

## CHAPTER-III State Excise

### 3.1 Tax administration

The Financial Commissioner Taxation and Principal Secretary to the Government of Punjab is the overall in-charge of the Excise and Taxation Department. Administration of the Punjab Excise Act, 1914 is carried out by the 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 49 units relating to State Excise receipts during 2015-16 revealed irregularities involving ₹ 31.34 crore in 533 cases as detailed in **Table 3.1** below.

**Table 3.1: Results of audit**

| Sl. No. | Categories   | No. of cases | Amount (₹ in crore) |
|---------|--|--------------|---------------------|
| 1.      | Non/Short levy of License fee  | 456          | 17.37               |
| 2.      | Irregular retention of Import fee & Export fee out of Government account | 13           | 9.39                |
| 3.      | Other irregularities   | 64           | 4.58                |
|         | <b>Total</b>   | <b>533</b>   | <b>31.34</b>        |

In 2015-16, the Department accepted audit observations in 22 cases and recovered an amount of ₹ 8.05 lakh out of which two cases of ₹ 3.04 lakh were pointed out in 2015-16 and rest in earlier years.

An illustrative case involving ₹ 90 lakh is discussed in the succeeding paragraph.

### 3.3 Short realisation of license fee

***Contravention to Government notification relating to fixation of rates of license fee for liquor vends resulted in short realisation of license fee of ₹90 lakh.***

Rule 38 (1-A) of the Punjab Liquor License Rules, 1956, provides that a license in form L-1A may be granted for wholesale vend of Indian Made Foreign Liquor, Imported Foreign Liquor including BIO<sup>1</sup> brands, beer, wine and ready to drink beverages. Further, Rule 25(1) provides for annual fixed license fee for grant and renewal of licenses. Punjab Government vide

<sup>1</sup> Bottled In Origin.

notification (21 March 2014) notified different rates<sup>2</sup> of annual license fee in respect of issuing L-1A license.

Audit scrutiny of the records of the Assistant Excise and Taxation Commissioner (AETC), Jalandhar-II revealed that a licensee sold 11.17 lakh cases of beer and 148 cases of imported foreign liquor during the period of 2014-15. License fee of ₹ 12 lakh was realised for this period against ₹ 1.02 crore recoverable from the licensee resulting in short realisation of license fee of ₹ 90 lakh.

The Department stated (February 2016) that keeping in view the spirit of Excise Policy, sale of beer was not considered for calculating sale to arrive at the applicable slab of annual license fee. The reply was not tenable as sale of beer was not to be excluded while considering the sale in the light of Rule 38 (1A) *ibid*.

The matter was reported to the Government in February 2016; its reply was awaited (October 2016).

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2

| L-1A license                             | Rate of license fee during 2014-15 (₹ in lakh) | Imported foreign liquor including BIO brand | Rate of license fee during 2014-15 (₹ in lakh) |
|--|--|---|--|
| If sale is upto 50,000 cases             | 12.00  | Sale upto 1,000 cases                       | 2.00   |
| If sale is from 50,001 to 75,000 cases   | 18.00  |   |  |
| If sale is from 75,001 to 1,00,000 cases | 25.00  | 1,001 to 50,000 cases                       | 5.00   |
| If sale is from 1,00,001 cases and above | 100.00   |   |  |