

CHAPTER – VI

OTHER TAX RECEIPTS

6.1 Results of Audit

Test check of records in various departmental offices relating to the following receipts conducted during 2003-04 revealed non/short recovery of receipts amounting to Rs.67.21 crore in 157 cases as detailed below:

(Rupees in crore)

Sl. No.	Category	No. of cases	Amount
1	Entertainments tax	94	56.80
2	Electricity duty	15	9.53
3	Luxury tax	28	0.88
4	Profession tax	20	0.002
	Total	157	67.21

During the year 2003-04 the Departments accepted under assessment of Rs.18.73 lakh in 98 cases and recovered Rs.21.22 lakh in 90 cases pertaining to earlier years. A few illustrative cases highlighting important audit observations involving Rs. 27.38 crore are given in the following paragraphs.

ENTERTAINMENTS TAX

6.2 Incorrect grant of exemption

Under the Tourism Policy of 1995-2000, the Government exempted tax on entertainment units upto certain limits which fulfill the criteria laid down under the scheme during the eligibility period or up to the period of expiry of the limits of incentives, whichever is earlier. The eligibility/exemption certificates are issued by the Commissioner of Tourism/Entertainment Tax, respectively. Further the units are liable to pay entertainment tax after

exhaustion of exemption period/monetary limit. The competent authority will monitor the availing of exemption by the units through prescribed returns.

During test check of the records of the Commissioner of Entertainments Tax, Gandhinagar it was noticed in April 2003 that the owners of six multiplex cinemas had availed excess tax exemption of Rs.22.69 crore under the scheme. Failure to enforce the conditions of the policy and lack of proper monitoring resulted in excess grant of exemption from payment of entertainment tax of Rs.22.69 crore.

The above facts were brought to the notice of the Department in July 2003 and of the Government in March 2004; their replies have not been received (August 2004).

6.3 Non-realisation of entertainments tax and interest

Under the Gujarat Entertainments Tax (GET) Act, 1977 and the Rules made thereunder, entertainment tax shall be paid by the proprietor of a cinema house weekly within 14 days of the end of the week and by the proprietor of video parlour in advance every month by the 15th day of the month preceding the month to which the tax relates. If the payment of tax is delayed, simple interest at the rate of twenty four *per cent* per annum is chargeable on the unpaid amount of tax for the period of delay. Under the provision the proprietor is also required to submit periodical returns in prescribed form to the prescribed authority. In case of non submission, the prescribed authority will assess the case to the best of his judgement.

During test check of records of three^{\$} Collectors and eight[@] Mamlatdar offices, it was noticed between December 2002 and December 2003 that 59 cinema houses and 35 video parlours either did not pay the tax or paid the tax late with delay ranging from 2 to 247 days. In addition they did not submit the returns to the prescribed authority during 2001-02 and 2002-03. Failure to enforce the provisions of the Act and lack of proper monitoring resulted in non-levy of tax of Rs.2.12 crore, including interest.

The above facts were brought to the notice of the Department between January and November 2003 and of the Government in March 2004. The department recovered an amount of Rs.1.32 lakh in 4 cases. The Commissioner of Entertainments Tax replied in August 2004 that the concerned offices have been instructed to recover the tax.

^{\$} Navsari, Surat and Vadodara.

[@] Ahmedabad, Jamnagar, Mehmedabad, Radhanpur, Surat, Sidhpur, Vansda and Vadodara.

6.4 Non-recovery of entertainments tax from cable operators

Under the GET Act, tax is leviable for exhibition of programmes with the aid of antenna or cable television. Every proprietor has to pay tax in advance in quarterly instalments at the rate prescribed. For non-payment of tax within the prescribed time, interest at the rate of 24 *per cent* per annum is leviable.

During test check of records of Collector (ET), Vadodara and 11[&] Mamlatdar offices, it was noticed between January and December 2003 that 865 cable operators did not pay entertainments tax between the period 1999-2000 and 2002-03. Failure to enforce the provisions of the Act and lack of proper monitoring resulted in non-recovery of entertainment tax of Rs.1.09 crore including interest.

The above facts were brought to the notice of the Department between January and December 2003 and of the Government in March 2004. The Commissioner of Entertainments Tax replied in August 2004 that the concerned offices have been instructed to recover the tax.

LUXURY TAX

6.5 Non/short levy of luxury tax/interest

Under the Gujarat Taxes on Luxuries (Hotels and Lodging Houses) GTL(H&LH) Act, 1977 and the Rules made thereunder, tax is leviable on the full tariff of a room as declared by the proprietors of hotels irrespective of whether the room was let out free or at concessional rates. Where any proprietor fails to furnish a true and correct return or to pay amount of tax due according to such return, he shall be liable to pay simple interest at the rate of 2 *per cent* per month.

- During test check of records of 10[#] Collectors (Luxury Tax), it was noticed between August 2001 and December 2003 that luxury tax including interest of Rs.1.04 crore was either not paid or paid short by 26 hotel owners during the period between 2000-01 and 2002-03.

The above facts were brought to the notice of the Department between September 2001 and December 2003 and of the Government in March 2004; their replies have not been received (August 2004).

- During test check of records of three[#] Collectors (LT), it was noticed between February and December 2003 that in four cases, the proprietors of

[&] Ahmedabad, Choryasi, Dahod, Dholka, Dhoraji, Gandhinagar, Himatnagar, Jasdán, Mehmedabad, Pardi and Viramgam.

[#] Ahmedabad, Anand, Bhavnagar, Bharuch, Gandhinagar, Jamnagar, Palanpur, Rajkot, Surat and Vadodara.

[#] Ahmedabad, Bhavnagar and Vadodara.

hotels had not paid the luxury tax of Rs.21.07 lakh collected between July 2002 and March 2003 from the customers. In 31 cases, the interest was calculated at the rate of 24 *per cent* per annum, in number of days, for the period of default instead of calculating at the rate of two *per cent* for each month and part of the month as laid down in the Act. This resulted in short levy of tax of Rs.24.83 lakh inclusive of interest of Rs.3.76 lakh.

The above facts were brought to the notice of the Department and Government between April 2003 and March 2004. The Department recovered an amount of Rs.19.18 lakh in four cases. Replies in the remaining cases have not been received (August 2004).

ELECTRICITY DUTY

6.6 Non-realisation of inspection fee

According to the provisions of the Indian Electricity Rules, 1956 and Government notifications issued thereunder, Inspectors are required to inspect all high tension, extra high tension and medium voltage installations and low voltage electrical installations in factory premises and in public places of amusement including cinemas/theatres etc. once in a year. Inspection fee at prescribed rates is required to be recovered in advance in respect of such inspections carried out by departmental officers.

During test check of records of five^{\$} Assistant Electrical Inspectors, it was noticed between March 2000 and August 2003 that though the inspections of electrical installations had been carried out by the Inspectors, inspection fee amounting to Rs.19.11 lakh for the period 1997-98 to 2002-03 had not been recovered in 291 cases.

After this was brought to the notice of the Department between April 2000 and September 2003 the department accepted the objections in all the cases and recovered an amount of Rs.14.00 lakh in 179 cases. The matter was reported to the Government in March 2004; their replies have not been received (August 2004).

^{\$} Bharuch, Mehsana, Nadiad, Surat and Valsad.