

## CHAPTER-VI: Other Tax Receipts

### 6.1 Results of audit

Test check of the records of the Registration and Commercial Taxes Department, conducted during 2006-07 revealed underassessments of tax, fee, duty and loss of revenue etc. amounting to Rs. 10.09 crore in 200 cases which broadly fall under the following categories:

(Rupees in crore)			
Sl. No.	Category	No. of cases	Amount
<b>• STAMPS AND REGISTRATION FEES</b>			
1	Incorrect treatment of power of attorney	38	0.15
2	Other cases	138	0.18
	<b>Total</b>	<b>176</b>	<b>0.33</b>
<b>• ELECTRICITY DUTY</b>			
1	Short levy of electricity duty	5	8.17
2	Non/short levy of surcharge	1	0.09
	<b>Total</b>	<b>6</b>	<b>8.26</b>
<b>• PGT/ENTRY TAX</b>			
1	Non/short levy of tax	12	1.00
2	Non-levy of penalty	4	0.46
3	Other cases	2	0.04
	<b>Total</b>	<b>18</b>	<b>1.50</b>
	<b>Grand total</b>	<b>200</b>	<b>10.09</b>

During 2006-07, the concerned department accepted underassessment and other deficiencies of Rs. 8.15 crore involved in 166 cases of which 161 cases involving Rs. 7.75 crore was pointed out in audit during 2006-07 and the rest in earlier years.

A few illustrative cases involving Rs. 6.81 crore are mentioned in the following paragraphs:

## ELECTRICITY DUTY

### 6.2 Short levy of electricity duty

Under the provisions of the Bihar Electricity Duty Act, 1948, as adopted by the Government of Jharkhand, the State Government notified in August 1993, the rate of electricity duty for mining purposes in all premises where the total load exceeded 100 BHP<sup>Y</sup>, to be 15 paise per unit of energy sold or consumed. The duty on sale of electrical energy for industrial purposes is leviable at the rate of two paise per unit. It has been judicially held\* that the process of mining comes to an end only when the ore extracted from the mines is washed, screened, dressed and then stacked at the mining site.

In three commercial taxes circles\*, it was noticed between December 2006 and March 2007 that three assesseees, engaged in mining activity, consumed 51.41 crore units of electrical energy in mining activity/washing of coal between 1999-2000 and 2004-05. The AAs while finalising the assessments between February and April 2006 incorrectly levied electricity duty at the rate of two paise per unit treating it as industrial consumption instead of 15 paise per unit prescribed for mining purposes. This resulted in short levy of duty amounting to Rs. 6.68 crore.

After the cases were pointed out between December 2006 and March 2007, the Deputy Commissioner of Commercial Taxes (DCCT), Tenughat commercial taxes circle raised additional demand of Rs. 2.96 crore in August 2007 in a case. In the other cases it was stated that these would be reviewed. Further reply has not been received (November 2007).

The matter was reported to the Government in May 2007; their reply has not been received (November 2007).

## ENTRY TAX

### 6.3 Non-levy of entry tax and non-registration of dealers

Under the provisions of the Bihar Taxes on Entry of Goods into Local Areas for Consumption, Use or Sale therein Act (BTEG Act), 1993 read with the JF Act, 2001 every dealer/person dealing in scheduled goods who is either registered under the JF Act or imports goods for sale, use or consumption above a specified value, is required to possess a valid registration certificate. Failure to apply for registration within seven days of his becoming liable to

<sup>Y</sup> British Horse Power

\* Chowgule & Co. Vs Union of India (1981) 47 STC-124 SC

\* Jharia, Katras and Tenughat at Phusro

pay tax attracts penalty, in addition to the levy of entry tax, at the rate of Rs. 50 per day or entry tax assessed, whichever is less.

In Ranchi East and Jamshedpur Urban commercial taxes circles, it was noticed between October 2006 and February 2007, from the sales tax records, utilisation of declaration in forms 'C' & 'F', green road permits, trading accounts etc. that two assesseees imported scheduled goods viz. excavators, hydraulic crane and hydraulic excavator loader valued as Rs. 2.42 crore from outside the State between 2002-03 and 2005-06 for sale. However, the assesseees did not apply for registration and were not registered under the BTEG Act and consequently were not assessed to tax under the Act *ibid*. This resulted in non-levy of entry tax of Rs. 13.19 lakh including a penalty of Rs. 1.10 lakh.

After the cases were pointed out between October 2006 and February 2007, both the DCCTs stated that these would be reviewed. Further reply has not been received (November 2007).

The matter was reported to the Government in May 2007; their reply has not been received (November 2007).