

## CHAPTER-III : OTHER TAX RECEIPTS

### 3.1 Results of audit

Test check of records in the offices dealing with the following revenue receipts during the year 2008-09 revealed, non/short realisation of revenue amounting to Rs. 16.47 crore in 162 cases as shown below:

(Rupees in crore)			
Sl. No.	Category	Number of cases	Amount
1.	Land Revenue	57	12.51
2.	Taxes on Motor Vehicle	27	2.18
3.	State Excise	17	1.21
4.	Agricultural Income Tax	5	0.17
5.	Stamp duty and Registration fee	44	0.17
6.	Professional tax	11	0.17
7.	Specified land	1	0.06
Total		162	16.47

During the course of the year 2008-09, the department accepted one case involving Rs. 3.42 lakh.

A few illustrative audit observations involving Rs. 46.86 lakh are mentioned in the following paragraphs.

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### **3.2 Audit observations**

*Scrutiny of records of Transport, State Excise, Registration and Stamps and Taxation Department revealed several cases of non-observance of provisions of Acts/Rules/departmental orders as mentioned in the succeeding paragraphs. These cases are illustrative and are based on a test check carried out in audit. Such omissions on the part of the departmental officers are pointed out in audit each year, but not only the irregularities persist; these remain undetected till an audit is conducted. There is need for the Government to improve the internal control system including strengthening of internal audit.*

## **A. TAXES ON MOTOR VEHICLES**

### **3.3 Non-observance of provisions of Act**

*As per the provisions of Assam Motor Vehicles Taxation (AMVT) Act, 1936, District Transport Officers (DTOs) are required to maintain a combined register to watch the recovery of tax. He is also required to review the register at periodic intervals and issue demand notices to defaulters.*

*Audit scrutiny revealed that the combined registers were not reviewed at periodic intervals by three DTOs due to which they were unaware of cases of non-payment of tax/non-assignment of new registration numbers as discussed in paragraphs 3.3.1 and 3.3.2.*

#### **3.3.1 Non-realisation of tax**

Under the AMVT Act as amended from time to time, taxes on motor vehicles are to be paid in advance on or before 15 April of each year or at the option in four equal instalments payable on or before 15 April, July, October and January respectively. Under Section 5A of AMVT Act inserted with effect from 9 May 2002, every owner of a motor vehicle who fails to pay the appropriate road tax in time shall be liable to pay a fine at a rate of Rs. 5 per day for every day of such delayed payment.

Test check of records of DTOs, Dhemaji and Tezpur between May and September 2007 revealed that in 186 cases, taxes on motor vehicle amounting to Rs. 11.51 lakh were not paid by the owners of the vehicles. Besides tax, fine of Rs. 3.47 lakh was also realisable for non-payment of dues within the stipulated time. Due to non-reviewing of the combined registers at periodic intervals, the DTOs remained unaware of such non-payment of tax. Consequently, demand notices for recovery of dues were not issued by the DTOs. This resulted in non-realisation of road tax of Rs. 14.98 lakh including fine.

The cases were reported to the Government/Department in August 2007 and February 2009; reply has not been received (September 2009).

### **3.3.2 Non-assignment of new registration marks**

Section 47 of the Motor Vehicles (MV) Act, 1988 stipulates that a motor vehicle registered in one State and kept in another State for a period exceeding 12 months, must be registered in the latter State. Rule 81 of the Central Motor Vehicle Rules, 1989 prescribes the rates of registration fee for different categories of motor vehicles. The Assam Motor Vehicle Rules, 2003 prescribe that if the owner of the vehicle of other States fails to apply for assignment of new registration mark under section 47 of the MV Act, he/she shall be liable to pay a fine of Rs. 100 for the first seven days after detection. If even after this period, the person does not apply for reassignment, the fine is raised to Rs. 300 for every succeeding seven days till the vehicle is assigned a new registration number.

Test check of combined register of DTO, Barpeta in April 2008 revealed that in nine cases, the owners of the vehicles had not applied for new registration numbers although the vehicles had been plying under the jurisdiction of the DTO for more than 12 months. Due to non-reviewing of the combined register at periodic intervals, the DTO remained unaware of such irregular plying of vehicles. Consequently no demand notices were issued to the vehicle owners for assignment of new registration marks. This resulted in non-realisation of reassignment fee of Rs. 5,000. Besides, fine of Rs. 6.60 lakh were leviable too.

The case was reported to the Government/Department in July 2008; replies have not been received (September 2009).

