

CHAPTER-VI

Other Tax Receipts

EXECUTIVE SUMMARY	
Tax administration	<p>This Chapter contains cases on receipts from the State Excise and the Profession Tax. The assessment and collection of Excise duty and Profession Tax are governed by separate sets of Acts and Rules. These taxes are administered by the Excise Department and the Finance (Revenue) Department respectively, headed by the Principal Secretary (Finance) who is assisted by the concerned Directorates.</p>
Results of audit conducted in 2012-13	<p>In 2012-13, test check of the records of 34 units relating to Excise Duty and other Fees, Profession Tax, Amusement tax and Electricity Duty indicated underassessment of tax and other irregularities involving ₹ 44.37 crore in 152 cases.</p> <p>The departments accepted underassessment and the other deficiencies of ₹ 5.89 crore in 74 cases, of which 47 cases involving ₹ 5.40 crore were pointed out in audit during the year 2012-13 and the rest in the earlier years. An amount of ₹ 87.80 lakh was realised in 28 cases during the year.</p>
What has been highlighted in this Chapter	<p>In this Chapter illustrative cases of ₹ 2.49 crore selected from the observations noticed during the test check of records of the office of the Collector of Excise, Kolkata (South) and Superintendent of Excise, South 24 Parganas and the unit offices of Profession Tax have been highlighted.</p>
Conclusion	<p>Improper monitoring and inaction on the part of concerned authorities resulted in excess allowance of handling wastage in Excise Department, non-detection of unregistered professionals and non-recovery of profession tax in Finance Department.</p>

CHAPTER VI : OTHER TAX RECEIPTS

6.1 Tax administration

Assessment and collection of Excise duty and other Fees, Profession Tax, Amusement Tax and Electricity Duty are governed by separate sets of Acts and Rules. These taxes are administered by the Excise Department and the Finance (Revenue) Department headed by the Principal Secretary (Finance) who is assisted by the concerned Directorates.

6.2 Results of audit

In the year 2012-13, Audit test checked the records of 34 units relating to Excise Duty and other Fees, Profession Tax, Amusement Tax and Electricity Duty and found underassessment of tax and other irregularities amounting to ₹ 44.37 crore in 152 cases falling under the following categories:

Table 6.1 – Results of audit

(₹ in crore)			
Sl. No.	Categories	No. of cases	Amount
A. STATE EXCISE			
1	Non/short realisation of excise duty to short yield of alcohol/beer etc.	01	32.30
2	Non/short levy of excise duty/wastage fee on chargeable wastage of Rectified Spirit/India Made Foreign Liquor	07	2.29
3	Non/short realisation of privilege fee/additional fee/licence fee/renewal fee/initial grant fee/pass fee etc.	29	2.33
4	Non/short realisation of establishment cost/fee	03	0.22
5	Loss/blockage of revenue	01	0.08
6	Other cases	27	0.76
Total		68	37.98
B. PROFESSION TAX			
1	Non-realisation of demand of Profession tax against enrolled certificate holders	05	0.10
2	Non-realisation of profession tax due to non-enrolment	24	0.44
3	Non-realisation of profession tax due to non-assessment	04	0.06
4	Other cases	07	0.85
Total		40	1.45
C. AMUSEMENT TAX			
1	Non/short realisation of Entertainment/ Luxury/ Amusement tax etc.	19	1.15
2	Non imposition of penalty	03	0.37
3	Other cases	05	0.05
Total		27	1.57
D. ELECTRICITY DUTY			
1	Short raising of demand	01	1.07
2	Non/short assessment and non/short realisation of Electricity duty	09	2.11
3	Non-levy/realisation of interest on delayed payment of Electricity duty	03	0.18
4	Other cases	04	0.01
Total		17	3.37
Grand Total		152	44.37

During the year, the departments accepted underassessment and other deficiencies of ₹ 5.89 crore in 74 cases, of which 47 cases involving ₹ 5.40 crore were pointed out in the year 2012-13 and the rest in the earlier years. An amount of ₹ 87.80 lakh was realised in 28 cases during the year.

