was due to remittance of duty by the Kerala State Electricity Board during the financial year 2000-01.

iv) Taxes on Agricultural Income: The decrease was due to fall in prices of agricultural commodities during the year.

The reasons for variation though called for (May 2001) from heads of other departments have not been received (October 2001).

ii) The details of non-tax revenue realised during the years 1998-99 to 2000-01 are given below.

Sl. No.	Head of Revenue	1998-99	1999-2000	2000-01	Percentage of increase(+) / decrease (-) in 2000-01 over 1999-2000
		(In crore of rupees)			
1	State Lotteries [▲]	64.17	57.31	85.21	(+) 49
2	Forestry and Wild Life	121.03	109.88	141.24	(+) 29
3	Interest Receipts	70.96	37.31	36.81	(-) 1
4	Education, Sports, Art & Culture	35.34	39.18	44.98	(+) 15
5	Medical and Public Health	21.44	18.82	20.66	(+) 10
6	Crop Husbandry	15.81	5.25	40.53	(+) 672
7	Animal Husbandry	5.71	5.08	5.28	(+) 4
8	Public Works	1.80	1.82	2.17	(+) 19
9	Others	173.26	212.56	233.24	(+) 10
	Total	509.52	487.21	610.12	(+) 25

[▲] The figures are net of expenditure on prize winning tickets.

State Lotteries: The increase was due to increase in the number of draws of bumper lotteries conducted and also increase in the value of lottery tickets during the year 2000-2001.

The reasons for variation though called for (May 2001) from the heads of other departments have not been received (October 2001).

1.2. Variation between Budget estimates and actuals

The variation between Budget estimates of revenue for the year 2000-01 and the actual receipts under principal heads of revenue are given below.

Revenue Head	2000-01			Percentage of variation
	Budget estimates	Actual receipts	Variation increase (+)/ shortfall (-)	
(In crore of rupees)				
Sales Tax	4516.90	4344.33	(-) 172.57	(-) 4
State Excise	802.96	688.94	(-) 114.02	(-) 14
Stamps and Registration Fees				
a) Stamps- Non-Judicial	331.90	210.89	(-) 121.01	(-) 36
b) Registration Fee	103.87	103.56	(-) 0.31	-
Taxes on Vehicles	460.85	394.85	(-) 66.00	(-) 14
Forestry and Wild Life	182.72	141.24	(-) 41.48	(-) 23
Taxes and Duties on Electricity	80.21	14.92	(-) 65.29	(-) 81
Taxes on Agricultural Income	32.00	3.83	(-) 28.17	(-) 88
Land Revenue	43.58	39.35	(-) 4.23	(-) 10

The reason for variation between Budget estimates and actuals for 2000-01 under Taxes on Agricultural Income was fall in prices of Agricultural commodities during the year.

The reasons for variations called for (May 2001) from the heads of other departments have not been received (October 2001).

1.3. Cost of collection

The gross collections in respect of major revenue receipts, expenditure incurred on their collection and the percentage of such expenditure to gross collections during the years 1998-99, 1999-2000 and 2000-01 along with the relevant all India average percentage of expenditure on collection to gross collections for 1999-2000 are given below.

Sl. No.	Head of Revenue	Year	Gross collection	Expenditure on collection	Percentage of expenditure to gross collection	All India average percentage
			(In crore of rupees)			
1	Sales Tax	1998-99	3366.62	33.98	1.01	
		1999-2000	3853.54	46.51	1.21	1.56
		2000-01	4344.33	45.89	1.05	
2	Stamps [#] (Non- Judicial) and Registration Fees	1998-99	281.83	27.20	9.65	
		1999-2000	256.44	33.94	13.24	4.62
		2000-01	314.45	35.44	11.27	
3	State Excise [#]	1998-99	529.62	27.29	5.15	
		1999-2000	591.10	33.93	5.74	3.31
		2000-01	688.94	34.02	4.94	
4	Taxes on Vehicles [#]	1998-99	323.31	10.00	3.09	
		1999-2000	380.83	13.23	3.47	3.56
		2000-01	394.85	14.04	3.56	

1.4. Arrears of revenue

As on 31 March 2001, arrears of revenue under principal heads of revenue, as reported by the departments were as under.

Sl. No.	Department	Arrears	Amount of arrears outstanding for more than 5 years	Remarks
		(In crore of rupees)		
1	Power	768.25	47.73	Rs 767.67 crore was due from the Kerala State Electricity Board. Arrears shown does not include duty up to 31.3.1989 under Section 3(1) of the Kerala Electricity Duty Act as the same has not been finalised by Government and penal interest for belated payment of Section 3(1) duty for the period 1995-96 to 1999-2000 due to non-receipt of monthly returns from the Board.
2	Excise	188.65*	-	Out of Rs 188.65 crore, recovery of Rs 131.48 crore was under stay by courts.
3	Local Fund Audit	20.85	1.20	The reason attributed by the department for the arrears was non-remittance by the local bodies.

Details of arrears of revenue in respect of other departments though called for in May 2001 have not been received (October 2001).

According to the departments, the expenditure incurred cannot be considered as having been incurred solely for collecting revenue as the departments have several other administrative functions. The figures of expenditure on *pro rata* basis are not available.

* According to the department, the figure furnished, pending collection of details from Divisional Offices, is provisional. Year wise, party wise and stage wise break up has not been furnished.

1.5. Arrears in assessment of sales tax and agricultural income tax

The details of sales tax and agricultural income tax assessment cases pending at the beginning of the year, cases becoming due for assessment during the year, cases disposed of during the year and number of cases pending finalisation at the end of each year during 1998-99 to 2000-01 as furnished by the department, are given below.

Year	Opening balance	Cases due for assessment during the year	Total	Cases finalised during the year	Balance at the close of the year	Percentage of column 5 to 4
1	2	3	4	5	6	7
Sales Tax						
1998-99	1,22,742	1,29,616	2,52,358	1,30,367	1,21,991	52
1999-2000*						
2000-01	1,25,438	1,64,595	2,90,033	1,61,437	1,28,596	56
Agricultural Income Tax						
1998-99	8,418	15,498	23,916	13,957	9,959	58
1999-2000*						
2000-01	9,949	11,446	21,395	12,614	8,781	59

The above table shows that the department was able to complete between 52 and 59 per cent of the assessments due for completion during 1998-99 and 2000-01. The delay in finalisation of assessments resulted in delay in realisation of the revenue involved in those cases.

1.6. Write-off, waiver and remission of revenue

The table below indicates details of recoveries of revenue exceeding Rs 10,000 (for each department) which were written-off, waived or remitted by some departments during the year 2000-01.

Revenue Heads	Written-off		Waived		Remitted	
	No. of cases	Amount (In lakh of rupees)	No. of cases	Amount (In lakh of rupees)	No. of cases	Amount (Rs)
State Excise	14	19.39	-	-	-	-
Interest receipts	-	-	20	3.86	-	-
Total	14	19.39	20	3.86	-	-

Out of 34 cases mentioned above, in one case, short levy of import fee on beer and Indian Made Foreign Liquor of Rs 16.45 lakh supplied to the Defence Department during 1992-93 and 1993-94 was written off as the licensee was not in a position to collect the amount at the increased rate from defence personnel. On 13 cases, kist arrears, rentals, etc., of Rs 2.93 lakh due from licensees were written off as they were either insolvent or no more. Waiver of Rs 3.86 lakh

* Details for 1999-2000 called for (May 2000) from the Departments have not been received.

represented waiver of interest on house building and motor car advances due from deceased Government employees.

1.7. Internal Audit

- i) **Land Revenue Department:** Internal Audit Wing of the department audited 27 offices in 2000-01 and raised 196 objections having a money value of Rs 4.79 lakh. Audit of 90 offices was in arrears during 2000-01. Department attributed the arrears to ceiling limit of travelling allowance to audit staff and diversion of audit staff from 9 January to 31 March 2001 for assessment of building tax which is the duty of village officials.
- ii) **Excise Department:** According to the information furnished by the department, Internal Audit Wing headed by one Deputy Commissioner had not conducted internal audit during 2000-01 due to shortage of staff and engagement of available staff to work connected with Local Audit Reports and Audit Reports of the Comptroller and Auditor General and files relating to the Committee on Public Accounts.
- iii) **Registration Department:** Internal Audit Wing audited 163 offices during 2000-01 and raised 1,344 objections having a money value of Rs 12.62 lakh. Audit of 131 offices was in arrears. The arrears was attributed to the work of undervaluation cases entrusted to the internal audit staff.
- iv) **Power Department:** No Internal Audit Wing had been set up in the Chief Electrical Inspectorate.

Details called for (April 2001) from the Commercial Taxes and Forest Departments have not been received (October 2001).

1.8. Results of audit

Test check of the records of Sales Tax, Agricultural Income Tax, State Excise, Motor Vehicles, Forest and other departmental offices conducted during the year 2000-01 revealed underassessments/short levy/loss of revenue amounting to Rs 280.71 crore in 2,373 cases. During the course of the year 2000-01, the departments concerned accepted underassessments, etc., of Rs 12.79 crore involved in 1,292 cases, of which 207 cases involving Rs 6.43 crore had been pointed out in audit during 2000-01 and the rest in earlier years. At the instance of Audit, the departments collected an amount of Rs 0.91 crore in 310 cases during 2000-01.

This report contains 39 paragraphs including two reviews relating to short/non-levy of tax, duty and interest, penalty, etc., involving financial effect of Rs 118.75

crore. The departments/Government have so far accepted the audit observations in 175 cases involving Rs 17.81 crore and recovered Rs 55.86 lakh in 26 cases included in the Report. Final reply has not been received in the remaining cases (October 2001).

1.9. Outstanding Inspection Reports and Audit Observations

Important irregularities and defects in assessments, demand and collection of State receipts, noticed during local audit but not settled on the spot, are communicated to the heads of the offices and to the next higher departmental authorities through inspection reports. The more important financial irregularities are also brought to the notice of the heads of departments and the Government for taking prompt corrective measures. According to the instructions issued by Government in November 1965, first replies to inspection reports are required to be sent within four weeks from the date of receipt of the inspection report. In order to apprise the Government of the position of pending audit observations from time to time, statements of outstanding audit observations are forwarded to Government and their replies watched in audit.

As at the end of June 2001, 4,534 inspection reports containing 20,111 audit observations having money value of Rs 1233.96 crore issued up to December 2000 were outstanding as shown below. Figures for the preceding two years are also given.

	As at the end of June 1999	As at the end of June 2000	As at the end of June 2001
Number of inspection reports	4,101	4,402	4,534
Number of audit observations	15,590	16,419	20,111
Amount involved (in crore of rupees)	1068.06	1153.83	1233.96

An analysis of the outstanding inspection reports according to the revenue heads is given below.

Sl. No.	Head of Revenue	Number of inspection reports	Number of audit observations	Amount (In crore of rupees)
		(as at the end of June 2001)		
1	Sales Tax	1,413	10,798	1032.89
2	Taxes on Agricultural Income	430	3,163	60.72
3	State Excise	757	1,399	7.02
4	Taxes on Vehicles	364	1,770	12.55
5	Land Revenue	216	504	10.42
6	Forestry and Wild Life	322	935	102.13
7	Stamps and Registration Fees	1,012	1,475	6.44
8	Electricity Duty	16	60	1.15
9	State Lotteries	4	7	0.64
	Total	4,534	20,111	1233.96

First replies to 201 inspection reports issued between April 1994 and December 2000 were not furnished by the departments till the end of June 2001. The position was brought to the notice of the Chief Secretary to Government (July 2001).

1.10. Follow up action on Audit Reports - Summarised position

The instructions issued by Government from time to time for timely follow up action on the Audit Reports and matters pertaining to the Public Accounts Committee stipulate that it is imperative on the part of the Government to finalise remedial action on all audit paras and submit Action Taken Notes (ATNs) on paragraphs and reviews included in the Audit Report indicating the remedial action taken or proposed to be taken, within three months from the date of presentation of Audit Report to the Legislature without waiting for any notice or call from the Committee on Public Accounts.

Review of outstanding ATNs on paragraphs included in the 14 Audit Reports of the Comptroller and Auditor General of India (Revenue Receipts) for the years ended 31.3.1986 to 31.3.1999 disclosed that the department had not submitted remedial ATNs on 165 paragraphs on which ATNs were due as on 31.3.2001 as indicated in Appendix.

Out of the total 1,291 audit paragraphs included in the above 14 Audit Reports, department submitted remedial ATNs on 1,126 paragraphs only and none of these ATNs was furnished within the prescribed period of three months.

The Committee on Public Accounts had also expressed displeasure over the extraordinary delay on the part of the Government in furnishing statement of remedial ATNs on audit paras to the Legislature. Heads of departments/ Secretaries to Government were directed (July 1996) to give topmost priority to the work and ensure that remedial measures taken on all audit paras are furnished to the Legislature within a period of two months of the presentation of report to the Legislature. In spite of this, delay continued in furnishing ATNs.

Though the Audit Report for the year ended March 2000 was laid on the table of the Legislature in March 2001 and the time limit of two months for furnishing remedial ATNs had elapsed in May 2001, the departments did not submit ATNs on any of the 33 paragraphs included in the above Audit Report (October 2001).

1.11. Response of the departments to draft audit paragraphs

According to the instructions issued (1965) by Government of Kerala the result of verification of the facts on the draft audit paragraphs are required to be communicated to the Accountant General within six weeks from the date of receipt of the same. Draft paragraphs are always forwarded to the Secretaries by name drawing their attention to the audit findings and requesting them to send their response within six weeks. In case the final reply could not be given within six weeks, an interim reply should be given to the Accountant General and in any case, final reply should be sent within three months from the date of receipt of the draft paragraph. The fact of non-receipt of replies from Government are invariably indicated at the end of each paragraph included in the Audit Report.

115 draft paragraphs included in the Report of the Comptroller and Auditor General of India for the year ended 31 March 2001 (Revenue Receipts), Government of Kerala were forwarded to the Secretaries to Government.

The Secretaries of the various departments did not send replies to 80 draft paragraphs despite the above directions of the Government. These 80 paragraphs have been included in this report without the response of the Government.

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CHAPTER 2

SALES TAX

2.1. Results of audit

Test check of sales tax assessments and refund cases and connected documents of Sales Tax Offices conducted in audit during the year 2000-01 revealed underassessment of tax, non-levy of penalty, etc., amounting to Rs 6600.59 lakh in 1,624 cases which may broadly be categorised as under.

Sl. No.	Category	Number of cases	Amount (In lakh of rupees)
1	Turnover escaping assessment	214	663.30
2	Irregular grant of exemption	211	3707.73
3	Application of incorrect rate of tax	326	204.95
4	Excess/double accounting of remittance	33	27.24
5	Incorrect grant of concessional rate of tax	76	124.61
6	Non-levy of penalty /interest	226	512.55
7	Other lapses	538	1360.21
	Total	1,624	6600.59

During 2000-01, the department accepted underassessments, etc., of Rs 167.00 lakh involved in 674 cases of which 128 cases involving Rs 21.23 lakh were pointed out in audit during 2000-01 and the rest in earlier years. At the instance of Audit the department recovered an amount of Rs 10.91 lakh in 103 cases during the year. A few illustrative cases involving Rs 1617.71 lakh are given in the following paragraphs.

2.2. Underassessment of turnover

Under the Kerala General Sales Tax Act, 1963, taxable turnover means the turnover, on which a dealer shall be liable to pay tax after making the prescribed deductions from the gross turnover. In six offices turnover of Rs 19558.96 lakh was incorrectly excluded from levy of tax in 11 cases resulting in short levy of tax and surcharge of Rs 1326.30 lakh as detailed below.

