

Chapter VI: Other Tax Receipts

6.1 Results of audit

Test check of records of entertainment tax/duty and land revenue during the year 2006-07 revealed irregularities amounting to Rs. 23.58 crore in 281 cases, which broadly fall under the following categories:

(In crore of rupees)			
Sr. No.	Category	Number of cases	Amount
A: Entertainment Tax			
1.	Non recovery of entertainment tax/duty from cinema houses.	27	2.38
2.	Non payment of entertainment tax from cable operators/video parlours.	157	4.26
3.	Short realisation of entertainment tax	43	1.25
4.	Other irregularities	06	2.20
Total		233	10.09
B: Land Revenue			
1.	Short/non recovery of <i>chowkidara</i> tax	12	0.33
2.	Non recovery of departmental charges	11	3.06
3.	Short/non recovery of mutation fee	05	0.11
4.	Others irregularities	20	9.99
Total		48	13.49
Grand Total		281	23.58

During the year 2006-07, the department (Excise and Taxation) accepted audit observations involving Rs. 7.81 crore in 30 cases and recovered Rs. 4.08 lakh in five cases pertaining to the audit findings of previous years.

A few illustrative cases highlighting financial irregularities involving Rs. 50.76 lakh are given in the following paragraphs:-

A: Entertainment Tax/Duty

6.2 Short collection of entertainment tax

Under the Punjab Entertainment Tax (Cinematograph Shows) Act, 1954 as amended in 1994, entertainment tax at prescribed rates on the gross collection capacity per show in a cinema house was required to be paid to the State Government. The proprietor may, at his option and subject to such conditions as may be prescribed, pay entertainment tax to the State Government fortnightly. In case of non payment of tax in time, interest at the rates prescribed is also leviable.

During test check of records of Assistant Excise and Taxation Commissioner (AETC) Ludhiana-I for the year 2005-06, it was noticed in April 2006 that entertainment tax of Rs.24.60 lakh was deposited short by the cinema owners. Besides this, interest was also recoverable. The AETC neither called for the reasons for short deposit nor raised any demand for recovery.

After this was pointed out, AETC Ludhiana-I stated in April 2006 that Government announced relaxation in payment of entertainment tax to the extent of 33 *per cent*. The reply could not be verified, as requisite notification for relaxation in payment was not produced to audit.

The matter was brought to the notice of department and referred to Government in October 2006; replies were awaited (August 2007).

6.3 Non realisation of entertainment duty from cable operators

Punjab Entertainment Duty Act, 1955 (PED Act) provides that entertainment duty of Rs.15,000 per annum was payable with effect from 1 April 1999 by proprietors providing entertainment with the aid of an antenna or cable television. Proprietors of cable television operators (CTVOs) are required to get themselves registered with the Department of Posts under the Cable Television Networks (Regulation) Act, 1995.

During test check of records of AETC Ludhiana-I, it was noticed in April 2006 that no records were maintained by AETC to ascertain the number of CTVOs operating under their jurisdiction. However, information collected by audit from the Department of Posts revealed that 18 CTVOs were registered with the department for running cable television network during the year 2005-06. Cross verification of this information with the available records in AETC office disclosed that these 18 CTVOs had neither paid entertainment duty nor was it

demanded by the department. Failure on the part of AETC to maintain the records of CTVOs in consultation with the Department of Posts resulted in non levy and non realisation of entertainment duty of Rs.2.70 lakh.

After this was pointed out, AETC Ludhiana I intimated in April 2006 that efforts would be made to recover the duty from CTVOs.

The matter was brought to the notice of department and referred to Government in October 2006; replies are awaited (August 2007).

B: Land Revenue

6.4 Non deduction of collection charges

The Punjab Land Revenue Act, 1887 (Act) and Rules made thereunder provide that collection charges at the rate of two *per cent* for expenses of collection are required to be deducted by the Collector from the amount collected on behalf of local bodies, corporations, banks etc. as arrears of land revenue.

During test check of records of District Revenue Officer, Ludhiana (DRO) and four* tehsildars, it was noticed between January 2006 and December 2006 that though an amount of Rs.11.73 crore was recovered on behalf of local bodies, banks, khadi boards and corporations etc. during the period from October 2002 to September 2006 but collection charges amounting to Rs.23.46 lakh were not deducted from the amount recovered.

After this was pointed out between January and December 2006, Tehsildar, Abohar stated that matter would be taken up with concerned departments/banks for recovery while DRO stated that recovery if due would be made after investigating the case. Tehsildar, Amritsar-I stated that recovery would be effected as per rules and Tehsildar, Amloh stated that recovery would be made in future.

The matter was brought to the notice of Government in July 2007; reply is still awaited (August 2007).

* Abohar, Ajnala, Amloh and Amritsar I.