

Chapter - VII

Other Tax and Non-Tax Receipts

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7.1 Tax administration

This paragraph related to receipts from Land Revenue, Entertainment and Luxury Tax, Marriage Registration, State Lotteries etc. The tax administration is governed by Acts and Rules framed separately for each Department.

7.2 Results of audit

There were 87 auditable units under Major Head 0029-Land Revenue, 16 units under Major Head 0045-Entertainment and Luxury Tax and one unit under Major Head 0075-State Lottery. Out of these, audit selected 78¹ units for test check during the year 2018-19. Test check of records in these units showed irregularities of ₹ 27.75 crore in 6,993 cases (15.17 per cent of receipt of the year of audit-2017-18) which fall under the following categories as depicted in Table 7.1 below:

Table 7.1: Results of audit

(₹ in crore)

Sl. No.	Categories	No. of cases	Amount
A: 0029-Land Revenue			
1.	Non/short recovery of <i>chowkidara</i> tax	41	2.29
2.	Other irregularities	4,515	15.09
TOTAL A		4,556	17.38
B: 0045-Entertainment and Luxury Tax			
1.	Non/short realisation of entertainment tax/duty	1,043	0.82
2.	Non levy of penalty due to late/non submission of return	1,134	0.22
3.	Other irregularities	253	9.04
TOTAL B		2,430	10.08
C: 0075-State Lottery			
1.	Irregular expenditure in printing of tickets	2	0.28
2.	Other irregularities	5	0.01
TOTAL C		7	0.29
TOTAL (A+B+C)		6,993	27.75

In 2018-19, the Department accepted and recovered of ₹ 29.79 lakh in 16 cases out of which ₹ 0.12 lakh in two cases was pointed out during 2018-19 and remaining in earlier years.

Irregularities relating to non/short collection of entertainment duty from cable operator were noticed in previous year. Similar irregularity involving ₹ 0.46 crore in 408 cases was again noticed in 2018-19 as detailed below:

¹ Land Revenue (61), Entertainment and Luxury (16), State Lottery (1).

7.3 Non/short realisation of Entertainment Duty from cable operators

Six ACSTs took no steps to recover entertainment duty from 408 cable operators, resulting in non-realisation of entertainment duty of ₹ 45.93 lakh.

Section 3 (3-B) of the Punjab Entertainment Duty Act, 1955 (PED Act) provides that in case of entertainment provided with the aid of antenna or cable television to a connection holder, the proprietor of such entertainment shall pay Entertainment Duty (ED) at the rate of ₹ 15,000 per annum at a time. Section 4 of Cable Television Network (Regulation) Act 1995 read with Rule 3 of Cable Television Network Rules, 1994 makes it incumbent upon all the cable operators to get themselves registered with the Head Post Master of the area in which office of the cable operator is situated. Further, Section 14 (1) of the PED Act provides that for the purpose of ensuring that the provisions of the Act or Rules made thereunder are being complied with, the prescribed officers of Excise and Taxation Department may enter into, inspect and search any place of entertainment at any reasonable time while the entertainment is proceeding.

Scrutiny of records of six² ACSTs relating to Entertainment Duty for the period ranging between 2015-16 and 2017-18 (up to 30 June 2017³) showed that the ACSTs had not maintained any list/database of cable operators for the purpose of levy and collection of the Entertainment Duty. Audit obtained a list of cable operators registered under Section 4 of Cable Television Network (Regulation) Act in General Post Offices of the concerned districts and noticed that 445 cable operators were registered with the General Post Office. However, only 37 of them pertaining to three⁴ districts had paid Entertainment Duty at the rate of ₹ 15,000 per annum. The remaining 408 cable operators did not pay the Entertainment Duty. The concerned ACSTs did not issue any demand notice to them and did not take steps to ascertain the actual number of cable operators to ensure that the tax due under the provisions of the Act is levied and collected. This resulted in non-realisation of Entertainment Duty of ₹ 45.93 lakh.

ACST Jalandhar-I replied (August 2018) that the cable operators were not liable to pay the Entertainment Duty as they did not provide entertainment with the aid of individual antenna but simply relayed the signal. The reply is not tenable because Section 3(3-B) provides that liability to pay the Entertainment Duty arises when entertainment is provided with the aid of antenna or cable television to a connection holder. The cable operators, even when they are not using individual antenna, are using cable network to provide

² Bathinda, Faridkot, Ferozepur, Jalandhar-I, Patiala and Shahid Bhagat Singh Nagar.

³ Entertainment tax was subsumed in Goods and Services Tax (GST) w.e.f. 01 July 2017.

⁴ Bathinda (18), Faridkot (16) and Jalandhar-I (3).


entertainment to a connection holder and thus are liable to pay the Entertainment Duty.

The matter was reported to the Government/Department in January 2020 and April 2020; their replies were awaited (December 2020).

The Government may direct the department to recover the non realised entertainment duty of ₹ 45.93 lakh from 408 registered cable operators referred to in this paragraph.


The cases pointed out in this Report are based on the test check conducted by Audit. The Department may initiate action to examine similar cases and take necessary corrective action.

Chandigarh
The 08 April 2021


(PUNAM PANDEY)
Principal Accountant General (Audit) Punjab

Countersigned

New Delhi
The 13 April 2021


(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India

