

## Chapter-6: Other Tax Receipts

### A: Land Revenue

#### 6.1. Results of Audit

Test-check of records relating to Land Revenue, conducted during the year 2001-2002, disclosed short recovery of revenue etc. amounting to Rs.0.86 crore in 49 cases which broadly fall under the following categories:

(In crore of rupees)			
Sr. No	Category	Number of cases	Amount
1	Short recovery of chowkidara tax	29	0.54
2	Mutation fee and Evacuee land rent	6	0.16
3	Other irregularities	14	0.16
	<b>Total</b>	<b>49</b>	<b>0.86</b>

The Revenue department accepted and recovered Rs.0.02 crore in 11 cases as pointed out in audit in previous years. One case highlighting important irregularity noticed in audit involving financial effect of Rs.0.07 crore is mentioned in the following paragraph.

## **6.2. Short recovery of chowkidara tax**

Under the Punjab chowkidara Rules, 1876, as amended vide notification dated 16 September 1994 and 15 May 1997, the remuneration payable to village chowkidar (watchman) was enhanced from Rs.200 to Rs.300 and to Rs.400 per month from 1 April 1993 and 1 April 1997 respectively. The remuneration so paid to chowkidars is collected through the village headman, as chowkidara tax from villagers. Accordingly, recovery of chowkidara tax should have been made at the enhanced rates with effect from 1 April 1993 and 1 April 1997 respectively.

During test-check of records of Tehsildar Muktsar, it was noticed that remuneration to chowkidars was paid at the enhanced rates for the period from April 1993 to September 2001; but the recovery of chowkidara tax at enhanced rates was not effected. This resulted in short recovery of chowkidara tax of Rs.6.70 lakh.

On being point out (December 2001), Tehsildar Muktsar stated (June 2002) that demand for recovery of chowkidara tax had been approved (April 2002) by the Collector and efforts for recovery were being made.

The matter was brought to the notice of the department and referred to Government (February 2002). This was followed up with reminder to the Financial Commissioner and Principal Secretary to Government, Punjab, Revenue department in May 2002. However, despite of such efforts, no reply was received (October 2002).

**B: Entertainment Duty/Tax****6.3. Results of Audit**

Test-check of records relating to entertainment duty/tax, conducted during the year 2001-2002, disclosed short recovery of revenue amounting to Rs.5.34 crore in 409 cases which broadly fall under the following categories:

(In crore of rupees)			
Sr. No	Category	Number of cases	Amount
1	Non/short levy of licence fee/ entertainment duty/tax on cinema houses/video parlours	193	1.73
2	Non levy of penalty and interest	1	0.01
3	Non realisation of entertainment duty from cable operators/video parlours	204	0.35
4	Outstanding arrears from cinema houses/ video parlours	11	3.25
<b>Total</b>		<b>409</b>	<b>5.34</b>

During the year 2001-2002, the department accepted audit observations involving Rs.0.44 crore in 68 cases. The department recovered Rs.11.38 lakh in 7 cases pointed out in earlier years.

A few illustrative cases highlighting important irregularities noticed in audit involving financial effect of Rs.0.66 crore are given in the following paragraphs:

#### **6.4. Non realisation of entertainment tax**

Under the Cinematograph Act, 1954, power to grant the licence to the cinema-houses vests with the District Magistrate (Licencing Authority). Besides, the cinema owners are required to charge the rate of admission as fixed by the District Magistrate.

With the introduction of lump-sum payment of entertainment tax with effect from June 1994 in the State, the District Magistrate of Amritsar revised rates of admission to cinema-houses keeping in view the locality and type of cinema-house under his jurisdiction. During test-check of records of the Assistant Excise and Taxation Commissioners (AETC) Amritsar-I and II, it was noticed that the rates of admission in respect of five<sup>\*</sup> cinema-houses were not revised though the rates in the case of other cinema-houses falling in the same municipal area were revised in July 1994. Resultantly these cinema-houses continued to pay tax at the pre-revised rates during the period 1999-2000 and 2000-2001. This resulted in short collection of tax amounting to Rs.38.50 lakh.

