

CHAPTER - 7 : OTHER TAX RECEIPTS

A. ELECTRICITY DUTY

7.1 Results of Audit

Test check of accounts & relevant records of Assistant Directors (Electrical Safety) and Appointed Authorities conducted in audit during the year 2001-2002 revealed non-levy or short-levy of electricity duty amounting to Rs. 3.36 crore in 26 cases which broadly fall under the following categories:

(Rupees in crore)

Sl.No.	Categories	Number of cases	Amount
1	Non-levy of electricity duty	14	3.28
2	Non-levy of interest	1	0.01
3	Non-levy of inspection fee	3	0.04
4	Non-levy of electricity duty on electricity consumed	8	0.03
	Total	26	3.36

During the year 2001-2002 the department accepted under assessment etc. of Rs. 43.81 lakh involved in 19 cases.

A few illustrative cases involving financial effect of Rs. 32.38 lakh are mentioned in the following paragraphs:

7.2 Non-levy of Electricity Duty

Under the U.P. Electricity (Duty) Act, 1952 and the rules made thereunder, electricity duty is leviable on energy sold to a consumer at the rates notified by the State Government from time to time. The Government had clarified (August 1995) that in respect of energy supplied free of charge or at concessional rates to defence personnel by the Appointed Authorities (Defence Department), the rates for the purpose of calculation of electricity duty on energy consumed would be deemed to be full rate applicable to other consumers.

During test check of records of four Appointed Authorities (i.e. three Garrison Engineers Offices and one Senior Zonal Electrical Engineer, Central Railway, Jhansi), it was noticed (between June 2000 and July 2001), that 159.01 lakh units of electrical energy was supplied to defence personnel and Railway staff

for their domestic use between February 1999 and June 2001. But electricity duty was not levied. This resulted in non-levy of electricity duty amounting to Rs. 14.31 lakh.

The cases were reported to the Department and the Government (between May 2001 and December 2001); their replies have not been received (December 2002).

7.3 Non/Short levy of electricity duty

Under the provisions of Indian Electricity Act, 1910 read with U.P. Electricity (Duty) Act, 1952 and the rules framed thereunder, a licensee is required to deposit in the Government Treasury, the amount of electricity duty payable by him within two months following the close of the month in which the meter reading was recorded. Where the electricity charges are realised in lump sum, the electricity duty at the rate of 20 per cent of such charges is leviable.

During the test check of the records of 3 offices[^] it was noticed (between February 2001 and March 2001) that electric charges amounting to Rs. 94.11 lakh were realised from the employees of U.P. Electricity Board and G.S.V.M. College, Kanpur for domestic use of electric energy supplied to them between February 2000 and February 2001. But electricity duty amounting to Rs. 18.07 lakh was either not realised or realised short.

The matter was reported to the Department and the Government (between April 2001 and December 2001); their replies have not been received (December 2002).

B. ENTERTAINMENT AND BETTING TAX

7.4 Results of Audit

Test check of the records of various offices of the Entertainment Department conducted in audit during 2001-2002 revealed non/short-levy of taxes/fees amounting to Rs. 1.29 crore in 66 cases which broadly fall under the following categories:

(Rupees in crore)

Sl.No.	Category	Number of cases	Amount
1	Non-levy or non-recovery of entertainment tax/licence fee	19	0.43
2	Other irregularities	47	0.86
	<i>Total</i>	66	1.29

[^] Asstt. Director (Electrical Safety), Bijnore, Varanasi and Ganesh Shankar Vidyarthi Mahavidyalaya (GSVM), Kanpur

During the year 2001-2002 the Department accepted under assessment etc. of Rs. 0.22 crore in 16 cases pointed out in audit in 2001-2002 and recovered a sum of Rs. 0.23 crore which pertains to this year and earlier years.

A few cases involving financial effect of Rs. 14.14 lakh are mentioned in the following paragraphs:

7.5 Non - assessment of Entertainment Tax

Under the provisions of U.P. Entertainment and Betting Tax Act, 1979 read with U.P. Cable Television Network (Exhibition) Rules, 1997 and notification issued from time to time, Entertainment tax is to be charged at the rate of 30 per cent of admission fees.

During the audit of District Entertainment Tax Officer, Gautam Budha Nagar, it was noticed (October 2001) that a cable operator collected fees from 1092 connection holders at a rate of Rs. 60 per connection per month from April 1998 to October 2001 but did not pay the entertainment tax. This resulted in non-levy of entertainment tax of Rs. 6.50 lakh.

The matter was reported to the Department and Government (January 2002 and February 2002); their replies have not been received (December 2002).

7.6 Non-realisation of unutilised amount of maintenance charges

Under the Uttar Pradesh Entertainment and Betting Tax, Act 1979, an extra charge of Rs. 1.50 per cinema viewer was to be realised by the cinema owners from persons seeking admission in the cinema hall, as maintenance charges. The maintenance charges so collected were to be utilised by the cinema owners for the maintenance of the cinema hall. In case of non-utilisation, the amount so collected was to be deposited into Government account as entertainment tax. It was also judicially* held by the Hon'ble High Court Allahabad that the unutilised amount of maintenance charges should be got deposited into Government account by the department. The State Government vide notification dated 1 October 2001 had also directed to deposit the same accordingly.

During the course of audit of Deputy Commissioner, Entertainment Tax, Ghaziabad, it was noticed (November 2001) that an amount of Rs. 7.64 lakh collected as maintenance charges by 6 cinema owners during the year April 2000 to March 2001, was neither utilised for the maintenance of the cinema halls nor deposited into treasury as entertainment tax. This resulted in non-realisation of revenue of Rs. 7.64 lakh.

On being pointed out in audit (November 2001), the department stated that action would be taken against cinema owners.

* Satyachitra Mandir Balia and others V/s Commissioner of Entertainment Tax (petition No. 1187/93)

The matter was reported to the Government / Department (February 2002); their replies have not been received (November 2002).