Audit Report (Revenue Receipts) for the year ended 31 March 2001

Sl. No.	Name of office	Assessment year/ Month of assessment	Name of commodity/ Rate of tax	Turnover excluded (In lakh of rupees)	Nature of defect	Short levy of tax (In lakh of rupees)	Remarks
1.	Special Circle, Kollam	1988-89 and 1989-90 March 1998	Raw cashew nut 7%	18925.10	Purchase turnover of raw cashewnut was excluded from tax without submission of declaration in Form 25 by the assessee (M/s Capex, Kollam).	1258.52	This was pointed out in July 1998. The department stated (August 2000) that the assessment had been revised (November 1999) exempting the turnover for which declarations had subsequently been produced and additional demand for tax and surcharge of Rs 1078.02 lakh on the balance turnover not supported by declarations had been raised and advised (January 2000) for revenue recovery.
2.	Special Circle, Kollam	1991-92 January 1998	Electrical goods 10%	310.63	Turnover received by the assessee during 1992-93 on account of price variations and returned (April 1993) by him was not reckoned for levy of tax.	41.31	This was pointed out in June 1998. The department stated (February 2001) that the assessment had been revised (July 2000) and additional demand for Rs 41.31 lakh created.
3.	Special Circle, Kollam	1994-95 March 1999	Cashew kernel 7%	105.06	Turnover from the closing stock of cashew for 1993-94 was not reckoned for computing the turnover for 1994-95.	8.09	On this being pointed out in June 1999, department stated (October 2000) that assessment had been revised (February 2000) and the demand of Rs 8.09 lakh created and advised for revenue recovery. Government to whom the case was reported in March 2001 confirmed (July 2001) the facts.
4.	Special Circle, Kollam	1995-96 January 2000	Cashew kernel 7%	25.89	Purchase turnover amounting to Rs 7.60 lakh of a portion of the opening stock of raw cashew nut and its corresponding sales turnover amounting to Rs 18.29 lakh were also not reckoned.	1.99	This was pointed out in October 2000. The department stated (March 2001) that the assessment had been revised (October 2000) raising additional demand for Rs 1.99 lakh.
5.	Special Circle, Kollam	1994-95 October 1998	Cashew kernels 7%	19.48	Sales turnover of the shortage in stock detected (May 1994) during shop inspection and purchase value of cashew nut corresponding to the unaccounted export sales noticed were not reckoned.	1.50	On this being pointed out in May 1999, the department stated (April 2000) that the assessment had been revised (February 2000) creating additional demand of Rs 1.50 lakh.

Sl. No.	Name of office	Assessment year/ Month of assessment	Name of commodity/ Rate of tax	Turnover excluded (In lakh of rupees)	Nature of defect	Short levy of tax (In lakh of rupees)	Remarks
6.	Special Circle, Kollam	1994-95 August 1998	Cashew <u>kernel</u> s 7%	15.57	Assessing officer incorrectly deducted from the proposed turnover, Rs 34.60 lakh instead of Rs 19.03 lakh to be deducted towards lorry hire, clearing and forwarding charges to arrive at the taxable turnover.	1.20	On this being pointed out in June 1999, the department stated (April 2000) that the assessment had been revised creating additional demand of Rs 1.20 lakh.
7.	Special Circle, Tirur	1995-96 September 1999	Rubber/ <u>motor car</u> 10/8	42.79	Assessing officer omitted to reckon the purchase turnover of rubber amounting to Rs 41.76 lakh and reckoned the sales turnover of car short by Rs 1.03 lakh.	4.68	On this being pointed out in July 2000, the department stated (January 2001) that the assessment had been revised (December 2000) creating additional demand of Rs 4.70 lakh.
8.	Sales Tax Office, Aluva	1989-90 February 1998	<u>Chemicals</u> 8%	29.99	Purchase turnover of chemical raw materials corresponding to the estimated turnover of the product was not reckoned.	3.19	This was pointed out in January 1999. The assessing authority modified the assessment (November 1999) raising additional demand for Rs 3.19 lakh.
9.	Sales Tax Office, First Circle, Kalamassery	1994-95 May 1997	Works contract	52.71	Assessing officer did not levy tax on goods valued at Rs 45.83 lakh used in works contract.	2.73	This was pointed out in November 1998. The department stated (February 2000) that the assessment had been revised and additional demand of Rs 2.07 lakh advised (February 2000) for revenue recovery.
10.	Sales Tax Office, First Circle, Perumbavoor	1994-95 and 1996-97 April 1998	Plastic <u>goods</u> 10%	14.97	Purchase tax was not levied on turnover relating to plastic waste purchased from un-registered dealers.	1.61	On this being pointed out in March 2000 the department stated (October 2000) that the assessment had been revised in September 2000 creating additional demand of Rs 1.65 lakh.
11.	Sales Tax Office, Kasargod	1994-95 May 1998	<u>Timber</u> 8%	16.77	Turnover relating to purchase of timber and the sales turnover of timber waste were not reckoned.	1.48	This was pointed out in December 1999. The department stated (January 2001) that the assessment had been revised (March 2000) creating additional demand of Rs 1.48 lakh.
	Total			19558.96		1326.30	

The above cases were reported to Government between March and May 2001 which was followed up with reminder on 20 July 2001. However, their replies have not been received in ten cases (October 2001).

2.3. Non-levy of additional sales tax

Under the Kerala Additional Sales Tax Act, 1978, every dealer shall be liable to pay additional sales tax at the rates prescribed from time to time up to March 1992.

During the course of audit, it was noticed in three* offices that additional sales tax was not levied in three cases resulting in short levy of tax of Rs 61.80 lakh.

On this being pointed out between July 1999 and September 2000, the department stated that the assessments had been revised creating additional demand of Rs 2.36 lakh in two cases and the demand advised for revenue recovery in one case.

The cases were reported to Government between March and May 2001 and followed up with reminder on 20 July 2001. Government stated (July 2001) that the assessment in the third case (M/s Malabar Cashew and allied products) had been revised (January 2001) and additional demand of Rs 59.46 lakh advised for revenue recovery.

2.4. Short levy due to incorrect exemption

Under the Kerala General Sales Tax Act, 1963, Government may, if they consider it necessary in the public interest, make an exemption or reduction in any rate, either prospectively or retrospectively in respect of any tax payable under the Act on the sale or purchase of any specified goods at all points or at specified point or by any specified class of persons in regard to the whole or any part of their turnover. Any exemption from tax or reduction in the rate of tax may be subject to such restrictions and conditions as may be specified.

a) Scrutiny of assessment records revealed that in two circles the exemption granted were incorrect resulting in short levy of Central sales tax of Rs 16.10 lakh in nine cases. A few illustrative cases are detailed below.

* Special Circle, Kollam, Sales Tax Office, First Circle, Kannur, Sales Tax Office, First Circle, Kozhikode

Sl. No.	Name of office	Assessment year/ Month of assessment	Commodity/ Rate of tax	Nature of irregularity	Amount of short levy (In lakh of rupees)	Remarks
1.	Special Circle, Kollam	<u>1995-96</u> November 1998		Goods worth Rs 60.73 lakh transferred to Tamil Nadu using departmental delivery orders were exempted from tax treating it as branch transfer though the assessee had not filed the declaration in Form F.	6.07	On this being pointed out (May 1999) the department stated (April 2000) that the assessment had been revised (December 1999) creating additional demand of Rs 6.07 lakh.
2.	Special Circle, Kollam	<u>1994-95</u> March 1999	Cashew kernels 7%	Assessing officer incorrectly included a turnover of Rs 23.11 lakh related to the export sales of another assessee also in the total turnover of Rs 435.27 lakh exempted from levy of tax towards export sales of the dealer.	1.78	On this being pointed out (June 1999) the department stated (April 2000) that the assessment had been revised (February 2000) creating additional demand of Rs 1.78 lakh.
3.	Special Circle, Kollam	<u>1994-95</u> May 1998	Cashew kernel 7%	Assessing officer exempted from levy of tax a turnover of Rs 21.33 lakh being sale in the course of export as claimed by the assessee though the export took place before effecting the sale which proved that the goods sold and exported were different.	1.64	On this being pointed out (May 1999) the department stated (October 2000) that the assessment had been revised (March 2000) raising additional demand of Rs 1.64 lakh.
4.	Special Circle, Kollam	<u>1994-95</u> May 1997	Cashew kernel 7%	Sales turnover of Rs 16.55 lakh was exempted from tax on the strength of the declaration in form 18 A without the documents of export required to be filed.	1.27	On this being pointed out (June 1999) the department stated (October 2000) that the assessment had been revised (January 2000) and additional demand of Rs 1.33 lakh created.
5.	Special Circle, Kollam	<u>1994-95</u> July 1998	Cashew kernel 7%	The assessing officer incorrectly included sales turnover of Rs 16.25 lakh for which export had not been proved also in the total turnover of Rs 72.08 lakh exempted from levy of tax towards sale in the course of export.	1.25	On this being pointed out (June 1999) the department stated (April 2000) that the assessment had been revised (March 2000) creating additional demand of Rs 1.25 lakh.
6.	Special Circle, Kollam	<u>1994-95</u> January 1999	Cashew kernel 7%	Turnover of Rs 14.12 lakh was exempted as sales in the course of export from levy of tax,	1.09	On this being pointed out (June 1999) the department stated (April 2000) that the

Audit Report (Revenue Receipts) for the year ended 31 March 2001

Sl. No.	Name of office	Assessment year/ Month of assessment	Commodity/ Rate of tax	Nature of irregularity	Amount of short levy (In lakh of rupees)	Remarks
				though the goods exported were not those involved in the sale.		assessment had been revised (January 2000) creating additional demand of Rs 1.09 lakh.
7.	Sales Tax Office, First Circle, Kalamassery	1995-96 March 2000		Instead of levying and demanding central sales tax at 2 per cent central sales tax on total and taxable turnover of Rs 54.55 lakh was assessed at the rate of 4 per cent and the tax was adjusted against eligibility for exemption from payment of the Kerala general sales tax available to the unit.	1.09	On this being pointed out (June 2000) the department stated (October 2000) that the assessment had been revised and tax due of Rs 1.09 lakh had been collected (July 2000). Government stated (July 2001) that the Commissioner had been directed to issue circular instructions to avoid recurrence of such lapses in future.

The above cases were reported to Government in April and May 2001 which was followed up with reminder on 20 July 2001. However, their replies have not been received in six cases (October 2001).

b) In seven circles, the exemption granted to small scale industrial units were incorrect resulting in short levy of tax of Rs 33.85 lakh in seven cases. A few illustrative cases are detailed below.

Sl. No.	Name of office	Assessment year/ Month of assessment	Commodity/ Rate of tax	Nature of irregularity	Amount of short levy (In lakh of rupees)	Remarks
1	Sales Tax Office, Thodupuzha	1993-94 April 1998	Goods produced by industrial unit	Exemption from tax of Rs 62.59 lakh was allowed against the balance exemption of Rs 37.97 lakh admissible to the industrial unit for the period up to 31 March 1994.	24.62	On this being pointed out (March 2000) the assessing officer stated (March 2000) that the case would be examined and suitable action taken.
2	Sales Tax Office, First Circle, Thalassery	1995-96 July 1998		Entire turnover of Rs 35.10 lakh of a social service society was incorrectly exempted from tax even though the profit of the institution was neither spent nor set apart for charitable purposes.	1.93	On this being pointed out (July 1999) the department stated (February 2000) that the assessment had been revised and revenue recovery requisition for Rs 1.95 lakh including interest had been issued in January 2000.

Sl. No.	Name of office	Assessment year/ Month of assessment	Commodity/ Rate of tax	Nature of irregularity	Amount of short levy (In lakh of rupees)	Remarks
3	Sales Tax Office, Aluva	1994-95 October 1997		The assessing officer incorrectly allowed exemption for a period prior to the period of eligibility fixed by the district level committee based on additional fixed capital investment.	1.92	On this being pointed out (January 1999) the assessing authority revised the assessment in March 2000 creating additional demand of Rs 1.95 lakh.
4	Sales Tax Office, Second Circle, Kozhikode	1996-97 February 1998		The assessing officer incorrectly exempted the sales turnover of goods purchased and sold by Khadi and Village Industrial unit	1.77	On this being pointed out (June 1998) the department stated (September 2000) that the assessments had been revised (February 1999) and additional demand for tax of Rs 1.77 lakh and interest of Rs 0.46 lakh collected (March 2000). Government stated (July 2001) that directions had been issued to the Commissioner to issue circular instructions to assessing officers to avoid such omissions in future.
5	Sales Tax Office, Chengannur	1994-95 and 1995-96 January and March 1999	Products manufactured by SSI unit	Entire turnover of Rs 46.35 lakh was exempted from tax instead of adjusting the tax due on the turnover against balance eligible exemption of Rs 1.09 lakh.	1.40	On this being pointed out (April 1999) the assessments were revised (June 1999) and additional demand of Rs 1.40 lakh created.
6	Sales Tax Office, Harippad	1995-96 November 1999 and June 2000	Copra 4%	The assessing officer incorrectly exempted the inter-State purchase value of copra amounting to Rs 29.34 lakh from levy of tax	1.32	On this being pointed out (January 2001) the assessing authority stated (January 2001) that notice to rectify the mistake had been issued. Government stated (July 2001) that the assessment had been revised and additional demand of Rs 1.32 lakh collected.

The above cases were reported to Government in April and May 2001 which was followed up with reminder on 20 July 2001. However, their replies have not been received in four cases (October 2001).

2.5. Short/non- levy of interest

Under Section 23(3) of the Kerala General Sales Tax Act, 1963, if the tax or any amount due under the Act is not paid by any dealer within the time prescribed, the dealer shall pay, by way of interest, a sum equal to one *per cent* of such amount for each month or part thereof for the first three months of delay and two *per cent* of such amount for each month or part thereof for subsequent delay.

During the course of audit it was noticed (between June 1998 and September 2000) that while finalising (between March 1998 and December 1999) the assessments relating to the period from 1989-90 to 1996-97 the assessing officers either failed to levy or levied short the interest amounting to Rs 44.08 lakh in nine cases in six* offices for non-payment of tax in time. The delay ranged from 4 to 107 months.

On this being pointed out (between June 1998 and February 2001) the department stated (between November 1999 and February 2001) that assessment had been revised in six cases and out of the additional demand of Rs 13.73 lakh created Rs 7.91 lakh had been collected in two cases. Final replies for the remaining three cases have not been received (October 2001).

The cases were reported to Government in April and May 2001 which was followed up with reminder on 20 July 2001. Government confirmed (August 2001) the collection of additional demand of Rs 1.15 lakh in one case. Their replies have not been received in eight cases (October 2001).

2.6. Non-levy of turnover tax

Under Section 5(2A)(i) of the Kerala General Sales Tax Act, 1963, dealers in certain specified goods under the First or Fifth Schedule of the Act whose turnover exceeded the specified limits have to pay turnover tax at different rates.

During the course of audit, it was noticed that in six circles turnover tax amounting to Rs 35.42 lakh was not levied in six cases as detailed below.

*Special Circle, Kollam, Sales Tax Office, Second Circle, Perumbavoor, Sales Tax Office, Second Circle, Thiruvananthapuram, Sales Tax Office, Chavakkad, Sales Tax Office, Karunagappally, Sales Tax Office, First Circle, Thiruvananthapuram.

Sl. No.	Name of Office	Assessment year/ Month of assessment	Commodities	Rate of turnover tax	Turnover	Turnover tax not levied	Remarks
					(In lakh of rupees)		
1	Special Circle II, Kozhikode	1992-93 March 1998	Coffee	0.5%	4135.84	20.68	This was pointed out to the department in October 1998. Their final reply has not been received.
2	Special Circle, Kollam	1992-93 August 1999	Raw cashew	0.5%	1721.81	8.61	On this being pointed out (September 2000) the department stated (January 2001) that action had been taken for the revision of the assessment.
3	Special Circle, Thrissur	1991-92 March 1998	Coconut oil cake	0.5%	485.13	2.43	On this being pointed out (October 1998) the department stated (October 2000) that assessment had been revised (April 2000). Confirming the facts Government stated (July 2001) that the additional demand of Rs 2.43 lakh had been adjusted against the excess tax paid by the assessee.
4	Sales Tax Office, Chavakkad	1992-93 March 1998	Arrack	0.5%	277.77	1.39	On this being pointed out (October 1998) the department stated (February 2001) that the assessment had been revised (March 1999) and additional demand of Rs 1.39 lakh advised for revenue recovery. Government confirmed (August 2001) the facts.
5	Special Circle (P), Mattancherry	1988-89 to 1990-91 October and November 1997	Pepper, ginger, betel nut	0.5%	247.25	1.24	On this being pointed out (July 1998) the assessing authority modified the assessments (May 1999) creating additional demand of Rs 1.24 lakh. Government stated (August 2001) that the additional demand had been advised for revenue recovery.

