

CHAPTER V OTHER TAX RECEIPTS

5.1 Results of audit

Test check of records of State excise, electricity duty and stamp duty and registration fees, conducted during the year 2005-06 revealed non/short realisation, loss, blockage etc. of revenue of Rs.256.51 crore in 124 cases, which broadly fall under the following categories:

(Rupees in crore)

Sl. No.	Categories	No. of cases	Amount
A. STATE EXCISE			
1.	Non/short levy/receipt of excise duty in chargeable wastage of RS/IMFL	13	42.12
2.	Non/short recovery of privilege/additional/licence/transport pass fees etc	11	1.17
3.	Non/short realisation of establishment cost/HRA	9	0.04
4.	Others	32	6.03
Total		65	49.36
B. ELECTRICITY DUTY			
1.	Non assessment/non realisation of electricity duty	4	175.91
2.	Non assessment/non realisation of interest	2	26.79
3.	Others	2	0.04
Total		8	202.74
C. STAMP DUTY AND REGISTRATION FEES			
1.	Non realisation of deficit stamp duty and registration fees	12	0.91
2.	Loss of revenue due to under valuation of property/misclassification of deed	16	0.41
3.	Others	23	3.09
Total		51	4.41
Grand Total		124	256.51

During the course of the year 2005-06, the departments concerned accepted audit observations of Rs.202.49 crore involved in 53 cases of which 30 cases involving Rs.201.88 crore were pointed out in audit during the year 2005-06 and the rest in earlier years. An amount of Rs.30.02 lakh was realised at the instance of audit.

A few illustrative cases involving Rs.45.17 lakh highlighting important observations are given in the following paragraphs:

A. STATE EXCISE

5.2 Non realisation of additional fee

Under the provisions of the West Bengal (Payment of Additional Fee on Rectified Spirit for the Manufacture of Country Liquor) Rules, 1999, additional fee payable for different kinds of spirit shall be the difference between the ex warehouse price in force and the ex distillery price of rectified spirit fixed by Government. Further, as per rule 4A of the said Rules as inserted vide notification dated February 2005, additional fee at the prescribed rates, shall also be realised on the excess quantity of spirit obtained due to operation by deduction from the PL Account within seven days from the date of determination.

Scrutiny of annual stock taking reports of one licensee under the Collector of Excise, Kolkata, revealed in November 2005 that while processing country spirit from rectified spirit during 2004-05, there was a net operational increase of 53,033.20 london proof litre (LPL) of country spirit for which no additional fee had been assessed and realised. This resulted in non realisation of additional fee of Rs.14.85 lakh.

Government to whom the case was reported accepted the audit observation and raised demand of Rs.14.85 lakh. They further reported that the assessee had filed an appeal before the West Bengal Taxation Tribunal challenging the notification of February 2005. However, report on realisation has not been received (October 2006).

5.3 Non realisation of registration fee of label/brands of liquor

The West Bengal Excise (Foreign Liquor) Rules, 1998, provide for registration of brand names under which labels and capsules with which India made foreign liquor (IMFL) shall be manufactured and sold. Registration shall be for a period not exceeding one year from 1 April to the 31 March following. Fees for grant of permit on the first registration will be charged at the rates prescribed from time to time.

Scrutiny of records of two¹ excise districts revealed between January 2003 and January 2006 that licensees of 11 bonded warehouses sold IMFL of 11 brands in bottles with different measures without registration of labels/brands during 2001-02 and 2004-05. This resulted in non realisation of registration fees of Rs.7.10 lakh.

After this was pointed out between January 2003 and December 2005, the department stated in June 2006 that in case of five brands of three licensees of Kolkata demand notices had been issued in June 2006, while in the remaining cases, the department furnished no specific reply(October 2006).

5.4 Non realisation of house rent allowance for not providing accommodation for excise officers

The Bengal Excise Act and the Rules made thereunder provide that the contractor/ supplier of a country spirit warehouse or the licensee of a country spirit bottling plant, who fails to provide accommodation to excise officers-in-charge and other establishment posted therein shall pay a fee in cash equivalent to admissible house rent allowance (HRA) with effect from 19 March 2002 in respect of said officers in charge and other establishment.

Scrutiny of records in five² district excise offices revealed between September 2003 and October 2005 that contractors/suppliers of five country spirit warehouses and licensees of three country spirit bottling plants failed to provide accommodation to excise officers in charge and other establishment posted therein, for different periods between April 2002 and March 2005, and were liable to pay the relevant fee in cash equivalent to admissible HRA. The respective Deputy Excise Collectors, excepting in one case (Rs.0.99 lakh), however, neither issued demand notices for realisation of the said fee nor took any action against the defaulting licensees for non compliance of the terms and conditions of the licence. This resulted in non realisation of HRA of Rs.5.58 lakh.

Government to whom the cases were reported stated in July 2006 that Rs.3.40 lakh had been realised from four licensees at the instance of audit and demand

¹ Collector of Excise, Kolkata, and Superintendent of Excise, Burdwan (West).

² Collector of Excise, Kolkata, Superintendent of Excise, Darjeeling, Hooghly, Purulia, and South 24-Parganas.

notice of Rs.0.99 lakh has been served on another licensee and cases of two licensees were under appeal. In the remaining cases they did not furnish any specific reply(October 2006).

5.5 Non/short realisation of establishment cost.

Under the provisions of the excise rules, the licensee of a bonded warehouse is required to pay a monthly fee in cash equivalent to monthly cost comprising average pay, compensatory allowances and contribution towards leave salary and pension in respect of the excise establishment deployed in the warehouse. Such monthly fee shall be paid within seven days after the expiry of the month to which it relates.

Scrutiny of records of four³ district excise offices and Deputy Commissioner of Excise (Special), Kolkata revealed between September 2004 and June 2005 that establishment cost of Rs.7.56 lakh for different periods between March 2001 and May 2005 in respect of seven bonded foreign liquor warehouses and three bonded rectified spirit warehouses were either not realised or realised short.

After this was pointed out between September 2004 and June 2005, excise authorities stated that action for realisation of dues will be taken.

The cases were reported to Government between November 2004 and August 2005 followed by reminders issued upto January 2006; their reply has not been received (October 2006).

B. ELECTRICITY DUTY

5.6 Non levy and non realisation of interest for delayed payment of duty

Under the provisions of the West Bengal Duty on Inter State River Valley Authority Act, 1973, as amended with effect from April 2003, where the Inter State River Valley Authority or the licensee or the person liable to pay electricity duty fails to pay electricity duty by the prescribed date, he shall be liable to pay a simple interest at the rate of one *per cent* for each English

³ Superintendent of Excise, Darjeeling, Jalpaiguri, Paschim Medinipur and South 24 Parganas.

calendar month of default upon so much of the amount of duty payable by him as remains unpaid at the end of each month of default.

Scrutiny of records of the Director of Electricity Duty and Chief Electrical Inspector, West Bengal revealed between January 2005 and January 2006 that M/s Durgapur Steel Plant (DSP), a consumer of Damodar Valley Corporation (DVC) and M/s Indian Iron and Steel Company (IISCO) Limited, Kulti, Burdwan paid electricity duty of Rs.2.98 crore and Rs.0.23 crore for 2003-04 and 2004-05 respectively between September 2003 and September 2005 after a lapse of one to sixteen months from the due date of payment. But no interest was levied and realised from the licensees as per provisions of the Act due to delayed payment. This resulted in non levy and non realisation of interest of Rs.10.08 lakh.

Government to whom the cases were reported, stated in June 2006 that demand for interest had been raised on IISCO and DSP at the instance of audit.

Report on realisation has not been received (October 2006).