## **B. STATE EXCISE**

### **3.4 Non-realisation of establishment cost**

*Although three bottling plants did not pay establishment charges, no demand was raised by the department for recovery of dues of Rs. 9.49 lakh.*

Under Rule 6 of Assam Distillery Rules 1945, the Commissioner of Excise shall appoint such official as he thinks fit to the charge of a distillery. The distillery shall pay to the Government at the end of each calendar month, establishment charges which shall include pay as well as leave salary and pension contribution in respect of the excise official attached to the distillery.

Test check of records of Superintendents of Excise (SE), Diphu, Jorhat and Silchar between November 2006 and February 2008 revealed that though three bottling plants did not pay the establishment charges amounting to Rs. 9.49 lakh in respect of the officials appointed to the charge of the bottling plants for the period from April 2005 to January 2008, yet no demand was raised by the department to recover the dues from the licensees. This resulted in non-recovery of establishment charges of Rs. 9.49 lakh.

After this was pointed out, the Superintendent of Excise, Diphu stated (May 2008) that demand notices have been issued to the defaulter. Report on recovery in this case and replies in respect of the remaining cases have not been received (September 2009).

The case was reported to the Government/Department in April and June 2008; reply has not been received (September 2009).

## **C. STAMP DUTY AND REGISTRATION FEES**

### **3.5 Short levy of stamp duty**

*In 873 conveyance deeds, stamp duty of Rs. 13.52 lakh was levied instead of Rs. 17.96 lakh realisable resulting in short levy of stamp duty of Rs. 4.44 lakh.*

The Indian Stamp (Assam Amendment) Act, 2004 modified the rate of stamp duty which became effective from 18 September 2004 as mentioned below:

<b>Value of property</b>	<b>Stamp duty leviable</b>
Rs. 1,000 to Rs. 10,000	Rs. 60 per Rs. 1,000
Rs. 10,001 to Rs. 50,000	Rs. 65 per Rs. 1,000
Rs. 50,001 to Rs. 1,00,000	Rs. 80 per Rs. 1,000
For every Rs. 1,000 or part thereof in excess of Rs. 1,00,001	Rs. 12 per Rs. 1,000

Test check of records of five Sub-Registrars (SRs)<sup>1</sup> between March and May 2008 revealed that 873 conveyance deeds/sales deeds registered between 20 September 2004 and 29 December 2004 on which stamp duty of Rs. 17.96 lakh was realisable. It was, however, noticed that stamp duty of Rs. 13.52 lakh was levied and realised on these documents due to application of pre-revised rates. This resulted in short levy of stamp duty of Rs. 4.44 lakh.

After this was pointed out, three SRs<sup>2</sup> stated between May 2008 and March 2009 that short levy of stamp duty was due to late receipt of circular relating to revised rates. The replies were silent regarding action taken/to be taken to recover the balance duty. Replies of other two SRs have not been received (September 2009).

The cases were reported to the Government/Department in May and July 2008; replies have not been received (September 2009).

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<sup>1</sup> Biswanath Chariali, Bokakhat, Dhemaji, Lakhimpur (Cachar) and Patharkandi.

<sup>2</sup> Biswanath Chariali, Dhemaji and Lakhimpur (Cachar).

## **D. PROFESSIONAL TAX**

### **3.6 Non-realisation of professional tax**

*Owners of 160 commercial vehicles continued with their profession without any registration with the Taxation Department resulting in non-realisation of professional tax of Rs. 11.30 lakh.*

Under the Assam Professions, Trade, Callings and Employments Taxation Act 1947, every person who carries on a trade or a profession or calling or who is in employment within the State is liable to pay, for each financial year, tax at the prescribed rates. In case of non-payment of tax within the due date, the assessee shall be liable to pay assessed tax together with simple interest at the rate of two *per cent* of the amount due for each month or part thereof for the period for which the tax remain unpaid. The Commissioner of Taxes, Assam issued instructions (April 1995, July 1997 and July 1998) for conducting intensive survey to bring all potential tax payers within the tax net.

Cross verification of records of the Assistant Commissioner of Taxes, Dhubri and Silchar with those of the respective DTOs between April and December 2008 revealed that though the owners of 160 four wheelers holding commercial vehicle permits paid motor vehicle tax to the Transport Department during the year 2005-06 to 2007-08, they did not get enrolled with the Taxation Department and pay professional tax. Despite specific orders of the Commissioner of Taxes to conduct intensive survey to detect unregistered dealers, these cases remained undetected by the Taxation Department. This resulted in non-realisation of professional tax of Rs. 11.30 lakh including interest.

The cases were reported to the Government/Department in August 2007; reply have not been received (September 2009).