Sl. No.	Name of Office	Assessment year/ Month of assessment	Commodities	Rate of turnover tax	Turnover	Turnover tax not levied	Remarks
					(In lakh of rupees)		
6	Sales Tax Office, Karunagappally	1995-96 April 1999	Indian Made Foreign Liquor	5%	21.38	1.07	On this being pointed out (May 2000) the department stated (February 2001) that assessment had been revised (July 2000).
	Total					35.42	

The above cases were reported to Government in April and May 2001 which was followed up with reminder on 20 July 2001. However, their replies have not been received in three cases (October 2001).

2.7. Mistake in computation

Rule 20 of the Kerala General Sales Tax Act, 1963 and the instructions issued (June 1989) by the Board of Revenue lay down the procedure for verifying and checking of all calculations of turnover and tax and credits given in an assessment order.

During the course of audit, it was noticed that mistakes in computation resulted in short levy of tax of Rs 32.76 lakh in eight cases in six offices as detailed below.

Sl. No.	Name of Office	Assessment year/ Month of assessment	Nature of irregularity	Amount of short levy (In lakh of rupees)	Remarks
1.	Special Circle, Kollam	1995-96 March 2000	Tax due at 10 per cent on the turnover of Rs 173.17 lakh was incorrectly computed as Rs 1.73 lakh instead of Rs 17.32 lakh.	17.14	This was pointed out in September 2000. The assessing officer stated (September 2000) that the assessment had been revised.
2.	Special Circle, Kollam	1990-91 January 1998	Additional sales tax due at 25 per cent on the tax of Rs 381.51 lakh was worked out as Rs 93.38 lakh against Rs 95.38 lakh.	2.00	On this being pointed out (June 1998) the department stated (January 2001) that the assessment had been revised (June 1999) and additional demand of Rs 2 lakh created advised (October 1999) for revenue recovery.
3.	Special Circle (P), Mattancherry	1995-96 June 1997	The balance tax due from the assessee was computed after deducting incorrectly an amount of Rs 3.42 lakh remitted by another assessee.	3.42	On this being pointed out (September 1998) the department stated (February 2000) that action had been taken to rectify the defect.
4.	Special Circle (P), Mattancherry	1995-96 September 1999	An amount of Rs 1.36 lakh remitted in February 1995 and given credit against the tax for 1994-95 was again given credit against the tax for 1995-96.	1.36	On this being pointed out (July 2000) the department stated (July 2000) that the defect had been rectified.

Sl. No.	Name of Office	Assessment year/ Month of assessment	Nature of irregularity	Amount of short levy (In lakh of rupees)	Remarks
5.	Sales Tax Office, Chittur	1991-92 June 1999	While finalising the remanded assessment, the tax due was worked out to Rs 3.84 lakh. But demand notice was issued for Rs 0.65 lakh.	3.18	This was pointed out to the department in October 2000; their final reply has not been received. Government stated (July 2001) that the assessment had been revised (November 2000) and additional demand advised for revenue recovery.
6.	Sales Tax Office, First Circle, Kalamassery	1994-95 October 1999	An amount of Rs 2.90 lakh remitted by the assessee and already given credit to in the original assessment was again given credit to in the assessment of the conceded turnover.	2.90	On this being pointed out (June 2000) the department stated (June 2000) that the assessment order was modified (June 2000).
7.	Special Circle II, Ernakulam	1993-94 April 1998	An amount of Rs 1.39 lakh representing excess collection of tax ordered to be forfeited to Government was incorrectly deducted from the tax computed.	1.39	On this being pointed out (May 1999) the department stated (February 2000) that the assessment had been modified (October 1999) and served on the assessee (February 2000). Government stated (August 2001) that the assessment had been revised and additional demand of Rs 1.39 lakh collected.
8.	Special Circle I, Ernakulam	1993-94 July 1998	The balance tax due from the assessee was computed after incorrectly deducting an amount of Rs 1.37 lakh remitted by another assessee.	1.37	On this being pointed out (May 1999) the department stated (September 1999) that notice had been issued.
Total				32.76	

The above cases were reported to Government between February and May 2001 which was followed up with reminder on 20 July 2001. However, their replies have not been received in six cases (October 2001).

2.8. Non-levy of penalty

Under the Kerala General Sales Tax Act, 1963, if the assessing authority is satisfied that any person has failed to keep true and complete accounts or submitted an untrue or incorrect return, such authority may direct that such person shall pay by way of penalty an amount not exceeding twice the amount of sales tax or other amount evaded or sought to be evaded.

During the course of audit, it was noticed that in two offices penalty amounting to Rs 32.30 lakh was not imposed in three cases as detailed below.

Sl. No.	Name of Office	Assessment year/ Month of assessment	Nature of irregularity	Amount of penalty (In lakh of rupees)	Remarks
1	Sales Tax Office, Cherthala	1994-95 to <u>1996-97</u> March 2000	The assessing officer did not impose penalty for filing untrue and incorrect returns.	18.18	On this being pointed out in April 2000, the department stated (September 2000) that a penalty of Rs 18.18 lakh had been imposed.
2	Special Circle, Kollam	<u>1995-96</u> May 1998	Assessing officer did not impose penalty for evading payment of tax of Rs 4.76 lakh by filing untrue return.	10.48	On this being pointed out in May 1999, the department stated (October 2000) that penalty of Rs 10.48 lakh had been imposed (January 2000) and Rs 1.16 lakh had since been collected (July 2000).
3	Special Circle, Kollam	<u>1994-95</u> February 1998	Although the assessing officer detected an unaccounted transaction involving Rs 15.60 lakh and brought the same to tax, he did not impose any penalty on the assessee.	3.64	On this being pointed out in May 1999, the department stated (April 2000) that penalty of Rs 3.64 lakh had been imposed (December 1999) on the assessee. Government stated (August 2001) that the additional demand had been advised for revenue recovery.
Total				32.30	

The above cases were reported to Government between March and May 2001 which was followed up with reminder on 20 July 2001. However, their reply has not been received in two cases (October 2001).

2.9. Incorrect grant of concessional rate of tax

Government by notifications reduced (November 1993 and March 1995) the rate of tax payable by small scale industrial units whose total turnover on sale of goods manufactured by them within the State does not exceed Rs 50 lakh to four per cent. Where the turnover exceeds Rs 50 lakh, tax at the reduced rate is applicable on Rs 50 lakh in the first year in which the turnover crosses the limit, and the normal higher rate is applicable on the turnover above Rs 50 lakh in such first year and on the entire turnover in the subsequent years.

In four offices incorrect levy of tax at concessional rate in five cases resulted in short levy of tax of Rs 20.01 lakh as detailed below.

Sl. No.	Name of office	Assessment year/Month of assessment	Nature of defect	Name of commodity/ rate of tax	Turn-over	Short levy	Remarks
					(In lakh of rupees)		
1	Sales Tax Office, Cherthala	1994-95 and <u>1995-96</u> March 2000	Although the turnover exceeded Rs 50 lakh concessional rate was applied.	Sodium silicate 10%	116.64	7.70	On being pointed out in April 2000, the department stated (September 2000) that the assessments had been revised. Government stated (July 2001) that

Sl. No.	Name of office	Assessment year/Month of assessment	Nature of defect	Name of commodity/ rate of tax	Turn-over	Short levy	Remarks
					(In lakh of rupees)		
							assessments had been revised (April and July 2000) and entire demand advised (April 2001) for revenue recovery.
2	Sales Tax office, Special Circle, Thrissur	1995-96 March 1999	Concessional rate applied on first Rs 50 lakh despite the turnover exceeding Rs 50 lakh in 1991-92.	Plywood <u>veneer</u> 12%	112.12	4.40	On being pointed out in July 2000 the assessing officer stated (July 2000) that the case would be examined.
3	Sales Tax Office, Special Circle, Thrissur	1996-97	Concessional rate applied on the turnover of Rs 49.40 lakh although the turnover of the assessee exceeded Rs 50 lakh in 1993-94.	Plastic <u>products</u> 10%	51.73	3.26	On being pointed out in August 2000 the department stated (August 2000) that the case would be examined.
4	Sales Tax Office, Special Circle, Kannur	1995-96 March 1999	Though total turnover exceeded Rs 50 lakh in 1994-95 concessional rate was applied on the first Rs 50 lakh.	Ready made <u>garments</u> 10%		3.30	On being pointed out in October 1999 the department stated (July 2000) that the assessment had been revised in July 2000. Government stated (July 2001) that the appeal filed by the assessee against the additional demand of Rs 3.30 lakh was pending disposal.
5	Sales Tax Office, First Circle, Perumbavoor	1996-97 July 1998	Concessional rate applied on sales turnover of finished goods brought as such from outside the State.	Sanitary <u>fittings</u> 10%	20.38	1.35	On being pointed out in March 2000, the department stated (October 2000) that the assessment had been revised (September 2000) creating additional demand of Rs 1.33 lakh.
	Total					20.01	

The above cases were reported to Government in March 2001 which was followed up with reminder on 20 July 2001. However, their replies have not been received in three cases (October 2001).

2.10. Application of incorrect rate of tax

Under the Kerala General Sales Tax Act, 1963, rate of tax depends on the nature of sale, point of sale and also on the kind of commodity. It was noticed during audit that tax was levied at incorrect rates in 11 cases in eight offices resulting in short levy of tax of Rs 14 lakh. A few illustrative cases are detailed below.

Sl. No.	Name of Office	Commodity	Assessment year/ Month of assessment	Correct rate	Rate applied	Turn-over	Tax short levied	Remarks
				(In per cent)				
1.	Special Circle I, Ernakulam	Transfer of the right to use	1992-93 March 1998	6	5	226.32	2.44	This was pointed out in August 1998. Government stated (July 2001) that the assessment was revised (June 1999) but the same was remanded on appeal by the Deputy Commissioner (Appeals) and that the department had filed second appeal based on the judgement* of the Hon'ble High Court of Karnataka and the same was pending disposal.
2.	Sales Tax Office, Nedumangad	Paper cartons and corrugated boxes	1992-93 to 1995-96 Between November 1997 and March 2000	5/4	2.5	87.68	2.17	This was pointed out in June 2000; final reply of the department has not been received.
3.	Sales Tax Office, First Circle, Thiruvananthapuram	Chemicals	1992-93 and 1994-95 July and December 1998	10	8	71.10	1.55	This was pointed out in February 2000. The assessing officer stated (February 2000) that action was being initiated to rectify the defects.
4.	Special Circle I, Ernakulam	Spare parts and accessories of refrigerators	1994-95 February 1999	20	12	17.15	1.51	This was pointed out in June 1999. The assessing authority revised the assessment (March and August 2000) creating additional demand of Rs 1.51 lakh.

* Modi Xerox Ltd. Vs State of Karnataka 114 (STC) 424.

Sl. No.	Name of Office	Commodity	Assessment year/ Month of assessment	Correct rate	Rate applied	Turn-over	Tax short levied	Remarks
				(In per cent)		(In lakh of rupees)		
5.	Special Circle, Kollam	Dry fruits	1994-95 December 1998	10	7	34.21	1.13	This was pointed out in June 1999. The department stated (November 1999) that notice had been issued (October 1999) to revise the assessment.
6.	Special Circle, Kannur	Dolomite powder used as raw material for mosaic tiles	1994-95 and 1995-96 September 1997 and March 1998	10	2.5		1.12	This was pointed out in October 1998. The department stated (February 2001) that the assessment had been revised (October 1998) and additional demand of Rs 1.12 lakh and interest of Rs 0.45 lakh had been paid by the assessee.
7.	Sales Tax Office, IV Circle, Ernakulam	Fabrication and installation of doors, door frames, windows, window frames, etc.	1995-96 and 1996-97 December 1998 and February 1999	12.5	6/8	16.12	1.00	This was pointed out in July 1999. Department stated (December 1999) that the assessment had been revised creating additional demand of Rs 1.00 lakh.

The above cases were reported to Government between February and May 2001 which was followed up with reminder on 20 July 2001. However, their replies have not been received in six cases (October 2001).

2.11. Incorrect refund of tax

The tax collected by an assessee on sale of goods is required to be remitted to the Government in full.

In Chengannur, while finalising (January 1999) the assessment for 1994-95 of an industrial unit, the assessing officer refunded an amount of Rs 1.09 lakh from the total tax of Rs 4.39 lakh collected and remitted by the unit on consignment sale of goods. This resulted in incorrect refund of tax of Rs 1.09 lakh.

On this being pointed out (April 1999) in audit, the department revised (June 1999) the assessment and additional demand of Rs 1.09 lakh created. Further report has not been received (October 2001).

The case was reported to Government in May 2001 which was followed up with reminder on 20 July 2001. However, their reply has not been received (October 2001).

Chapter 3
Taxes on Agricultural Income

CHAPTER 3

TAXES ON AGRICULTURAL INCOME

3.1. Results of audit

Test check of the records of the Agricultural Income Tax Offices conducted during the year 2000-01 revealed underassessment of tax amounting to Rs 6870.21 lakh in 207 cases which may broadly be categorised as under.

Sl. No.	Category	Number of cases	Amount (In lakh of rupees)
1	Exclusion of income from assessment	67	135.25
2	Short levy due to grant of inadmissible expenses	38	125.17
3	Incorrect computation of tax	20	23.44
4	Assignment of incorrect status	4	6.68
5	Incorrect computation of income	2	5.10
6	Other items	75	1133.66
7	Review	1	5440.91
	Total	207	6870.21

During 2000-01, the department accepted underassessments, etc., of Rs 386.12 lakh involved in 292 cases of which 3 cases involving Rs 1.21 lakh were pointed out during 2000-01 and the rest in earlier years. At the instance of audit, the department collected an amount of Rs 10.89 lakh in 12 cases during 2000-01. A few illustrative cases involving Rs 31.44 lakh and results of a review on "Arrears of revenue under Taxes on Agricultural Income" involving Rs 5440.91 lakh are given in the following paragraphs.

3.2. Arrears of revenue under Taxes on Agricultural Income

Highlights

- The department did not have the details of the arrears actually pending collection and their year wise and party wise breakup. The provisional figures furnished by the department showed that an amount of Rs 59.39 crore was pending collection as on 31 March 2000.

[Paragraph 3.2.4]

- The total arrears as on 31 March 2000 reported by 7 assessing authorities to the Commissioner was less than the amount outstanding in the demand and collection register by Rs 3.72 crore. Arrears amounting to Rs 1.64 crore pertaining to older periods were not carried over in three offices.

[Paragraph 3.2.4(b)]

- The total collection reported by the Inspecting Assistant Commissioner (Special), Ernakulam to the Commissioner during 1999-2000 was in excess by Rs 1.92 crore over the collection recorded in the collection register.

[Paragraph 3.2.4(c)]

- No action had been taken to advise the revenue authorities to recover arrears of Rs 33.40 crore even after 4 months to 10 years of issue of demand notices.

[Paragraph 3.2.5(a)]

- Delay of 4 months to 10 years was noticed in reporting arrears of Rs 12.51 crore to revenue authorities for recovery.

[Paragraph 3.2.5(b)]

- Two cases were closed without recovering interest of Rs 8.91 lakh. Interest of Rs 1.13 crore was not included/short included in the revenue recovery certificates in 16 cases .

(Paragraph 3.2.6)

3.2.1. Introduction

The Kerala Agricultural Income Tax Act, 1991 governs the law relating to assessment and collection of taxes on agricultural income. When any amount payable under the Act is not paid within the time specified, an assessee shall be deemed to be in default. The modes of recovery of arrears include issue of notice

for making payment to any person from whom money is due or may become due to the assessee, issue of certificate to the Collector to recover the dues as arrears of land revenue, and to have recourse to any law or suit. The department had issued (December 1991) instructions regarding maintenance of various registers enumerated in the departmental manual and for prompt action for timely collection of arrears.

3.2.2. Organisational set up

The Commercial Taxes Department which administers the Agricultural Income Tax laws of the State was under the control of the Board of Revenue (Taxes) up to June 1998. Consequent upon the abolition of the Board from 1 July 1998, its functions under the control and supervision of the Commissioner of Commercial Taxes. The latter is assisted by 14 Deputy Commissioners and 25 Inspecting Assistant Commissioners. Agricultural Income Tax assessments are done in the Offices of 32 Agricultural Income Tax and Sales Tax Officers and 2 Inspecting Assistant Commissioners (Special).

