

## CHAPTER-VI OTHER TAX RECEIPTS

### 6.1 Results of audit

We test checked the records of 209 offices of various departmental offices relating to Entertainments tax, Luxury tax and Electricity duty in the State during the year 2009-10 and noticed short realisation of tax and other irregularities involving ₹ 10.42 crore in 172 cases, which fall under the following categories:

Sr. No.	Category	No. of cases	Amount (₹ in crore)
1	Entertainments tax	124	8.34
2	Luxury tax	34	0.47
3	Electricity duty	14	1.61
	<b>Total</b>	<b>172</b>	<b>10.42</b>

During the course of the year, the Department accepted under assessment and other deficiencies of ₹ 37.33 lakh in 18 cases, of which two cases involving ₹ 6.76 lakh were pointed out in audit during the year 2009-10 and the rest in earlier years. An amount of ₹ 12.12 lakh was realised in 16 cases during the year 2009-10.

A few illustrative cases involving ₹ 34.21 lakh are mentioned in the following paragraphs.

## 6.2 Audit observations

*During the scrutiny of the records of various offices of the Collector, Mamlatdar, Assistant Electrical Inspector, we observed several cases of non-compliance of the provisions of the Gujarat Entertainments Tax Act, 1977, the Bombay Electricity Duty Act, 1958 (as adopted in the State of Gujarat) etc., and Government notifications and other cases as mentioned in the succeeding paragraphs in this chapter. These cases are illustrative and are based on a test check carried out in audit. Such omissions on the part of the departmental officers are pointed out in audit each year; however, not only do the irregularities persist, but these also remain undetected till another audit is conducted in the next year by us. There is need for the Government to improve the internal control system and internal audit so that such omissions can be detected, prevented and avoided in future.*

## ENTERTAINMENTS TAX

### 6.3 Non/short levy of entertainments tax and interest from cable operators

Section 6-B of the Gujarat Entertainments Tax Act, 1977, provides that tax is leviable for exhibition of programmes with the aid of antenna or cable television. The Gujarat Entertainments Tax (Exhibition by means of cable television and antenna) Rules, 1993 provides that each operator has to register with the Department and file quarterly return in advance accompanied by copies of *challan* for payment of tax. The Department is required to assess the return before commencement of the succeeding quarter and raise the demands for non/short payment of tax. For non-payment of tax within the prescribed time, the Act provides for levy of interest at the rate of 24 per cent per annum.

During test check of the records of Collectors, Ahmedabad and Bhuj in July and October 2008 for the period 2007-08, we noticed that five cable operators had not paid tax alongwith returns, five cable operators paid tax short by showing reduced number of connections<sup>79</sup> and seven cable operators had paid tax belatedly. This resulted in non/short levy of tax of

₹ 23.88 lakh includes interest of ₹ 3.23 lakh.

After the above facts were pointed out by us in February 2009 the Department accepted the audit observations involving ₹ 23.88 lakh in 17 cases and recovered ₹ 18.58 lakh in 10 cases. A report on the recovery of the balance amount had not been received (December 2010).

The matter was reported to the Government (June 2010); their reply has not been received (December 2010).

<sup>79</sup> The omission was detected on checking of register of cable connections maintained by the auditee office with the returns of cable operators.

## ELECTRICITY DUTY

### 6.4 Non-realisation of inspection fee

According to the provisions of the Indian Electricity Rules, 1956 and Government notifications issued thereunder, Inspectors are required to inspect all high tension, extra high tension and medium voltage installations and low voltage electrical installations in factory premises and in public places of amusements including cinemas/theatres *etc.* once in a year. Inspection fee at prescribed rates is required to be paid prior to or at the time of inspection or can be paid within 10 days of inspection in respect of such inspections carried out by the Departmental officials.

During test check of records of three Assistant Electrical Inspectors<sup>80</sup> in May 2009 we noticed that in 211 cases, though the inspections had been carried out by the inspectors, inspection fee for the period 2006-07 to 2008-09 had not been recovered within stipulated period. This resulted in non-realisation of

inspection fee of ₹ 10.33 lakh.

After the above facts were pointed out by us in November 2009 and in February 2010, the Department accepted the audit observations involving ₹ 7.47 lakh in 170 cases and recovered ₹ 6.17 lakh in 129 cases. A report on the recovery of the balance amount and replies in the remaining cases has not been received (December 2010).

The matter was reported to the Government (June 2010); their reply has not been received (December 2010).

<sup>80</sup> Ahmedabad, Gandhinagar and Surat.