

Chapter-III
State Excise

CHAPTER-III State Excise

3.1 Tax administration

The Financial Commissioner Taxation and Principal Secretary to the Government of Punjab is overall in-charge of the Excise and Taxation Department. The administration of the Punjab Excise Act, 1914 is carried out by Additional Excise and Taxation Commissioner at Patiala and six Deputy Excise and Taxation Commissioners (DETCs) at Amritsar, Faridkot, Ferozepur, Jalandhar, Ludhiana and Patiala. Twenty four Assistant Excise and Taxation Commissioners (AETCs), assisted by Excise and Taxation Officers (ETOs) and other allied staff monitor the work at the district level.

3.2 Results of audit

Test check of the records of 27 units relating to State Excise receipts during 2014-15 showed irregularities involving ₹ 4.80 crore in 155 cases, which broadly fall under the following categories:

Table 3.1

(₹ in crore)			
Sl. No.	Categories	No. of cases	Amount
1.	Non/Short levy of License fee	138	3.45
2.	Non recovery of Excise arrears	02	0.78
3.	Other irregularities	15	0.57
	Total	155	4.80

In 2014-15, the Department accepted the observations in 18 cases and recovered an amount of ₹ 1.96 crore, out of which two cases of ₹ 1.81 lakh were pointed out in 2014-15 and rest in the earlier years.

An illustrative case involving ₹ 3.24 crore is discussed in the succeeding paragraph.

3.3 Loss of revenue due to short realisation of license fee

Separate licenses were issued for each category to hotels/restaurants/bar owners but the department charged fee for only one licence against the chargeable fee for all categories of licenses, resulting in short realisation of license fee of ₹3.24 crore in 238 cases.

Rule-I of Punjab Liquor License Rules, 1956 (PLLR) provides that various types of licenses shall be granted/renewed after receiving the fixed fee for these particular licenses. Further, Rule-38 of PLLR provides special

conditions under which L-3¹, L-4² and L-5³ licenses are granted. The licensee shall not set up or maintain on the licensed premises any bar without taking out a separate bar license. Punjab Government in Excise policy for the year 2013-14 notified (22 March 2013) fixed license fee for different categories of licenses granted to hotels/restaurants/bars depending upon star rating of hotels or the areas where these are located.

We noticed (January to March 2015) from the records of four AETCs⁴ offices that 238 licenses of L-3, L-4, L-4A⁵, L-5 and L-5A⁶ categories were granted/renewed to hotels/restaurants/bar owners for the period 2013-14. The departmental authorities charged fee as applicable to one license, whereas as per PLLR, the license fee for each category of license was required to be charged separately, which resulted in short realisation of Government revenue in terms of license fee to the tune of ₹ 3.24 crore.

AETC Ludhiana-I stated (August 2015) that license fee relating to L3, L4, L5 licenses etc. was being charged collectively as per Government notification dated 22 March 2013. No separate license fee was charged while granting license in L5, L5A category to the license holder of L4, L5 as supplementary license. Reply was not acceptable in the light of Rule-38 of PLLR under which the licensee was not allowed to set up or maintain on his licensed premises any bar without taking out a separate bar license. We, further, observed in Ludhiana division that the license in Form L-4 and L-5 was granted subject to the payment of license fee separately for each class of license at prescribed rates.

The matter was reported to the Government/Department (June 2015); their replies were not received (November 2015).

¹ The license is granted for retail vend of foreign liquor including beer, wine and ready to drink beverage in a hotel for 'on' consumption.

² The license is granted for retail vend of foreign liquor including beer, wine and ready to drink beverage in a restaurant for 'on' consumption.

³ This is supplementary license granted to the licensee of a restaurant to keep a bar for the retail vend of foreign liquor including beer, wine etc.

⁴ Amritsar-I, Amritsar-II, Ludhiana-I and Ludhiana-II.

⁵ The license is granted for the retail vend of beer, wine and ready to drink beverage only in a restaurant for 'on' consumption.

⁶ The license is granted for the retail vend of beer, wine and ready to drink beverages in a bar.