3.2.3. Scope of audit

With a view to ascertaining the extent of arrears, and the adequacy and effectiveness of the system and procedure prevailing in the department for the collection of arrears, a review covering the period from 1994-95 to 1999-2000 was conducted from November 2000 to April 2001 with reference to the records of the Commissioner of Commercial Taxes and 12* Agricultural Income Tax and Sales Tax Offices and 2** Offices of the Inspecting Assistant Commissioner (Special). The results of the review are given in the following paragraphs.

3.2.4. Extent of arrears

The revenue raised during the years 1995-96 to 1999-2000 under 'Taxes on Agricultural Income' against the budget estimates were as follows.

Year	Budget estimates	Actuals	(In crore of rupees)
			(+) Excess/ (-) Shortfall
1995-96	27.00	26.08	(-) 0.92
1996-97	28.35	12.10	(-) 16.25
1997-98	30.60	21.38	(-) 9.22
1998-99	26.00	27.02	(+) 1.02
1999-2000	29.65	14.19	(-) 15.46

* Agricultural Income Tax and Sales Tax Offices, Chavakkad, Chittur, Kottarakkara, Kozhikode, Manjeri, Mananthavady, Mannarkkad, Muvattupuzha, Palakkad, Pathanapuram, Thrissur, and Vythiri.

** Offices of the Inspecting Assistant Commissioner (Special), Ernakulam and Kozhikode.

The department stated that shortfall during the year 1996-97 was due to steep fall in price of tea and rubber and in 1997-98 due to general economic recession in the State.

It is to be mentioned that the receipts for the year 1999-2000 was Rs 14.19 crore whereas the arrears pending realisation as on 31 March 2000 as per information furnished (April 2001) by the Commissioner of Commercial Taxes was Rs 59.39 crore as shown below.

Recovery of arrears under	Amount (In crore of rupees)
Stay by Government	0.10
Stay by court	6.15
Stay by others	1.98
To be written off	0.35
Under revenue recovery action	31.45
Other action	19.36
Total	59.39

The Commissioner of Commercial Taxes stated (April 2001) that the above figures compiled based on information received from the Deputy Commissioners were provisional and that year-wise break up of the arrears was not available.

The records maintained by the Department were not reliable for the following reasons.

a) According to the details furnished (March 2001) by the Inspecting Assistant Commissioner (Special), Ernakulam, the major unit, an amount of Rs 41.20 crore (which represented 69.37 per cent of the total arrears of Rs 59.39 crore) was outstanding as on 31 March 2000 in respect of his office. The arrears were under the following stages of action.

Recovery of arrears under	Amount (In crore of rupees)
Stay by Government	Nil
Stay by High Court	12.68
Stay by appellate authorities	11.15
Under Revenue Recovery	1.40
Notice issued	15.97
Total	41.20

The information furnished by the Inspecting Assistant Commissioner (Special), Ernakulam were not in conformity with that furnished by the Commissioner for whole of the State as these were less than the information furnished by the Inspecting Assistant Commissioner (Special), Ernakulam for his office under 'stay by Court' and 'stay by others'.

The Commissioner of Commercial Taxes has been addressed (May 2001) to reconcile the discrepancies; reply has not been received (October 2001).

b) Under-reporting of arrears

The arrears as on 31 March 2000 as reported to the Commissioner by seven* other assessing authorities in the monthly statement for March 2000 were less than the amount outstanding in the Demand and Collection Register maintained in their offices by Rs 3.72 crore. Further it was noticed in audit that arrears amounting to Rs 1.64 crore pertaining to older periods were not carried over to the current Demand and Collection Register in three* offices.

c) Over-reporting of collection

The instructions contained in the Agricultural Income Tax and Sales Tax Manual, Volume III for the maintenance of Demand and Collection and other Registers and on the preparation of the Statements of Demand, Collection and Balance (DCB) have not been followed. The collections during the year 1999-2000 as reported by the Inspecting Assistant Commissioner (Special), Ernakulam to the Commissioner was Rs 9.64 crore as against the total of Rs 7.72 crore noted in the Collection Register maintained in his office resulting in excess reporting of collection by Rs 1.92 crore.

3.2.5. Recovery of arrears

As per the instructions issued (December 1991) by the department, if the tax due is not paid within 30 days, the demand should be advised for revenue recovery along with accrued interest without delay. The Kerala Agricultural Income Tax Act, 1991, requires the assessing authorities to forward to the Collector a certificate specifying the amount of arrears due for recovery under the Kerala Revenue Recovery Act, 1968 and the Collector, on receipt of such certificate, shall proceed to recover from such assessee the amount specified therein. The assessing authority should further ensure, by reconciliation with the revenue authorities, that the amounts so advised are booked in the Revenue Office concerned and follow up each case until the dues are cleared.

a) Test check in eight* offices revealed that no steps had been taken even after 4 months to 10 years from the date of issue of demand notices to advise the revenue authorities to recover arrears of Rs 33.40 crore in 258 cases as shown below.

* Agricultural Income Tax and Sales Tax Offices, Chittur, Kottarakkara, Kozhikode, Mananthavady, Manjeri, Mannarkkad and Vythiri.

* Agricultural Income Tax and Sales Tax Offices, Chittur, Kozhikode and Mannarkkad.

* Agricultural Income Tax and Sales Tax Offices, Kottarakkara, Kozhikode, Mannarkkad, Mananthavady, Thrissur and Vythiri, and Offices of the Inspecting Assistant Commissioner (Special), Kozhikode and Ernakulam.

Delay	Number of cases	Amount (In crore of rupees)
4 months to 1 year	30	16.67
1 to 5 years	204	14.90
5 to 10 years	17	1.79
Above 10 years	7	0.04
Total	258	33.40

b) In 6** offices there was delay ranging from 4 months to 10 years in reporting 52 cases involving Rs 12.51 crore to the revenue authorities for recovery and the amount was still pending collection as shown in the table given below.

Delay	Number of cases	Amount (In crore of rupees)
4 months to 1 year	22	7.06
1 to 5 years	27	5.11
5 to 10 years	3	0.34
Total	52	12.51

c) *Non-reconciliation of departmental figures*

In two offices (Vythiri and Chittur) the amount pending recovery under the Revenue Recovery Act as at the end of March 2000 was Rs 3.86 crore whereas as per the records of the revenue authorities it was shown as Rs 1.63 crore. However, the assessing officers had not taken any action to reconcile the difference and to ensure whether the balance amount of Rs 2.23 crore had been recovered or not.

3.2.6. *Non-realisation of interest*

Under the Kerala Agricultural Income Tax Act, 1991, any person who fails to pay tax demanded within the prescribed time is liable to pay interest at 15 per cent per annum for the period of default. The assessing authority is required to indicate in the revenue recovery certificate issued to the Collector the amount of interest to be realised on the defaulted amount up to the date of reporting and the rate at which interest should be realised up to and including the month in which the amount is recovered.

In the Offices of the Inspecting Assistant Commissioner (Special), Ernakulam and Kozhikode, 2 cases reported for recovery under the Revenue Recovery Act in January and July 1999 were closed after realisation of the amount of tax due only without realising the interest of Rs 8.91 lakh mentioned in the certificates.

** Agricultural Income Tax offices, Kottarakkara, Mananthavady, Manjeri, Thrissur, Vythiri and Office of the Inspecting Assistant Commissioner (Special), Ernakulam.

In the Offices of the Inspecting Assistant Commissioner (Special), Ernakulam and Kozhikode in 16 cases recommended for revenue recovery between March 1994 and December 1999, interest of Rs 1.13 crore was either not included or included short in the revenue recovery certificates sent to the Collectors for recovery as land revenue.

The above points were reported to Government in April 2001 which was followed up with reminder on 20 July 2001. However, their reply has not been received (October 2001).

3.3. Short levy of tax due to inadmissible replantation allowance

The Kerala Agricultural Income Tax Rules, 1991 provide for replantation allowance for specified crops limited to actual expenses not exceeding the prescribed percentage of the agricultural income from such crops. Where the assessee had not incurred any expenses for replantation, deduction not exceeding the prescribed percentage will be allowed if the amount is deposited in the treasury in the account of such assessee for subsequent utilisation in the year of withdrawal either for replantation or for new plantation of any crop, the income of which is liable to tax under the Act.

In Ernakulam, while finalising (December 1999) the assessment of a domestic company for 1996-97, the assessing authority allowed deduction of Rs 33.84 lakh towards replantation allowance though the assessee company had neither incurred any expenditure towards replantation nor deposited the prescribed percentage of agricultural income from the crop in the treasury as required under the Rules. This resulted in exclusion of income of Rs 33.84 lakh and consequent short levy of tax of Rs 21.99 lakh.

The matter was referred to the department in May 2000. They stated (May 2000) that deduction allowed was actual expenses incurred for replantation. The reply is not tenable as the accounts of the assessee for the accounting year 1995-96 revealed that the replantation charges charged in the Profit and Loss account represented 'reserve' created for replantation and accounted for as 'replantion reserve' in the balance sheet. Similarly, the deposit in the treasury did not record any increase during the year. It was, therefore, clear that the assessee had neither incurred any expenditure on replantation nor deposited any amount for that purpose in the treasury. Further report has not been received (October 2001).

The matter was referred to Government in December 2000 which was followed up with reminder on 20 July 2001. However, in spite of such efforts, no reply was received from the Secretary (October 2001).

3.4. Omission to assess income from opening stock

Under the Kerala Agricultural Income Tax Act, 1991, the total agricultural income of any person comprises of all agricultural income derived from land situated within the State.

In Kozhikode, while finalising (June 1997) the assessment for the assessment year 1995-96 of an assessee, the assessing officer omitted to reckon the income from the sale of 5,268 kg of coffee held as opening stock during the relevant accounting year 1994-95. This resulted in exclusion of income of Rs 4.58 lakh and short levy of tax of Rs 2.52 lakh.

The above matter was referred to the department (December 1999) and they stated (May 2000) that notice had been issued to the assessee. Further report has not been received (October 2001).

The matter was forwarded (February 2001) to the Government which was followed up with reminder on 20 July 2001. However, in spite of such efforts, no reply was received from the Government (October 2001).

3.5. Exclusion of income from assessment

Under the Kerala Agricultural Income Tax Act, 1991, any firm which holds landed property within the State extending to not more than one hundred hectares and deriving agricultural income may apply for permission to compound the agricultural income tax payable by it and pay *in lieu* thereof a lumpsum at the rates specified in the Act. The assessing officer may grant permission after satisfying himself that the particulars in the application are correct. The Act also provides that any amount received in the previous year, in respect of coffee delivered in preceding year/years for sale in pool auction, shall be deemed to be agricultural income of the previous year.

In Chittur, an assessee firm which received Rs 5.04 lakh during the previous year 1994-95 towards value of coffee pooled during earlier years applied for compounding of tax payable by it for the assessment year 1995-96. The assessing officer granted permission and compounded (November 1997) the tax payable by the firm. In the process the amount of Rs 5.04 lakh received from the pooling agent was not taken into account for assessment. This resulted in short levy of tax and surcharge of Rs 2.22 lakh.

The above matter was referred (July 2000) to the department and they stated (July 2000) that the case would be examined. No further response was received from them (October 2001).

The matter was forwarded to the Government in February 2001 which was followed up with reminder on 20 July 2001. However, in spite of such efforts, no reply was received from the Government (October 2001).

3.6. Short/non-levy of interest

A. The Kerala Agricultural Income Tax Act, 1991, requires every assessee to pay, before furnishing the return, the tax due on the total agricultural income derived during the previous year. For failure to do so the assessee shall pay simple interest at the rate of fifteen *per cent per annum* for every month of delay or part thereof.

In Ernakulam, while finalising (December 1998) the assessment for the assessment year 1996-97 of a domestic company which failed to make payment in full of the tax due on the admitted income before furnishing the return, the assessing officer omitted to levy interest. This resulted in non-levy of interest of Rs 1.80 lakh.

The above matter was referred to the department (September 1999). No reply was received from them (October 2001).

Government to whom the case was reported (December 2000) stated (August 2001) that the assessment had been revised (March 2001) creating additional demand of Rs 1.88 lakh towards interest which was pending collection.

B. The Kerala Agricultural Income Tax Act, 1991, requires every assessee to pay advance tax on the estimated total agricultural income which shall not be less than eighty *per cent* of the total agricultural income as per return before the end of February of the previous year failing which interest at prescribed rate is leviable.

In Ernakulam, while finalising (December 1999) the assessments for the assessment year 1997-98 of two domestic companies which failed to make payment in full of the advance tax payable before the end of February 1997, the assessing officer omitted to levy interest of Rs 1.12 lakh on one company and interest on the other company was levied short by Rs 0.62 lakh. This resulted in short/non-levy of interest of Rs 1.74 lakh.

On these being pointed out (May 2000) in audit, the assessing officer stated (June 2000) that the cases would be examined. Further report has not been received (October 2001).

Government to whom the case was reported (February 2001) stated (July 2001) that the additional demand for interest of Rs 1.74 lakh had been raised (March

2001) and Rs 1.12 lakh since collected (March 2001). Further report has not been received (October 2001).

3.7. Short levy of tax due to double deduction

Under the Kerala Agricultural Income Tax Act, 1991, agricultural income of an assessee shall be computed after allowing the deduction enumerated therein.

In Ernakulam, while finalising (May 1999) the assessment for 1988-89 of a domestic company, the assessing officer allowed deduction of Rs 1.80 lakh towards expenditure on gratuity despite the fact that the assessee had already deducted the amount from their total income to arrive at the income returned by the company. This resulted in short levy of tax of Rs 1.17 lakh.

On this being pointed out (June 2000), the assessing officer stated (April 2001) that short levy of Rs 1.17 lakh had been collected in March 2001.

The matter was reported to the Government in December 2000; they confirmed (August 2001) the facts.

Chapter 4
State Exercise

CHAPTER 4 STATE EXCISE

4.1. Results of audit

Test check of the records of the Offices of the State Excise Department conducted in audit during the year 2000-01 revealed underassessments/non-levy of duty amounting to Rs 722.16 lakh in 37 cases which may broadly be categorised as under.

Sl. No.	Category	Number of cases	Amount (In lakh of rupees)
1	Short collection of duty on IMFL/spirit	1	0.15
2	Non-levy of duty on inadmissible transit wastage	1	1.19
3	Short/non-levy due to other lapses	35	720.82
	Total	37	722.16

During 2000-01, the department accepted underassessments, etc., of Rs 46.96 lakh involved in 21 cases of which 13 cases involving Rs 43.94 lakh were pointed out in audit during 2000-01 and the rest in earlier years. At the instance of Audit, the department collected an amount of Rs 2.10 lakh in 7 cases during the year. A few illustrative cases involving Rs 621.58 lakh are given in the following paragraphs.

4.2. Low production of spirit from molasses

As per the Kerala Excise Manual, a yield of about 475 proof litres of spirit per tonne of molasses may be taken as a fair average out-turn whereas the norm fixed by the Central Board of Molasses was 373.5 proof litres.

Mention was made in paragraph 4.2.6 of the Report of the Comptroller and Auditor General of India (Revenue Receipts) for the year ended 31 March 1994 about the low yield of spirit in two distilleries at Thiruvalla and Cherthala during the years 1988-89 to 1992-93 and in the Reports for the years ended 31 March 1997 and 31 March 1999 about the low yield of 5.52 lakh proof litres of spirit in the distillery at Cherthala during the years 1994-95, 1996-97 and 1997-98. The Committee on Public Accounts (1998-2000 and 2001) in their 59th and 120th Reports, recommended that if even the norms prescribed by the Central Board of Molasses could not be attained in the existing conditions of the State, the department should have initiated steps to amend the manual accordingly. The Committee also wanted to know whether the Government had taken any action

for amending the Distillery and Warehouse Rules for making sample testing of wash mandatory before sending it for distillation. Government have not yet furnished the statement of action taken on the recommendations.

Test check of the records of 4 distilleries in Kerala, producing spirit from molasses revealed that the production of spirit during the years 1995-96 to 1999-2000 was short by 19.34 lakh proof litres, excluding the short production reported in the above Reports, on the basis of the norms fixed by the Central Board of Molasses involving excise duty of Rs 299.81 lakh as shown below.

