

CHAPTER VI

OTHER TAX RECEIPTS

6.1 Results of Audit

Test check of records of departmental offices conducted during the period from April 2003 to March 2004 revealed urban land tax collected and not remitted into Government Account, non levy/collection of inspection fees, testing fees, interest, fine and penalty, non levy/collection of electricity duty, electricity tax, additional tax, non renewal and collection of licence fees amounting to Rs.30.45 crore in 22 cases, which broadly fall under the following categories.

(In crore of rupees)			
Sl. No.	Categories	No. of cases	Amount
Urban Land Tax			
1	Non remittance of urban land tax into Government account	2	0.07
Total		2	0.07
Electricity Duty			
1	Non levy/collection of inspection fees, testing fees, fine and penalty	9	0.07
2	Non levy/collection of electricity duty, electricity tax and additional tax	7	7.07
3	Non renewal/collection of licence fees under lift act, 1997	3	0.02
4	Non collection of interest for belated payment of electricity tax.	1	23.22
Total		20	30.38
Grand Total		22	30.45

During the year 2003-2004, the concerned departments accepted under assessments of Rs.98.65 lakh in 15 cases. Out of the above an amount of Rs.2.24 lakh in respect of eight cases has been collected.

A few illustrative cases involving a financial effect of Rs.30.47 crore are mentioned below:

URBAN LAND TAX

6.2 Omission to assess urban lands

Under the Tamil Nadu Urban Land Tax Act, 1966, as amended from time to time, urban lands are assessable to urban land tax from 1 July 1991 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 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 five assessment divisions, urban lands measuring 75,32,677 sq.ft. belonging to 78 assesseees were either not assessed to tax or assessment was not revised with effect from 1 July 1991 onwards and thereby demand of tax was not raised by department. This had resulted in non levy of urban land tax amounting to Rs.90.33 lakh as detailed below:

(In lakh of rupees)

Sl. No.	Place	No. of assesseees	Area (in sq.ft)	Period for which tax not assessed	Tax effect
1	Poonamallee	2	35,01,664	1 July 1991 to 30 June 2003.	39.15
2	Mylapore	1	1,23,258	1 July 1991 to 30 June 2004.	18.69
3	Tamparam	32	14,90,572	Between 1 July 1991 and 30 June 2003.	9.62
4	Ambattur	26	13,38,661	Between 1 July 1991 and 30 June 2003.	11.41
		6	5,62,362	1 July 1991 to 30 June 2003.	5.90
5	Madhavaram and Tamparam	11	5,16,160	Between 1 July 1991 and 30 June 2003.	5.56
Total		78	75,32,677		90.33

After this was pointed out, the Department stated between April 2002 and March 2004, that the lands had since been assessed to tax and a demand for Rs.90.33 lakh was raised and Rs.3.96 lakh realised in December 2003. Report on further recovery was awaited (September 2004).

The matter was reported further between January 2004 and April 2004 to the Government and followed up with reminder in August 2004; their reply has not been received (September 2004).

ELECTRICITY DUTY

6.3 Non collection of interest for belated payment of electricity tax

As per provisions of the Tamil Nadu Electricity (Taxation on Consumption) (TNEA) Act, 1962 and Rules made thereunder, every licensee shall collect from the consumer and pay to the Government, the electricity tax in the manner prescribed. The tax should be paid within a period of 60 days from the last day of the month, for which electricity tax is levied. For belated payment, interest at the rate of 12 *per cent* per annum shall be recovered.

Tamil Nadu Electricity Board (TNEB) collected Rs.955.54 crore from consumers towards electricity tax during the period from 1999-2000 to 2002-2003, which was either remitted late or the Government adjusted the same out of financial assistance granted by way of tariff compensation or conversion into equity share capital. But the interest of Rs.23.22 crore for belated payment or adjustment was not demanded from TNEB.

After this was pointed out in October 2003 the Government replied in March 2004 that the possibility of adjusting the interest from the subsidy payment was under consideration.

The matter was again reported to the Department and Government in April 2004 and followed up with reminder in August 2004; their reply has not been received (September 2004).

6.4 Non levy of electricity duty and tax

As per the Tamil Nadu Electricity Duty Act, 1939, every licensee in the State of Tamil Nadu shall pay every month a duty calculated at the rate of three paise per unit of energy on and in respect of all sales/consumption of energy effected by the licensee during the previous month, except sales of energy to Government of India or Railways which are exempted from levy of electricity duty. As per the Act *ibid*, 'licensee' includes any person including a company or local authority who has obtained license from the State Government under the Indian Electricity Act, 1910 to supply energy. Electricity tax, a levy on consumption of electrical energy, is collected from the consumers under the TNEA at the rate of 11 *per cent* on the price of the energy consumed.

Government by notifications issued in March 1977 and July 1984 exempted units which generate electricity by using Diesel Oil and Low Sulphur Heavy

Stock (LSHS) from payment of electricity tax. However these notifications do not include units which generate electricity by using natural gas.

Government by an order issued in December 1999 granted permission to M/s. Southern Energy Development Corporation (M/s. SEDC) for generating electrical energy using natural gas. As per the conditions attached there to, the Corporation has to pay any statutory levy like electricity tax/duty imposed by the State/Central Government.

In the Office of Chief Electrical Inspector, it was noticed in July and December 2003 that in respect of M/s.SEDC for the period from April 2000 to March 2003 for consumption of electrical energy, both by itself or through its group companies, electricity duty and tax though leviable was not levied. The omission resulted in non levy of electricity duty and tax of Rs.6.35 crore.

After this was pointed out to the Department/Government in July and October 2003 the Government stated in November 2003 all exemption from payment of electricity tax were to be scrapped. Further action was awaited (September 2004).

The case was again reported to the Government in August 2004; their reply was not received (September 2004).