

CHAPTER 8

OTHER TAX RECEIPTS

A - URBAN LAND TAX

8.1 Results of Audit

Test check of records of departmental offices conducted during the period from April 2001 to March 2002 revealed under assessment/non levy of urban land tax, other irregularities amounting to Rs.75.33 lakh in 17 cases which broadly fall under the following categories.

Sl. No.	Categories	No. of cases	Amount (Rs. in lakh)
1	Under assessment/non-levy of urban land tax	16	75.16
2	Other irregularities	1	0.17
	Total	17	75.33

During the course of the year 2001-2002, the concerned department accepted under-assessments of Rs.1.28 crore in 16 cases pertaining to earlier years out of which an amount of Rs.23.27 lakh in 8 cases was collected.

An illustrative case involving a financial effect of Rs.1.22 crore is mentioned below:

8.2 Non-levy of urban land tax

Under the Tamil Nadu Urban Land Tax Act, 1966, as amended in 1991, urban land tax is leviable on the basis of market value of lands as on 1 July 1971 upto fasli 1400 (i.e., upto 30 June 1991) and thereafter on the basis of market value of lands as on 1 July 1981. In such cases, where the revised urban land tax leviable on the basis of market value as on 1 July 1981

exceeds five times the tax already levied, the revised urban land tax shall be limited to five times of the tax already levied.

In seven assessment divisions, urban lands measuring 72,19,679 square feet belonging to 35 assesseees were either not assessed to tax or tax was not revised with effect from 1 July 1991 onwards. This had resulted in non-levy of urban land tax amounting to Rs.1.22 crore as detailed below:

Sl. No.	Name of the assessment division (Name of the village)	No. of assesseees	Total extent not assessed to tax (in Sq.ft.)	Total no. of faslis for which tax not assessed	Non-levy of tax (Rs.in lakh)
1	Kunrathur	5	23,49,423	1 July 1991 to 30 June 2001	29.53
2	Tambaram	10	7,57,997	1 July 1991 to 30 June 2001	10.08
		1	9,12,154	1 July 1991 to 30 June 2001	15.12
3	Tondiarpet	1	6,40,465	1 July 1991 to 30 June 2002	31.70
4	Salem	5	7,90,128	1 July 1991 to 30 June 2001	11.06
5	Coimbatore	1	4,18,126	1 July 1991 to 30 June 2001	17.07
6	Alandur, T.Nagar, Tambaram	12	3,80,926	1 July 1991 to 30 June 1995	7.10
			9,70,460	1 July 1991 to 30 June 2001	
Total		35	72,19,679		121.66

On this being pointed out (between February 1998 and March 2000), the department, assessed the lands to tax in respect of all the cases (between June 1999 and June 2001) and raised demands for Rs.1.22 crore, out of which an amount of Rs.17.07 lakh in one case (Coimbatore) has been collected (September 2001). Report on recovery of balance amount has not been received (May 2002).

The matter was reported (between December 2001 to May 2002) to the Government and followed up with reminder (September 2002). However, in spite of such efforts, no reply was received (September 2002).

B - ENTERTAINMENTS TAX

8.3 Results of Audit

Test check of records of departmental offices conducted during the period from April 2001 to March 2002 revealed under assessment/incorrect assignment of tax amounting to Rs.4.60 crore in 15 cases which broadly fall under the following categories.

Sl. No.	Categories	No. of cases	Amount (Rs. in crore)
1	Non-amendment of the Schedule to the Entertainments Tax Act, resulting in levy of tax at lower rates	4	0.13
2	Incorrect assignment of net proceeds of Entertainment Tax revenue	11	4.47
	Total	15	4.60

An illustrative case involving a financial effect of Rs.38.80 lakh is mentioned in the following paragraph.

8.4 Non-amendment of the Schedule to the Entertainments Tax Act, resulting in levy of tax at lower rates.

Under Section 5-B of the Tamil Nadu Entertainments Tax Act, 1939, the rate of tax payable by a theatre owner, is dependent upon the classification of the areas as specified in the Schedule to the Act. Whenever a local body is upgraded by the Government, necessary amendment to the Schedule to the Act should also be made.

The Government ordered (April 1996) that, whenever a decision to upgrade any local body is taken, the concerned department should simultaneously inform the Commissioner of Commercial Taxes within 60 days to enable them to amend the schedule and revise the rates.

It was, however, noticed (between May 1998 and December 2001) that in six²² assessment circles in respect of 30 theatres, entertainment tax was collected at lower rates due to non amendment of the Schedule to the Act, though these local bodies were upgraded by Municipal Administration and Water Supply Department in May 1998. However, Nemili Town Panchayat of Arakkonam Assessment Circle was upgraded in May 1992.

Due to non-coordination between the Municipal Administration and Water Supply Department and the Commercial Taxes Department, tax revenue of Rs.38.80 lakh was foregone during the period from 1994-95 to 2000-2001.

On this being pointed out (between May 1998 and December 2001) the Entertainment Tax Officers stated (between May 1998 and December 2001) that unless the Schedule to the Act is amended, it was not possible to charge tax at revised rates.

The matter was reported (June 2002) to the Government and followed up with reminder (September 2002). However, in spite of such efforts, no reply was received (September 2002).

²² Arakkonam, Aranthangi, Paramakudi, Tiruchengode (Town), Tiruvannamalai and Uthamapalayam.

C - ELECTRICITY DUTY

8.5 Results of Audit

Test check of records of departmental offices conducted during the period from April 2001 to March 2002 revealed non collection of renewal fees, non-levy of electricity duty/tax, non-levy of penalty/fine/interest etc., amounting to Rs.13.72 lakh in 9 cases which broadly fall under the following categories.

Sl. No.	Categories	No. of cases	Amount (Rs. in lakh)
1	Non-collection of renewal fees	1	1.29
2	Non-levy of electricity duty/tax/interest	2	4.53
3	Non-levy of penalty/fine/interest	6	7.90
	Total	9	13.72

An illustrative case involving a financial effect of Rs.6.22 lakh is mentioned below:

8.6 Non-levy of interest for belated payment of Electricity Tax

As per the Tamil Nadu Electricity (Taxation on Consumption) Act, 1962, and rules made thereunder, interest not exceeding 12 per cent per annum shall be payable on any sum due on account of electricity tax not paid within a period of 60 days from the last day of the month for which the tax is levied.

However, in the office of the Electrical Inspector, Salem, in respect of a licensee, electricity tax of Rs.38.13 lakh for the period from May 1998 to May 2001 was paid belatedly on 27th August 2001, the delay ranged between 28 days and 1124 days, but no interest was charged. This resulted in non-levy of interest of Rs.6.22 lakh.

On this being pointed out (October 2001), the department replied (February 2002) that action was being taken in this regard.

The matter was referred to the Government (February 2002), followed up with reminder (September 2002) but no reply was received (September 2002).