Sl. No.	Name of Distillery	Year	Quantity of molasses used where optimum production was not obtained (tonnes)	Yield at 373.5 PL per tonne	Actual yield accounted for (PL)	Short production (PL)	Excise Duty involved (In lakh of rupees)
1.	Chicops Distillery, Palakkad	1995-96	3,624	13,53,564	13,24,079	29,485	4.57
		1997-98	7,799	29,12,927	25,85,504	3,27,423	50.75
		1998-99	6,971	26,03,669	23,47,284	2,56,385	39.74
		1999-2000	8,151	30,44,399	28,78,594	1,65,805	25.70
	Total		26,545	99,14,559	91,35,461	7,79,098	120.76
2.	Travancore Sugars and Chemicals Ltd., Thiruvalla	1997-98	612	2,28,582	1,88,399	40,183	6.23
		1998-99	1,800	6,72,300	5,76,654	95,646	14.83
		1999-2000	3,143	11,73,911	9,24,372	2,49,539	38.69
	Total		5,555	20,74,793	16,89,425	3,85,368	59.75
3.	Kaycee Distillery, Pudukkad	1995-96	51	19,049	9,984	9,065	1.41
		1996-97	124	46,314	39,190	7,124	1.10
		1999-2000	12	4,482	3,350	1,132	0.18
	Total		187	69,845	52,524	17,321	2.69
4.	Mc Dowell Distillery, Cherthala	1998-99	6,440	24,05,340	22,80,696	1,24,644	19.32
		1999-2000	13,330	49,78,755	43,51,051	6,27,704	97.29
	Total		19,770	73,84,095	66,31,747	7,52,348	116.61
Grand Total						19,34,135	299.81

The Kerala Distillery and Warehouse Rules, 1968, Part II, envisages that whenever the out-turn of spirit is consistently low, the officer should take samples of the spent wash as it leaves the still and forward them to the Assistant Excise Commissioner to arrange for their examination. However, despite the low out-turn the sample of the spent wash was never taken and forwarded for examination to find out the reasons for such low out-turn. The matter requires investigation and fixation of responsibility.

The above matter was referred to the department in April 2001. Their reply has not been received (October 2001).

The matter was referred to Government in May 2001 which was followed up with reminder on 20 July 2001. However, in spite of such efforts, no reply has been received (October 2001).

4.3. Failure to mortgage the property involved in the solvency certificate

Under the Kerala Abkari Shops (Disposal in Auction) Rules, 1974, every successful bidder of the right to vend in abkari shops is required to deposit a minimum cash security of 30 *per cent* of the bid amount, produce solvency certificate for 30 *per cent* of the bid amount and execute necessary agreement for the due fulfillment of the terms and conditions of sale. The property involved in the solvency certificate is also required to be got mortgaged to Government within one month from the date of confirmation of sale for ensuring fulfillment of the conditions of sale. In case the bidder fails to fulfil all or any of the conditions of sale, the sale shall be cancelled, the security forfeited to Government and the shop resold at the risk and cost of the original bidder.

A. In Kollam District, the successful bidders (M/s G. Soman, Baiju & others and Falgunan) of 119 toddy shops and one foreign liquor shop of Kollam and Kottarakkara ranges who had bid the shops for Rs 313.50 lakh for the year 1998-99 did not mortgage their properties involved in the solvency certificates produced by them. Instead of re-auctioning the shops at the risk and loss of the original bidders after forfeiting the security, they were allowed to run the shops. Consequently the contractors defaulted payment of kist to the extent of Rs 198.70 lakh during the contract period.

The case was pointed out to the department in October 1999; their final reply has not been received (October 2001).

The matter was referred to Government in May 2001 which was followed up with reminder on 20 July 2001. However, no reply has been received from the Secretary (October 2001).

B. In the auction sale (March 1999) of toddy shops of Mallappally Range in Pathanamthitta District for the year 1999-2000, the highest tenderer for Rs 1.10 crore failed to execute within the time allowed necessary agreement along with the required security amount and solvency certificate. The sale was, therefore, confirmed in the name of the next highest tenderer and the demand draft for Rs 13 lakh, submitted along with the tender was returned to the tenderer instead of being forfeited to Government. This resulted in loss of revenue of Rs 13 lakh. As the refund allowed was in contravention of the rules, the responsibility for the loss caused to the Government should be fixed.

On this being pointed out in audit (December 2000) the department stated (December 2000) that as the Hon'ble High Court had on an original petition filed by the tenderer against rejection of the tender observed (August 1999) that since the demand drafts were already returned to the petitioners, there was no question of forfeiting the same. Further report has not been received (October 2001).

The matter was referred to Government in May 2001 which was followed up with reminder on 20 July 2001. However, no reply has been received (October 2001).

4.4. Incorrect allowance of wastage in transit and storage of molasses

Mention was made in paragraph 4.2.7 of the Report of the Comptroller and Auditor General of India (Revenue Receipts) for the year ended 31 March 1994 about the irregular allowance of wastage in transit and storage of molasses in respect of some distilleries and the need to regularise a direction issued (October 1978) by the Board of Revenue, without enabling provision in the Abkari Act, for the allowance of one *per cent* wastage in transport and one *per cent* storage wastage of molasses. The direction has not so far been regularised by necessary amendment in the Act and the Rules.

It was again noticed (February 2001) that in Mc Dowell Distillery, Cherthala, a total quantity of 1,708.52 tonnes of molasses was unauthorisedly allowed as wastage (226.87 tonnes towards transit and 1481.65 tonnes towards storage) during 1995-96 to 1999-2000. As per the norms fixed by the Central Board of Molasses, 6.38 lakh proof litres of spirit involving excise duty of Rs 98.91 lakh could have been produced from 1,708.52 tonnes of molasses.

The above matter was referred to the department in April 2001. Their reply has not been received (October 2001).

The matter was referred to Government in May 2001 which was followed up with reminder on 20 July 2001. However, in spite of such efforts, no reply has been received (October 2001).

4.5. Non-realisation of arrears of cost of establishment

Under the Abkari Act, 1077 (Malayalam Era) and the Kerala Distillery and Warehouse Rules, 1968, when there is a revision of pay and allowances of the staff of establishment employed in the distillery with retrospective effect, the distiller shall be liable to pay to Government the amount of arrears of differential cost caused by such retrospective revision.

In two distilleries at Kochi and Mannuthy and one pharmaceutical unit at Thrissur, arrears of cost of establishment on account of revision of pay and allowances for the period from 1 March 1997 to 31 December 1999 had not been

demanded by the department. This resulted in non-realisation of arrears amounting to Rs 9.74 lakh.

On this being pointed out (February 2000) in audit, the department stated (between May and October 2000) that arrears of Rs 9.74 lakh had been collected (between February and September 2000) from the licensees.

The matter was referred to Government in February 2001 which was followed up with reminder on 20 July 2001. However, no reply has been received (October 2001).

4.6. Short levy of luxury tax on beer

Luxury tax leviable on beer during 1998-99 was at Rs 3 per bulk litre.

In a brewery in Cherthala, against the luxury tax of Rs 9.93 lakh leviable on 3,30,839 bulk litres of beer, only Rs 8.51 lakh was levied during the quarter ended December 1998. This resulted in short levy of luxury tax of Rs 1.42 lakh.

On this being pointed out (February 2000) in audit, the department stated (June 2000) that the licensee had remitted (March 2000) the amount.

The matter was referred to Government in February 2001 which was followed up with reminder on 20 July 2001. However, no reply has been received (October 2001).

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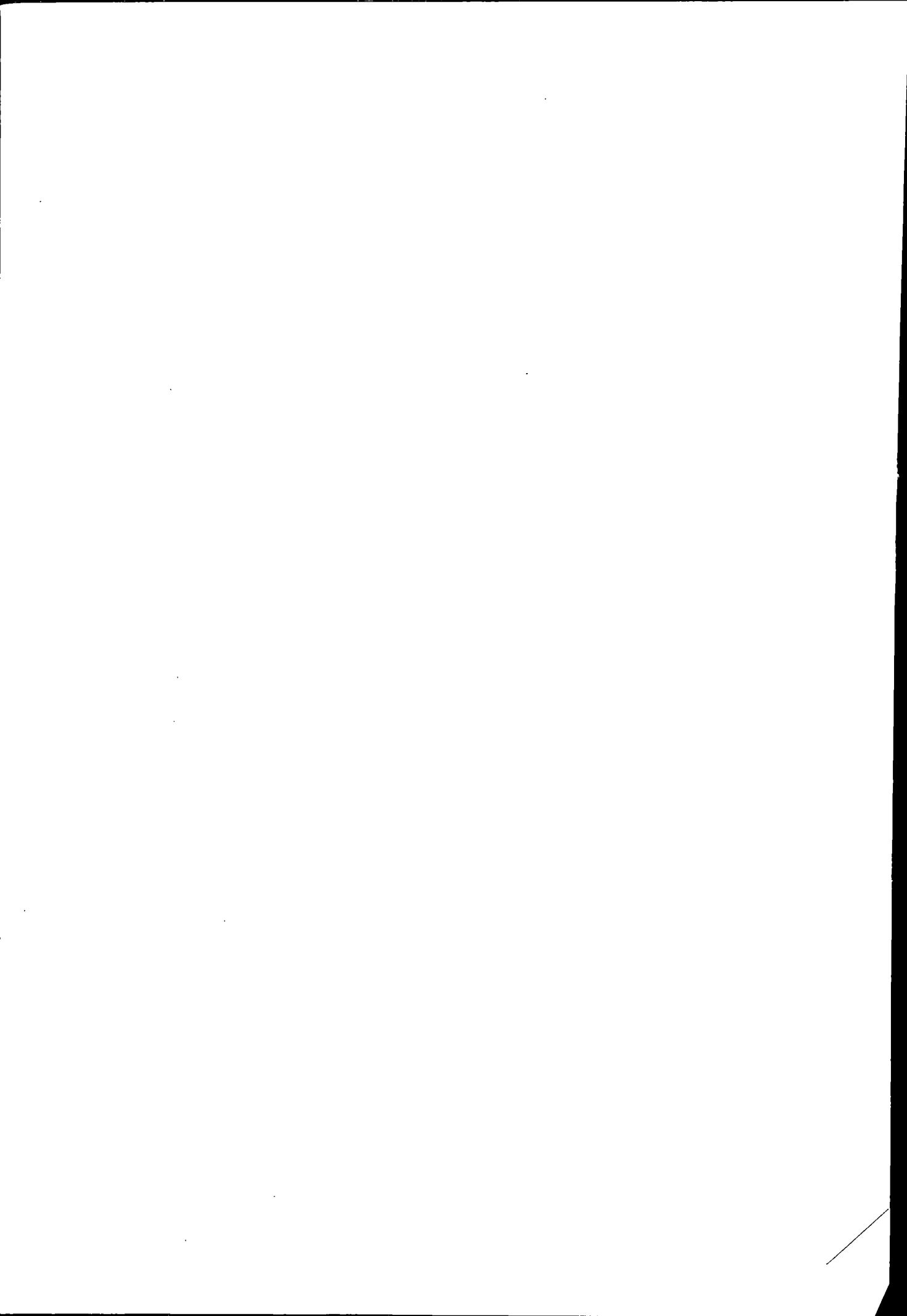
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CHAPTER 5

LAND REVENUE AND BUILDING TAX

5.1. Results of audit

Test check of the records of the Offices of the Land Revenue Department conducted in audit during 2000-01 revealed short/non-levy of tax, etc., amounting to Rs 3308.82 lakh in 144 cases which may broadly be categorised as under.

Sl. No.	Category	Number of cases	Amount (In lakh of rupees)
1	Short levy under building tax	100	55.75
2	Short levy under other items	44	3253.07
	Total	144	3308.82

During 2000-01, the department accepted underassessments, etc., of Rs 31.77 lakh involved in 63 cases of which 34 cases involving Rs 9.13 lakh were pointed out in audit during 2000-01 and the rest in earlier years. During the year, the department recovered an amount of Rs 18.36 lakh in 40 cases of which 11 cases involving Rs 0.94 lakh were pointed out during 2000-01 and the rest in earlier years. A few illustrative cases involving Rs 1589.71 lakh are given in the following paragraphs.

5.2. Non-realisation of revised lease rent

The Rules for the Assignment of Land in Municipal and Corporation Areas, 1995 provide for lease of Government land situated in Municipal and Corporation areas. The annual lease rent shall be 10 *per cent* of the market value of the land if it is used for non-commercial purpose and 20 *per cent* of the market value if it is used for commercial purpose. In April 1997, Government reiterated the necessity of collecting lease rent at the revised rate for land leased out to institutions/individuals.

a) Audit scrutiny in Thiruvananthapuram Taluk revealed (May 2001) that, on Government land leased out to 4 institutions/individuals, the demand notices for realisation of lease rent due from November 1995 were sent to the Village Officers after approval of District Collectors. But the same has not been realised so far. Lease rent pertaining to the period from 13 November 1995 to 31 March 2001 remaining uncollected worked out to Rs 1546.98 lakh.

b) In Thiruvananthapuram Taluk, Veerakerala Gymkhana did not remit the revised lease rent due from November 1995 as per demand notice duly approved by the District Collector in January 2000. Lease rent pertaining to the period from 13 November 1995 to 31 March 2001 remaining uncollected worked out to Rs 14.53 lakh.

The above matter was referred to the department between January and March 2001. No response was received from them (October 2001).

The matter was reported to Government in August 2001; their reply has not been received (October 2001).

5.3. Non-realisation of collection charges

Under the Kerala Revenue Recovery Rules, 1968, up to 6 July 1997 collection charge at 5 per cent of the arrears collected by the Government on behalf of any institution notified under the Act had to be realised from such institution. Thereafter, the charge was recoverable direct from all the defaulters when arrears were recovered under any of the provisions of the Act.

In three Offices[#] collection charge amounting to Rs 15.40 lakh was not realised from the defaulters for recovery of arrears on behalf of various Government departments during 1999-2000 and in two offices^{**}, Rs 3.27 lakh was short realised for recovery (between April 1996 and March 2000) of arrears on behalf of various institutions notified under the Act. These resulted in short/ non-levy of collection charge of Rs 18.67 lakh.

The above matter was referred to the department between December 1998 and October 2000. No response was received from them (October 2001).

The matter was reported to Government in May 2001 which was followed by reminder on 20 July 2001. However, in spite of such efforts, no reply was received from the Government (October 2001).

5.4. Underassessment of building tax

Under the Kerala Building Tax Act, 1975, building tax based on plinth area at the rate specified is leviable on every building where the plinth area exceeds 100 m²

[#] Taluk Offices, Chirayinkeezh and Kottarakkara and Office of the Tahsildar (Revenue Recovery), Thrissur.

^{**} Office of the Tahsildar (Revenue Recovery), Palakkad and Thrissur

in the case of residential buildings and 50 m² in the case of other buildings, the construction of which is completed on or after 10 February 1992. Where there are out-houses, garages or other structures appurtenant to the building for more convenient enjoyment of the building, the plinth area of such structures shall be added to the plinth area of the main building and tax assessed accordingly.

a) In Kollam, while finalising (March 1999) the building tax assessment of a tourist resort, 6 cottages built appurtenant to the main building were assessed as separate buildings, instead of reckoning the resort as a single unit. In another case in Kozhencherry, while finalising (March 2000) the building tax assessment of a hospital complex, instead of assessing the complex as a single unit, each floor of three multi storeyed buildings, a generating station and control room were assessed as separate units and the consulting room block and 4 quarters were not included in the assessment. These resulted in short levy of building tax of Rs 8.45 lakh.

On this being pointed out (July and November 2000) in audit, the department stated that the cases would be verified. Further report has not been received (October 2001).

The matter was referred to Government in May 2001 which was followed by reminder on 20 July 2001. However, in spite of such efforts, no reply was received from the Government (October 2001).

b) Under the Kerala Building Tax Act, 1975, plinth area for assessment shall be plinth area of the building as specified in the plan approved by the local authority or other specified authority and verified by the assessing authority.

In Adoor, a three storeyed commercial building with a plinth area of 4410.23m² as per the approved plan was assessed (November 1999) to tax only on a plinth area of 3811.42 m². This resulted in short levy of tax of Rs 1.08 lakh.

On this being pointed out (August 2000) in audit, the department stated (August 2000) that the assessment would be revised. Further report has not been received (October 2001).

The matter was referred to Government in May 2001 which was followed by reminder on 20 July 2001. However, in spite of such efforts, no reply was received from the Government (October 2001).