On this being pointed in audit (between December 2000 and May 2001) the department in their reply to Government stated (April 2002) that action was not possible in the absence of revision of admission rates by the District Magistrate. Non-revision of admission rates resulted in non-realisation of entertainment tax of Rs.38.50 lakh at enhanced rates.

The matter was brought to the notice to the department and referred to Government (December 2001). This was followed up with reminder to the Financial Commissioner (Taxation) and Secretary to Government, Punjab, in March 2002. However, despite such efforts, no reply was received (October 2002).

#### **6.5. Non-levy of entertainment duty**

The State Government notification of February 1995 provided that proprietors of the cable television network shall pay entertainment duty at the rate of Rs.50 per month per connection with effect from 6 March 1995. With the amendment (June 1999) of Punjab Entertainment Duty Act, 1955 entertainment duty of fifteen thousand rupees per annum was payable (with effect from 1 April 1999) by the proprietor providing entertainment with the aid of antenna or cable television to a connection holder.

During test-check of records in the offices of eight<sup>\*\*</sup> Assistant Excise and Taxation Commissioners, it was noticed that entertainment duty of Rs.25.20 lakh recoverable from 167 cable TV operators for the years 1999-2000 to 2001-2002 was neither determined not demanded by the department. This resulted in non-levy of entertainment duty of Rs.25.20 lakh.

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<sup>\*</sup> Aanaam, Adrash, Krishna, Regent and Sangam.

<sup>\*\*</sup> Amritsar-I, Bhatinda, Hoshiarpur, Jalandhar-II, Kapurthala, Patiala, Ropar and Sangrur.

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On being pointed out (between July 2000 and January 2002) AETC Amritsar-I stated (July 2001) that audit had calculated the lump-sum tax for the entire year although the licences were issued during the year. The reply was not tenable as according to the notification *ibid* lump-sum duty of Rs.15000 per annum was to be paid by the proprietor of cable television network. AETC Bathinda, Hoshiarpur and Ropar stated (June 2002) that recovery of Rs.1.30 lakh had been made. Final reply in other cases is awaited.

The matter was brought to the notice of the department and referred to Government (December 2001 and January 2002). This was followed up with reminder to the Financial Commissioner (Taxation) and Secretary to Government, Punjab, in March and June 2002. However, despite such efforts, no reply was received (October 2002).

#### **6.6. Non-levy of entertainment duty on video parlours**

Under the Punjab Entertainment Duty Act, 1955, as amended in September 1994, the Government may, by notification, levy lump-sum entertainment duty at a rate not exceeding (a) eight thousand rupees per annum in the local area of Municipal Corporation or of a municipality and (b) six thousand rupees per annum in areas other than the local areas in respect of entertainment arranged by a proprietor by replay of video tape, a video cassette or a video record through the medium of any video player, video cassette player or video record player.

During the course of audit of four\* Assistant Excise and Taxation Commissioners (AETC), it was noticed that 35 video parlours owners were granted licence by the District Magistrate during 2000-2001 for screening of video films. However, entertainment duty of Rs.2.45 lakh was not levied and recovered from the proprietors of these video parlours.

On this being pointed out in audit (between May and December 2001), AETC, Jalandhar-II stated (May 2001) that notices would be issued to video parlour owners for recovery whereas AETC Hoshiarpur, Kapurthala and Patiala stated (May, November and December 2001) that efforts would be made to recover the amount.

The matter was brought to the notice of the department and referred to the Government (December 2001 and March 2002). This was followed up with reminder to the Financial Commissioner (Taxation) and Secretary to Government, Punjab, in June 2002. However, inspite of such efforts, no reply was received (October 2002).

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\* Hoshiarpur, Jalandhar-II, Kapurthala and Patiala.