The first part of the report deals with the general situation of the country and the progress of the work done during the year. It also contains a list of the names of the members of the committee and the names of the persons who have been appointed to various positions.

The second part of the report deals with the financial statement of the committee for the year. It contains a list of the names of the persons who have been appointed to various positions and the names of the persons who have been appointed to various positions.

The third part of the report deals with the financial statement of the committee for the year. It contains a list of the names of the persons who have been appointed to various positions and the names of the persons who have been appointed to various positions.

The fourth part of the report deals with the financial statement of the committee for the year. It contains a list of the names of the persons who have been appointed to various positions and the names of the persons who have been appointed to various positions.

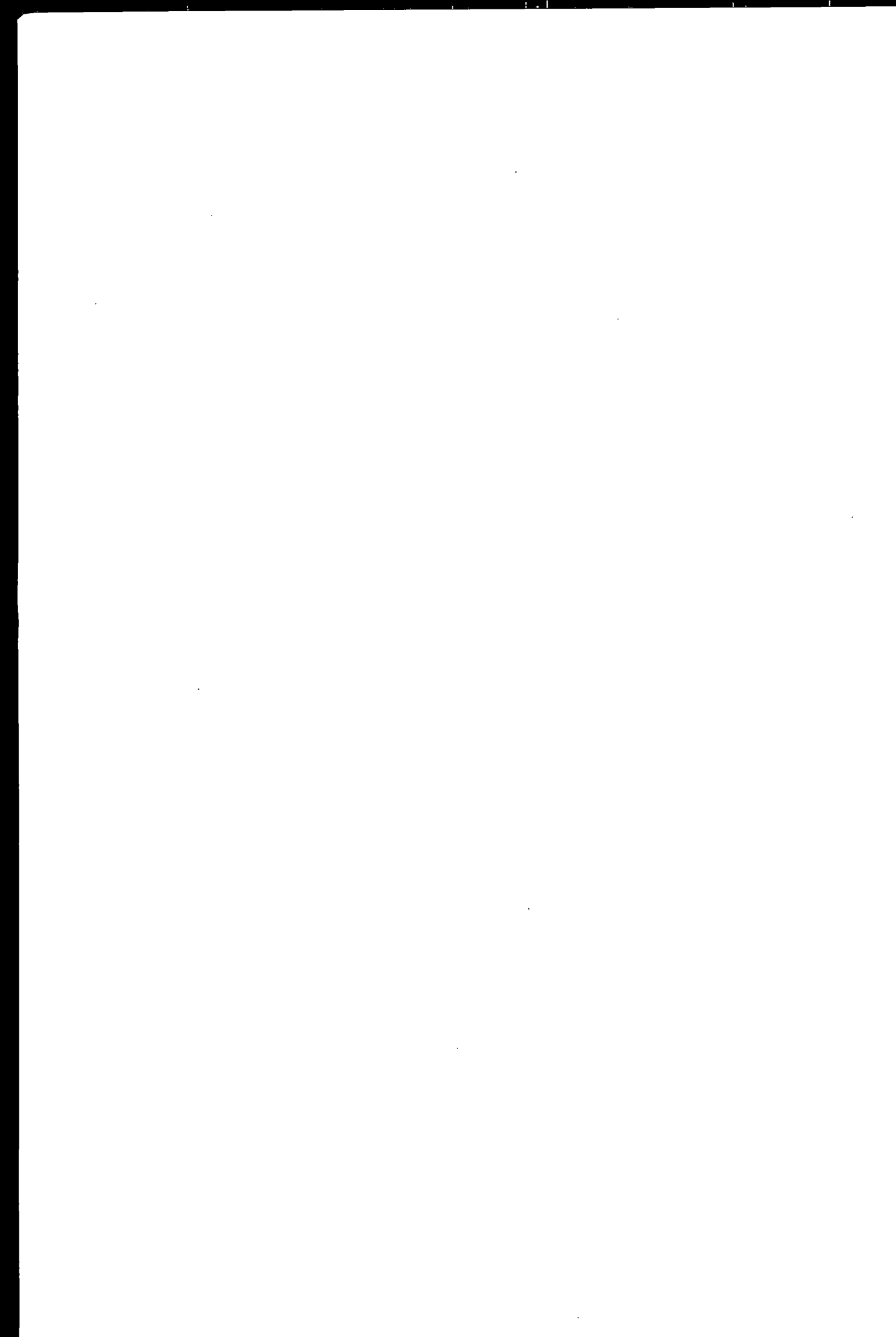
The fifth part of the report deals with the financial statement of the committee for the year. It contains a list of the names of the persons who have been appointed to various positions and the names of the persons who have been appointed to various positions.

The sixth part of the report deals with the financial statement of the committee for the year. It contains a list of the names of the persons who have been appointed to various positions and the names of the persons who have been appointed to various positions.

The seventh part of the report deals with the financial statement of the committee for the year. It contains a list of the names of the persons who have been appointed to various positions and the names of the persons who have been appointed to various positions.

The eighth part of the report deals with the financial statement of the committee for the year. It contains a list of the names of the persons who have been appointed to various positions and the names of the persons who have been appointed to various positions.





CHAPTER 6

TAXES ON VEHICLES

6.1. Results of audit

Test check of the records of the Motor Vehicles Department conducted in audit during 2000-01 revealed short/non-levy of tax/fees, incorrect exemption, etc., amounting to Rs 442.39 lakh in 235 cases, which may broadly be categorised as under.

Sl. No.	Category	Number of cases	Amount (In lakh of rupees)
1.	Short/non-levy of tax	168	390.24
2.	Incorrect classification of vehicles	13	3.04
3.	Other lapses	54	49.11
	Total	235	442.39

During 2000-01, the department accepted underassessments of Rs 61.22 lakh involved in 175 cases of which 7 cases involving Rs 0.62 lakh were pointed out in audit during 2000-01 and the rest in earlier years. At the instance of Audit, the department recovered an amount of Rs 33.95 lakh in 115 cases during the year of which 7 cases involving Rs 0.60 lakh was pointed out during 2000-01 and the rest in earlier years. A few illustrative cases involving Rs 388.76 lakh are given in the following paragraphs.

6.2. Non-realisation of vehicle tax

Under the Kerala Motor Vehicles Taxation Act, 1976, Government prescribed the tax for inter-State contract carriages at a rate higher than that for intra-State contract carriages from 1 April 1994. The High Court of Kerala held (11 December 1995) that inter-State contract carriages were liable to be taxed at the same rates as for intra-State contract carriages. On appeal by the State the Supreme Court upheld (10 August 1999) the validity of the revised rates but directed that the State should not demand the enhanced tax from the respondents for the period from 11 December 1995 to 10 August 1999.

In 18* Transport Offices, no action was taken to recover the tax at enhanced rates for the period between April 1994 and March 2000 from the owners of 209 inter-State contract carriages who were not respondents in the case despite the direction issued (September 1999) by the Transport Commissioner to expedite the recovery of the same. This resulted in non-realisation of tax of Rs 310.61 lakh.

The above matter was referred to the department between April and November 2000. No reply has been received (October 2001) from them.

The matter was reported to Government in February 2001 which was followed up with reminder on 20 July 2001. However, their reply has not been received (October 2001).

6.3. Non-recovery of one time tax

Under the Kerala Motor Vehicles Taxation Act, 1976, from 1 April 1998, one time tax at the rates specified for the period from the date of purchase of vehicle till renewal of registration is leviable on motor cars, motor cycles and three wheelers. Some vehicle owners who challenged the amendment to the Act in the High Court were allowed by the Court to remit tax for two years at the existing rates pending final decision on condition that they would be liable to pay balance tax in lump as per the new system with interest thereon at 18 *per cent* within two weeks from the date of judgement. Upholding the validity of the amendment the Court dismissed the petitions on 16 August 1999 with directions to pay the balance tax and interest within one month.

In 31* Transport Offices no action was taken to realise the tax in 353 cases where the owners, whose new vehicles were registered between April 1998 and August 1999 and were allowed to pay two years tax did not pay the balance tax despite the court's decision and direction (September 1999) of the Transport Commissioner to collect the same. This resulted in non-realisation of vehicle tax of Rs 52.94 lakh.

* Regional Transport Offices, Thiruvananthapuram, Kollam, Alappuzha, Ernakulam, Palakkad, Wayanad, Kozhikode, Kannur and Kasargod and Sub Regional Transport Offices, Attingal, Thiruvalla, Mattancherry, Aluva, Mannarkkad, Perumbavoor, Alathur, Kanhangad and Thodupuzha.

* Regional Transport Offices, Alappuzha, Ernakulam, Kannur, Kollam, Kottayam, Kozhikode, Malappuram, Pathanamthitta, Palakkad, Thrissur, Thiruvananthapuram (NS), Wayanad and Sub Regional Transport Offices, Aluva, Attingal, Alathur, Changanacherry, Kanjirappally, Karunagappally, Kayamkulam, Koduvally, Mallappally, Mattancherry, Mavelikkara, Muvattupuzha, North Paravur, Pala, Perumbavoor, Ponnani, Ottapalam, Thaliparamba and Tirur.

This was pointed out in audit to the department between April and November 2000 and reported to Government in July 2001. They stated (between September 2000 and March 2001) that Rs 16.90 lakh had since been realised in 82 cases. Further report has not been received (October 2001).

6.4. Short levy of one time tax

Under the Kerala Motor Vehicles Taxation Act, 1976, one time tax for the period from the date of purchase of the vehicle till renewal of registration is leviable on motor cars from 1 April 1998 at prescribed rates.

In 28 Transport Offices* one time tax on 233 motor cars was realised for the period from April 1998 to September 1999 at incorrect rates. This resulted in short realisation of vehicle tax of Rs 11.66 lakh.

The matter was pointed out to the department between April and December 2000. They stated (between January and July 2001) that Rs 2.95 lakh had since been collected.

The material was forwarded (May 2001) to Government followed by reminder on 20 July 2001. However, their reply has not been received (October 2001).

6.5. Short/non-levy of additional tax

Under the Kerala Motor Vehicles Taxation Act, 1976, failure to pay tax within the period prescribed by Government attracts additional tax at the prescribed rates, depending on the period of delay. From 6 April 1999, in respect of vehicles such as motor cycles, three wheelers, motor cars, etc., for which tax is realised for one year or more, additional tax at the rate specified, is leviable on the amount of tax due for one year or part thereof, whereas on motor vehicles for which tax is realised for a quarter, it is leviable on the tax due for a quarter.

* Regional Transport Offices, Alappuzha, Kannur, Kollam, Kottayam, Kozhikode, Malappuram, Pathanamthitta, Palakkad, Wayanad and Sub Regional Transport Offices Adoor, Alathur, Changanacherry, Kanjirappally, Karunagappally, Kayamkulam, Koduvally, Mallappally, Mannarkkad, Neyyattinkara, Ottappalam, Pattambi, Perinthalmanna, Ponnani, Thalassery, Thaliparamba, Tirur, Thiruvalla and Vaikom.

In 13 Registering Offices[#], additional tax for delayed payment of tax was either not levied or levied at a reduced rate on 2,511 vehicles during the period between April 1998 to April 2000. These resulted in short/non-levy of additional tax of Rs 5.49 lakh.

The cases were pointed out to the department between April and November 2000 and reported to Government in January and May 2001. They stated (May and June 2001) that Rs 0.18 lakh had since been realised in 120 cases. Further report has not been received (October 2001).

6.6. Short levy of tax due to incorrect fixation of passenger capacity

Under the Kerala Motor Vehicles Taxation Act, 1976, two seats for the driver and conductor are excluded from overall seating capacity of stage carriages but the seat of the driver only is excluded for other classes of vehicles.

In Regional Transport Office, Thiruvananthapuram, while levying (March 1994 and March 2000) tax on 22 contract carriages, 2 seats were excluded from the overall seating capacity instead of one seat for computation of passenger capacity. This resulted in short levy of vehicle tax of Rs 3.63 lakh.

The matter was pointed out to the department in May 2000. No reply was received from them (October 2001).

The matter was reported (January 2001) to Government followed by reminder on 20 July 2001. However, their reply has not been received (October 2001).

6.7. Short/non-levy of tax

Under the Kerala Motor Vehicles Taxation Act, 1976, when any motor vehicle in respect of which tax has been paid is used in such a manner as to cause the vehicle to become a vehicle in respect of which a higher rate of tax is payable, an additional tax equal to the difference between the tax already paid and the higher

[#] Regional Transport Offices, Kollam, Kottayam, Malappuram, Pathanamthitta, Thiruvananthapuram (NS), Thrissur and Wayanad and Sub Regional Transport Offices, Adoor, Alathur, Koduvally, Pala, Vaikom and Tirur.

rate due consequent to such use is chargeable. It was judicially held[#] that such additional tax is due for the whole quarter even if the vehicle was used only for a portion of the quarter.

In 9 Transport offices* in 31 cases detected between March 1997 and April 2000 by the department, involving unauthorised use of vehicles as those attracting higher rates of tax, additional tax was not realised for 28 vehicles and for three vehicles such tax was realised only for a portion of a quarter. These resulted in short levy of tax of Rs 2.41 lakh.

This was pointed out in audit to the department (between April and August 2000) and reported to Government in February 2001. Government stated (May and June 2001) that Rs 0.60 lakh had since been collected in 4 cases. Further report has not been received (October 2001).

6.8. Short levy of compounding fee

Under the Motor Vehicles Act, 1988, whoever drives a motor vehicle, or causes or allows a motor vehicle to be driven, with weight exceeding the permissible limit shall be punishable with a minimum fine of Rs 2,000 and an additional amount of Rs 1,000 per tonne of the excess load.

In 10[♦] Transport Offices, in 196 cases, the offences of excess loading were compounded (between April 1998 and March 2000) for amounts less than the minimum fixed in the Act. This resulted in short levy of compounding fee of Rs 2.02 lakh.

This was pointed out to the department between April 1999 and November 2000 and reported to Government in January 2001. Government stated (May and June 2001) that Rs 0.16 lakh had since been collected in 16 cases. Further report has not been received (October 2001).

[#] Chandramathy Vs State of Kerala 1997 (1) KLT 930

* Regional Transport Offices, Alappuzha, Ernakulam, Idukki, Kannur, Pathanamthitta and Wayanad and Sub Regional Transport Offices, Adoor, Mallappally and North Paravur.

♦ Regional Transport Offices, Kottayam, Malappuram, Palakkad, Thiruvananthapuram and Wayanad, Sub Regional Transport Offices, Attingal, Kanhangad, Kodungalloor and Vaikom and Office of the Deputy Transport Commissioner (South Zone), Thiruvananthapuram.

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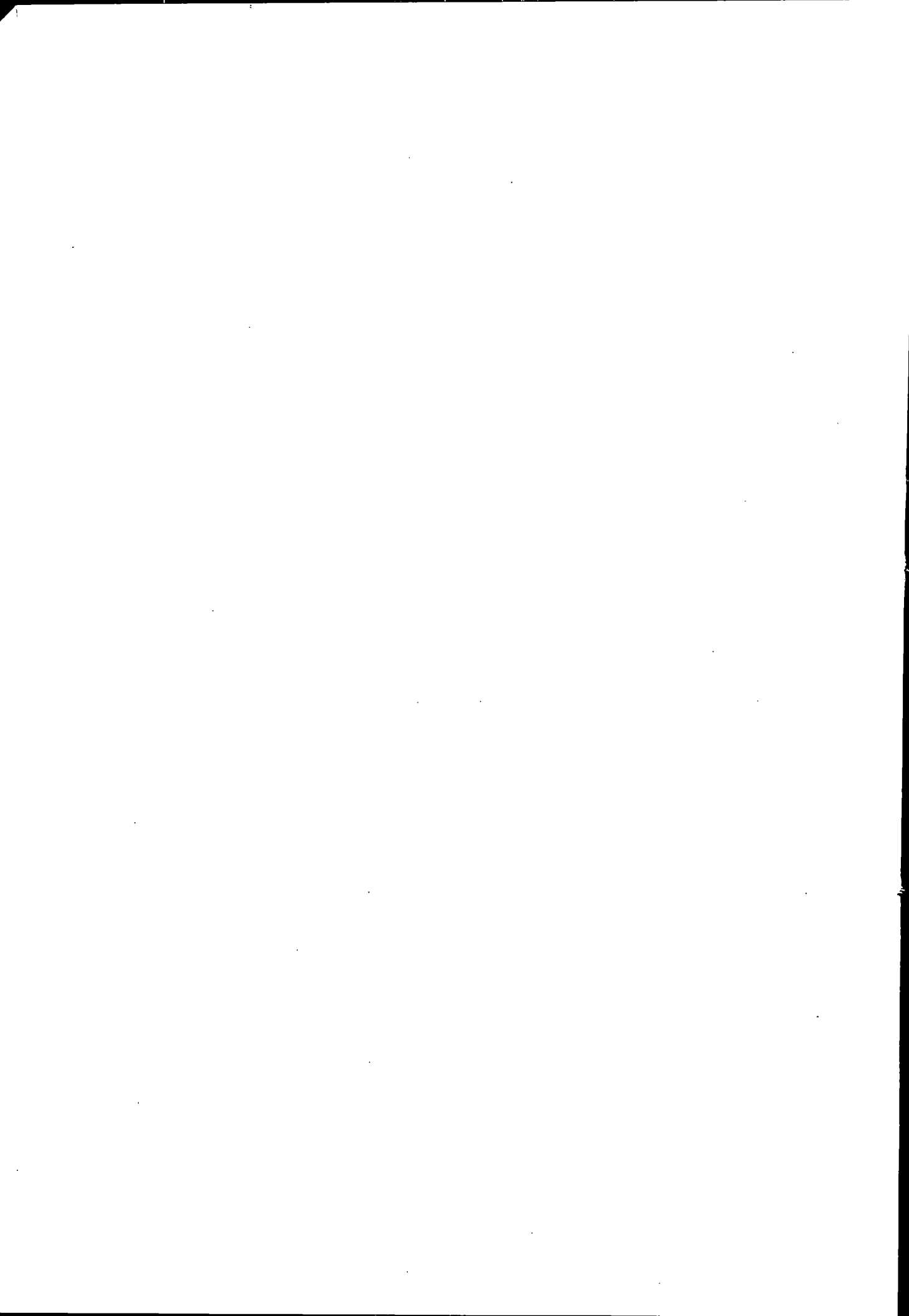
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CHAPTER 7

OTHER TAX RECEIPTS

7.1. Results of audit

Test check of the records of the Offices of the Chief Electrical Inspector, Registration Department and a review on luxury tax conducted in audit during the year 2000-01 revealed underassessments, short collection/loss of revenue, etc., amounting to Rs 7264.78 lakh in 81 cases which may broadly be categorised as under.

Sl. No.	Category	Number of cases	Amount (In lakh of rupees)
A. Luxury Tax			
	Review	1	196.61
B. Taxes and Duties on Electricity			
1	Short levy of electricity duty	2	2158.14
2	Non-levy of interest on electricity duty	1	3351.81
3	Non-levy of interest on surcharge	1	1390.06
4	Short demand of surcharge	1	7.54
5	Other lapses	3	138.92
	Total	8	7046.47
C. Stamps and Registration Fee			
1	Undervaluation of documents	17	11.85
2	Incorrect exemption	36	7.21
3	Other lapses	19	2.64
	Total	72	21.70
	Grand total	81	7264.78

During the course of the year 2000-01, the departments concerned accepted underassessments, etc., of Rs 15.71 lakh involved in 36 cases pointed out prior to 2000-01 and recovered Rs 14.96 lakh in 33 cases. A few illustrative cases involving Rs 1968.03 lakh and results of a review on "Assessment and collection of luxury tax" involving Rs 196.61 lakh are given in the following paragraphs.

A. Luxury Tax

7.2. Assessment and collection of luxury tax

Highlights

- Registration/renewal fee and penalty of Rs 5.13 lakh could not be collected from 44 hotels due to non-registration.

[Paragraph 7.2.7(a)]

- Short/non-payment of registration/renewal fee by 32 hotels on the rolls of the department amounted to Rs 2.65 lakh for which penalty leviable was Rs 5.30 lakh.

[Paragraph 7.2.7(b)]

- Incorrect assessment in 11 cases resulted in short levy of tax of Rs 43.43 lakh.

(Paragraph 7.2.8)

- Incorrect payment of tax at compounded rate resulted in short levy of tax of Rs 16.15 lakh in 3 offices.

(Paragraph 7.2.9)

- Penalty of Rs 87.70 lakh was not levied for belated filing of returns by assesseees.

(Paragraph 7.2.10)

7.2.1. Introduction

The Kerala Tax on Luxuries Act, 1976 (Act) and the Rules made thereunder provide for levy and collection of tax at the prescribed rates on luxuries provided in a hotel viz., accommodation for residence and other amenities and services provided (exclusive of charges for food, drink and telephone calls). The tax is payable by the person residing in a hotel where the rate for charges for such luxury was not less than Rs 40 up to 31 March 1997 and Rs 75 thereafter.

7.2.2. Organisational set up

The Act is administered by the Department of Commercial Taxes headed by the Commissioner of Commercial Taxes. He is assisted by 13 Deputy Commissioners of Commercial Taxes. Up to April 1998 Sales Tax Officers at taluk level were the assessing officers and thereafter assessment work of luxury tax has been entrusted to 13 Sales Tax Officers in the State attached to the Deputy Commissioner's Offices.

7.2.3. Scope of Audit

With a view to ascertaining the adequacy and effectiveness of the system of assessment and collection of luxury tax and maintenance of related records, a review of the records for the period from 1995-96 to 1999-2000 was conducted from May to November 2000. Records of the Commissionerate of Commercial Taxes and all the 13 assessing offices* were test checked.

7.2.4. Budget estimates and actuals

Budget estimates and actual receipts under luxury tax during the period from 1995-96 to 1999-2000 were as under.

Year	Budget estimates	Actuals	Variation Increase(+) Shortfall (-)	Percentage of variation
	(in crore of rupees)			
1995-96	6.02	5.55	(-) 0.47	(-) 7.81
1996-97	4.72	9.23	(+) 4.51	(+) 95.55
1997-98	6.33	12.64	(+) 6.31	(+) 99.68
1998-99	13.39	13.75	(+) 0.36	(+) 2.69
1999-2000	21.44	15.83	(-) 5.61	(-) 26.17

The estimates for 1996-97 and 1997-98 were not realistic, as the actual collection exceeded by over 95 per cent. For the year 1999-2000, collection of tax fell short by 26 per cent.

7.2.5. Pending assessments

Under the Act, on receipt of a return, if the assessing authority is satisfied that the return is correct and complete, it shall assess the proprietor on the basis thereof. In the case of non-filing of return/filing of incorrect or incomplete return, the assessing authority shall, after making such enquiry as it may consider necessary, assess the proprietor to the best of its judgement. No time limit has been prescribed in the Act for finalisation of assessment. Prompt finalisation of assessments and early realisation of tax thereon are absolutely essential for the working of the Government.

A. As per the information furnished by the Commissioner of Commercial Taxes the number of assessments pending from 1995-96 to 1999-2000 was very high as shown below.

* Alappuzha, Ernakulam, Idukki, Kannur, Kollam, Kottayam, Kozhikode, Malappuram, Mattancherry, Palakkad, Pathanamthitta, Thiruvananthapuram and Thrissur.

Year	Opening balance	Addition during the year	Number of		Closing balance	Percentage of	
			Total assessments to be completed	Assessments completed		Assessments completed	Pendency
1995-96	28,284	2,139	30,423	3,633	26,790	11.94	88.06
1996-97	11,742	3,111	14,853	2,966	11,887	19.97	80.03
1997-98	6,235	1,191	7,426	2,318	5,108	31.21	68.79
1998-99	6,870	806	7,676	2,234	5,442	29.10	70.90
1999-2000	2,726	992	3,718	1,002	2,716	26.95	73.05

The number of assessments shown as arrears at the beginning of each year did not agree with the balance at the end of the previous year. The above statistics available with the department are not correct and dependable. The department has not furnished any reply to the huge difference in opening and closing balances.

The department could finalise between 11.94 and 31.21 *per cent* of the total assessments due for completion every year. The percentage of short fall in completion of assessments varied from 68.79 *per cent* to 88.06 *per cent*.

B. Test check of records of five offices of the Deputy Commissioner disclosed a poor performance during 1998-99 and 1999-2000 in the completion of assessments as shown below.

Name of Office	Year	Number of assessments		Percentage of completion
		pending	completed	
Mattancherry	1998-99	236	9	3.81
	1999-2000	374	57	15.24
Ernakulam	1998-99	248	11	4.44
	1999-2000	361	7	1.94
Kottayam	1998-99	160	Nil	0
	1999-2000	347	9	2.59
Kollam	1998-99	358	11	3.07
	1999-2000	423	nil	0
Thiruvananthapuram	1998-99	856	277	32.36
	1999-2000	808	147	18.24

Lack of provision in the Act prescribing a time limit for completion of assessments, lack of specific orders/norms from the Government/department and non-fixation of targets for each assessing officer for completion of assessment were the main reasons for shortfall in assessment.

7.2.6. Arrears of revenue

During the course of review it was observed that the Commissioner of Commercial Taxes is not monitoring the position of arrears every year. On being called for (July 2000) the Commissioner of Commercial Taxes has failed to furnish the position of arrear (August 2001). However, from the information collected from 13 field offices it was noticed that as on 31 March 2000 no arrear was outstanding in 5 offices and Rs 36.25 lakh as shown below was outstanding in 8 offices.

Name of Office	Amount (In lakh of rupees)
Thiruvananthapuram	27.95
Ernakulam	6.07
Alappuzha	1.35
Kannur	0.35
Palakkad	0.21
Thrissur	0.16
Idukki	0.13
Pathanamthitta	0.03
	36.25

It would be seen that out of Rs 36.25 lakh an arrear of Rs 27.95 lakh relates to Thiruvananthapuram office which is 77 per cent of the arrears.

Stages of action taken to clear the arrears called for (October and November 2000) have not been furnished (October 2001).

7.2.7. Short/non-realisation of registration/renewal fee

Under the Act, from 1 April 1994, every proprietor of a hotel having not less than five rooms to be rented out for accommodation for residence shall get his hotel registered and the registration renewed annually on payment of fee at prescribed rates. For failure to do so, penalty not exceeding twice the amount of luxury tax or an amount not exceeding five thousand rupees in other cases is leviable.

a) A cross verification in audit of the list of hotels registered with the Tourism Department of the State with the Commercial Taxes Department revealed that proprietors of 44 hotels, did not get their hotels registered under the Act. This resulted in non-realisation of registration/renewal fee of Rs 1.71 lakh and penalty of Rs 3.42 lakh for the period from 1994-95 to 1999-2000.

b) Audit scrutiny revealed that in the case of 32 hotels which were already registered with the department, prior to 1 April 1994 the owners of hotels either did not pay or paid short the registration/renewal fee of Rs 2.65 lakh for the period from 1994-95 to 1999-2000 for which penalty amounting to Rs 5.30 lakh was also leviable.

7.2.8. Short levy due to incorrect assessment

a) In Sales Tax Office, Kozhikode, M/s Taj Residency did not file the monthly returns for 1999-2000 in the prescribed form. As verified and recorded by the Sales Tax Officer, the room rent in the hotel was Rs 1,875 per person per day. The monthly abstract of transactions filed by the assessee showed that 22,428 persons were accommodated during 1999-2000. Hence, the total charges of accommodation collected and luxury tax leviable worked out to Rs 420.53 lakh

and Rs 63.07 lakh respectively. However, while finalising (October 2000) the assessment, the charges for accommodation was reckoned as Rs 272.70 lakh and luxury tax of Rs 40.90 lakh levied. This resulted in short levy of luxury tax of Rs 22.17 lakh.

On this being pointed out (November 2000) in audit, the assessing authority stated that the case would be examined. Further report has not been received (October 2001).

b) Audit scrutiny revealed that the assessing officers while finalising the assessments (between May 1997 and March 2000) for the period from 1991-92 to 1998-99 did not account for certain items for levy of luxury tax which resulted in short levy of tax amounting to Rs 21.26 lakh in ten cases. A few examples by way of illustration are as under.

Sl. No.	Name of Office	Name of assessee	Period	Date of assessment	Short levy (In lakh of rupees)	Reason
1	Kottayam	M/s Coconut Lagoon	1995-96 and 1996-97	2 April 1998	13.87	Charges collected for amenities and other services provided not reckoned for assessment.
2	Idukki	M/s Stonage Tourist Home	1993-94 to 1997-98	29 June 1999	2.32	Charges for amenities and other services provided not reckoned.
3	Idukki	M/s Royal Retreat	1998-99	27 March 2000	1.17	Vast difference in rate of charges per person per day conceded in the return and the rate adopted for assessment.
4	Kozhikode	M/s Taj Residency	1997-98	24 September 1999	1.70	Charges for amenities and other services not reckoned.

7.2.9. Incorrect payment of tax at compounded rate

Under the Act, any proprietor of a hotel other than a star hotel or a hotel having not less than 25 rooms or a hotel having not less than five rooms for which the rate of charge per room per day is not less than Rs 400, may instead of paying tax based on the rate of charges for accommodation for residence and other amenities and services, opt for payment of tax at compounded rates, as prescribed depending on the location of the hotels.

In three offices (Kollam, Mattanchery and Thrissur) it was noticed that 6 assesseees paid tax at compounded rate although they were not eligible for payment of tax at compounded rate as either they had 25 or more rooms or they were charging the room rent at the rate of Rs 400 and above. Incorrect payment of tax at compounded rate resulted in short levy of tax of Rs 16.15 lakh as indicated below.

Name of office	Name of assessee	Period	Short levy (In lakh of rupees)	Reason
Kollam	M/s Hotel Sudarsan	1994-95 to 1997-98	6.54	Has 28 rooms.
Kollam	M/s Hotel Excellency	1998-99 1999-2000	1.87	Has 10 air conditioned rooms, the rent per day for which was Rs 500 each.
Thrissur	Arunoyadayam Tourist Home	1994-95 to 1999-2000	3.54	Has 40 rooms.
Thrissur	Bini Tourist Home	1995-96 to 1998-99	0.92	Has 25 rooms.
Thrissur	Pathan's Lodgings	1994-95 to 1997-98	0.60	Has 28 rooms.
Mattanchery	Fort Heritage (P) Ltd.	1997-98 to 1998-99	2.68	Has 10 rooms, the rent for which was above Rs 400 per day.
Total			16.15	

7.2.10. Non-levy of penalty for belated filing of monthly returns along with tax due

Under the Act and the Rules made thereunder, every proprietor of a hotel liable to pay luxury tax shall submit monthly return to the assessing authority on or before 10th day of every month showing the transactions relating to the preceding month together with a receipt of treasury chalan, crossed cheque or crossed demand draft in favour of the assessing authority for the amount of tax due. For failure to submit the return, penalty not exceeding twice the amount of luxury tax sought to be evaded or an amount not exceeding five thousand rupees in any other case is leviable.

A. Audit scrutiny revealed that 14 assesseees in five[#] offices failed to submit 286 monthly returns during the period from 1995-96 to 1999-2000, for which the assessing authority failed to levy penalty amounting to Rs 14.30 lakh.

B. If the tax due is not paid within the prescribed date, penalty equal to a sum not exceeding the amount of tax payable is to be levied. Test check of records of 8* offices revealed that 246 assesseees failed to file the monthly returns on due dates along with the tax due. The delay ranged between 3 to 256 days on which the assessing authority failed to levy the penalty amounting to Rs 73.40 lakh.

7.2.11. Systems defects

a) Records not transferred

Consequent on district wise centralisation of assessment of luxury tax with effect from April 1998, all the assessment records were to be transferred to the Deputy

[#] Ernakulam, Idukki, Kottayam, Mattancherry and Thiruvananthapuram.

* Ernakulam, Idukki, Kannur, Kottayam, Kozhikode, Palakkad, Thiruvananthapuram and Thrissur.

Commissioner's office. A cross-verification of records to be transferred with those actually transferred revealed that assessment records of 20 assesseees in 3 offices (15 in Thrissur, 4 in Ernakulam and 1 in Alappuzha) were not transferred to the Deputy Commissioner's office. Lack of co-ordination between these offices resulted in the assesseees remaining out of the tax net during the period 1994-95 to 1999-2000. Tax liability involved in these cases could not be ascertained for want of details.

b) Defective maintenance of assessment records

The statute does not prescribe maintenance of any assessment records, such as registration register, assessment register, cheque register, collection register. No specific instructions in this regard were also issued by the Government/department. To an audit enquiry, it was stated that registers identical to those for sales tax were being maintained for luxury tax. The following defects were noticed in the registers maintained.

i) Registration Register

All the proprietors of hotels are required to be registered with the department. Prompt payment of registration/renewal fee is watched through this register. Entries in the registration register maintained in 12 offices* were incomplete with the result that the correctness of registration/renewal fee whether paid or not during 1998-99 and 1999-2000 by 686 assesseees could not be ascertained.

ii) Assessment Register

Details of monthly returns filed by proprietors of hotels are entered in this register in order to watch prompt payment of tax due, particulars of assessments made, tax demanded, collected and balance due. Though assessment register was maintained, the entries therein were incomplete, thus defeating the very purpose of maintaining such register.

7.2.12. Non-maintenance of DCB Register

Statistics on demand, collection and balance of tax for any period were not readily available due to improper maintenance of Demand, Collection and Balance Register. Instructions were issued in November 2000 to maintain an updated Demand, Collection and Balance Register from April 2000.

* Alappuzha, Ernakulam, Idukki, Kannur, Kollam, Kottayam, Kozhikode, Malappuram, Mattancherry, Palakkad, Thiruvananthapuram and Thrissur.

7.2.13. Reconciliation of remittances

Collection of tax through remittances made by the assesseees in treasuries or banks and accounted for by them are required to be reconciled by the offices as stipulated in the Kerala Financial Code, Volume I. However, reconciliation of remittances, as stipulated, was not conducted in any of the offices audited.

7.2.14. Conclusion

The Kerala Tax on Luxuries Act, 1976 did not prescribe any time limit for completion of assessment, resulting in mounting up of arrears in assessment. Unlike the provisions in the Kerala General Sales Tax Act, 1963, the Luxury Tax Act does not contain any provision for assessment of charges for accommodation and other amenities, etc., that have escaped assessment and for rectification of any error in assessment apparent on the face of records. No provision for levy of interest existed in the Act for non/belated payment of tax due.

The above points were reported to the Government in February 2001; their reply has not been received (October 2001).

B. Taxes and Duties on Electricity

7.3. Short assessment of electricity duty

Under the Kerala Electricity Duty Act, 1963, Kerala State Electricity Board as a licensee has to remit the electricity duty collected from consumers into Government account before the expiry of the succeeding month after retaining one per cent of the collection as collection charge.

Test check of the records in the Office of the Chief Electrical Inspector revealed (February and May 2001) that duty assessed as due from the Kerala State Electricity Board for 1997-98 was Rs 60.25 crore against duty of Rs 78.84 crore actually due on the basis of figures shown in the annual accounts of the Board for that year on consumption of energy by high tension* and extra high tension consumers and energy charges realised from others. The demand stands uncollected even now (August 2001). This resulted in short assessment of duty by Rs 18.59 crore.

On this being pointed out (February and May 2001) in audit, the department stated (May 2001) that the case would be examined. Further report has not been received (October 2001).

The material was developed into a draft audit paragraph for consideration of Government and the same was forwarded (March 2001) to the Government followed by reminder on 20 July 2001. However, in spite of such efforts, no reply was received (October 2001).

7.4. Non-demand of interest on surcharge

Under the Kerala Electricity Surcharge (Levy and Collection) Rules, 1992, surcharge on high tension and extra high tension supplies of energy collected by the Kerala State Electricity Board in a quarter is to be remitted into Government treasury on fifteenth day of the month following each quarter. If it is not remitted within the due date, interest at the rate of one per cent per month till the date of payment is leviable.

Test check of the records in the Office of the Chief Electrical Inspector, Thiruvananthapuram, revealed (February 2001) that interest had not been demanded for non-remittance of surcharge of Rs 6.69 crore collected by the

* Energy supplied at 11 KV and above

Kerala State Electricity Board during 1999-2000. This resulted in non-demand of interest of Rs 100.20 lakh up to February 2001.

On this being pointed out (February 2001) in audit, the department stated (February 2001) that action was being taken to demand interest. Further report has not been received (October 2001).

The material was developed into a draft audit paragraph for consideration of Government and the same was forwarded (March 2001) to the Government followed by reminder on 20 July 2001. However, inspite of such efforts, no reply was received from the Secretary (October 2001).

C. *Stamps and Registration Fee*

7.5. Short levy of stamp duty and registration fee

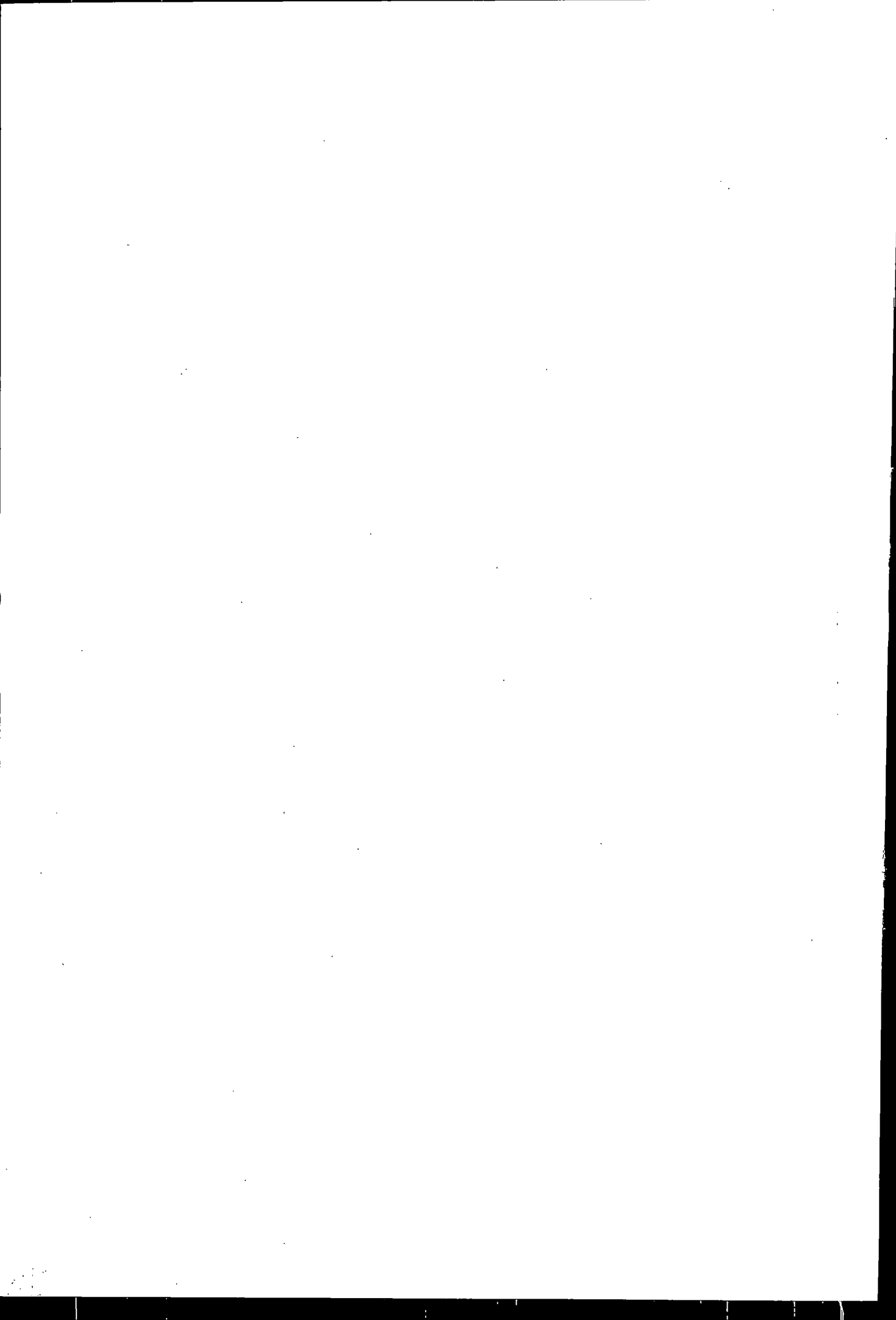
Section 45 B of the Kerala Stamp Act, 1959, provides that where the registering officer has reason to believe that the value of the property or the consideration has not been fully and truly set forth in the document, he may, after registering such document refer the same to the Collector for determination of the value or consideration and the duty payable thereon. The collector may, *suo motu*, within two years from the date of registration of any instrument not already referred to him, call for and examine the instrument and determine its consideration and the duty payable thereon.

In Sub Registry Office, Malayinkeezhu, four documents were registered (June 1999) by a person for sale of 6.24 acres of land to another person for a total consideration of Rs 20 lakh. Out of this land, the purchaser sold (July 1999) 5 acres of land to another person through four documents for a total consideration of Rs 75 lakh. As such there was undervaluation of property amounting to Rs 73.60 lakh during June 1999. This resulted in short levy of stamp duty and registration fee of Rs 8.83 lakh.

On this being pointed out (January 2001) in audit, the department raised additional demand of Rs 9.28 lakh in the four documents registered in June 1999.

Government to whom the case was reported in February 2001 confirmed (July 2001) the facts. Further report has not been received (October 2001).





CHAPTER 8 NON-TAX RECEIPTS

A. Forest Receipts

8.1. Results of audit

Test check of the records of Offices of the Forest Department conducted in audit during 2000-01 revealed non-levy/short realisation of revenue amounting to Rs 2862.39 lakh in 45 cases which may broadly be categorised as under.

Sl. No.	Category	Number of cases	Amount (In lakh of rupees)
1	Short/non-demand of lease rent on forest lands	21	2157.19
2	Loss in auction/re-auction, disposal of forest produce, short/non-realisation of penalty and other charges	4	11.21
3	Short/non-realisation of value of forest produces	4	8.53
4	Other lapses	16	685.46
	Total	45	2862.39

During 2000-01, the department accepted underassessments of Rs 570.16 lakh involved in 31 cases of which 22 cases involving Rs 566.94 lakh were pointed out in audit during 2000-01 and the rest in earlier years. A few illustrative cases involving Rs 20.53 lakh are given in the following paragraphs.

8.2. Non-realisation of re-auction loss

According to the terms and conditions for auction sale of timber, firewood, etc., by Forest Department, the successful bidder in auction should remit the bid amount and remove the items within the specified time. In the event of breach of any of the conditions by the successful bidder, the items would be re-auctioned and the bidder shall make good to Government any loss due to re-auction and the expenditure incurred for such re-auction.

Test check of records in Kottayam, Malayattoor, Nenmara and Vazhachal Forest Divisions revealed (between May and November 1999) that losses sustained by

Government in re-auction of timber conducted between June 1998 and May 1999 were not demanded from original bidders in 10 cases. This resulted in non-realisation of loss of Rs 14.48 lakh.

On this being pointed out (between May and November 1999) in audit, the department stated (between November 1999 and November 2000) that demand had since been raised in 8 cases of Nenmara, Malayattoor and Vazhachal Divisions. Further report has not been received (October 2001).

The material was forwarded (May 2001) to the Government followed by reminder on 20 July 2001. However, their reply has not been received (October 2001).

8.3. Non-realisation of additional price

Under the Kerala Forest Produce (Fixation of Selling Price) Act, 1978, any industrial establishment which purchases bamboos, reeds or eucalyptus from the Government as raw materials in pursuance of a contract, shall pay in addition to the price for such raw materials an additional price at the rate of Rs 25 per tonne.

In 4* Divisional Forest Offices, additional price was not realised on 9,435 tonnes of raw material extracted (between January 1998 and March 2000) from the forests by an industrial establishment. This resulted in non-realisation of Rs 2.52 lakh towards additional price and taxes thereon.

On this being pointed out (May 1999 and January 2000) in audit, the department stated (between May and October 2000) that additional price of Rs 2.52 lakh had been realised from the company between December 1999 and August 2000.

The material was forwarded (May 2001) to the Government followed by reminder on 20 July 2001. However, their reply has not been received (October 2001).

* Kottayam, Malayattoor, Munnar and Vazhachal.

B. Other Non-Tax Receipts

8.4. Non-realisation of land value

Government in January 1988 sanctioned transfer of 28 cents of Government land in Koyilandi Taluk to Koyilandi Panchayat at Rs 8,470 per cent for expansion of the panchayat bus stand subject to the condition that the land would be resumed by the Government without payment of compensation in case the panchayat failed to abide by all or any of the conditions specified.

It was noticed (April 1999) in audit, that though panchayat had not paid the land value of Rs 2.37 lakh for the land transferred in January 1998, no action was taken either to realise the land value or to resume the land to Government. This resulted in non-realisation of land value of Rs 2.37 lakh besides interest thereon.

On this being pointed out (April 1999) in audit, the department stated (January 2001) that a requisition for recovery of Rs 5.90 lakh towards land value and interest thereon had been submitted (June 2000) to the District Collector, Kozhikode. Further report has not been received (October 2001).

The material was forwarded (May 2001) to the Government followed by reminder on 20 July 2001. However, their reply has not been received (October 2001).

8.5. Short levy of royalty

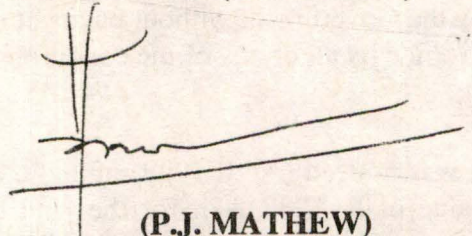
Under the Kerala Minor Mineral Concession Rules, 1967, royalty at the rates specified is payable for removal of minor minerals. Whenever any person raises without any lawful authority any mineral from any land, the mineral so raised or, where such mineral has already been disposed of, the price thereof and rent, royalty or tax have to be recovered from him. The rates of royalty were revised with effect from 1 April 1997.

In Mananthavady, on 14 cases of unauthorised quarrying of minor minerals (clay and building stone) detected between June 1997 and February 1998, royalty was realised at the pre-revised rates. This resulted in short collection of royalty of Rs 1.16 lakh.

On this being pointed out (June 1999) in audit, the department stated (December 2000) that revised proceedings for remitting royalty had been issued in all cases, that nine cases have been stayed by the Assistant Collector, instalment facility has been granted in one case and that revenue recovery steps had been taken in four cases. Further report has not been received (October 2001).

The material was forwarded (May 2001) to the Government followed by reminder on 20 July 2001. However, their reply has not been received (October 2001).

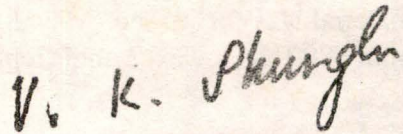
Thiruvananthapuram,
The



(P.J. MATHEW)
Accountant General (Audit), Kerala

23 JAN 2002

Countersigned



New Delhi,
The

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

11 FEB 2002

Appendix

(Reference: Paragraph 1.10)

Year wise analysis

Year of Audit Report	Date of presentation to the Legislature	Due date for ATN	Delay in terms of month up to September 2001	Number of paragraph for which ATN not furnished
1985-86	30.3.1987	30.6.1987	171	27
1986-87	25.3.1988	24.6.1988	159	17
1987-88	13.6.1989	12.9.1989	144	6
1988-89	19.3.1990	18.6.1990	135	16
1989-90	26.7.1991	25.10.1991	119	12
1990-91	28.7.1992	27.10.1992	107	4
1993-94	25.4.1995	24.8.1995	73	5
1994-95	4.3.1996	3.6.1996	63	6
1995-96	11.3.1997	10.6.1997	52	14
1996-97	23.4.1998	22.7.1998	39	4
1997-98	19.2.1999	18.5.1999	29	19
1998-99	21.2.2000	21.5.2000	17	35
Total				165

Department wise and age wise analysis

Period of delay	Commercial Tax		Excise	Motor Vehicles	Registration	Land Revenue	Forest	Others	Total
	Sales Tax	Agricultural Income Tax							
Between 12 months and 23 months	10	9	3	7	1	-	2	3	35
Between 24 months and 59 months	1	3	7	6	-	-	9	17	43
Between 60 months and 119 months	7	5	2	-	2	2	1	2	21
Above 119 months	12	25	5	1	-	2	8	13	66
Total	30	42	17	14	3	4	20	35	165

983