A few illustrative cases involving ₹ 2.49 crore are mentioned in the following paragraphs.

6.3 Audit observations

Scrutiny of records in the offices of the Collector of Excise, Superintendent of Excise, Deputy Commissioners of Profession Tax (DCPTs) and Profession Tax Officers (PTOs) indicated non-realisation of wastage fee on handling wastage, non-realisation of profession tax due to non-enrolment and non-raising of demand of profession tax as mentioned in the succeeding paragraphs in this chapter. These cases are illustrative and are based on test check carried out in audit. Such omissions were pointed out in audit repeatedly but not only did these persist, but also remained undetected till next audit. There is need to improve the internal control system in these departments so that recurrence of such lapses is avoided.

STATE EXCISE

6.4 Non-realisation of wastage fee on handling wastage

Rule 38(2) of the Consolidated Rules framed under Section 86 of the Bengal Excise (BE) Act, 1909 provides that if the wastage in handling of spirit exceeds 0.25 per cent of the total quantity of spirit handled in a year, the licensee shall be required to pay a wastage fee at the rate of ₹ 186 per LPL¹ on such excess wastage within a week on demand by the Collector.

During scrutiny of records relating to stock taking of a country spirit bottling plant and a distillery under the Collector of Excise, Kolkata (South) and the Superintendent of Excise, South 24 Parganas, it was found that the licensees handled 4.55 crore LPL of spirit between 2010-11 and 2011-12. The permissible handling wastage in respect of these quantities of spirit was 1.14 lakh LPL, against which the licensees had availed wastage of 2.19 lakh LPL, leading to non-realisation of wastage fee of ₹ 1.96 crore. Though excess wastage had come to notice of the excise authorities during annual stock taking in April 2011 and April 2012, they did not initiate any action as per the provisions of the BE Act and Rules to raise demand and realise the wastage fee.

The Department admitted (September 2012 and May 2013) the audit observations in both the cases and stated that demand notices were being issued but had not reported any realisation (November 2013).

The Government accepted (September 2013) the audit observation and stated that in one case ₹ 6.46 lakh was realised and in the other case demand was raised. Their report on further realisation is awaited (November 2013).

PROFESSION TAX

6.5 Non-realisation of Profession Tax due to non-enrolment

Sections 3(2) and 5(2) of the West Bengal State Tax on Professions, Trades, Callings and Employments (WBSTPTCE) Act, 1979 provide that every

¹ London Proof Litre (LPL). London Proof means the strength or proof as ascertained by means of Sykes Hydrometer and denotes that spirit which at the temperature of 51 degree Fahrenheit weighs exactly 12/13th part of an equal measure of distilled water.

person coming under the purview of the Act shall obtain a certificate of enrolment from the prescribed authority and pay tax at the prescribed rates.

Scrutiny of records from 14 licence issuing offices² and eight unit offices³ of profession tax revealed that 914⁴ professionals had not enrolled themselves with the prescribed authority and continued their professions without payment of any profession tax between 2008-09 and 2011-12. The Profession Tax Officers (PTOs) also failed to bring these persons under the tax net and recover tax from them at the prescribed rates, leading to evasion of profession tax of ₹ 33.06 lakh.

Seven PTOs⁵ admitted the audit observations in 905 cases involving ₹ 32.61 lakh and stated that ₹ 3.19 lakh has been realised. Their report on further realisation is awaited. In the remaining nine cases involving ₹ 0.45 lakh, one PTO⁶ did not furnish any specific reply (November 2013).

The Government accepted (September 2013) the audit observation but did not furnish any report on further action taken (November 2013).

6.6 Non-raising of demand of Profession Tax

Section 8 of the WBSTPTCE Act, 1979 provides that any person who stands enrolled before the commencement of the year is liable to pay profession tax at the prescribed rates (ranging from ₹ 216 *per annum* to ₹ 2,500 *per annum*) before 31st July of that year. Further, Rule 15 (2) of the WBSTPTCE Rules, 1979 provides that in case of non-payment, the PTO shall serve a notice of demand directing the defaulter to pay the dues within 15 days from the date of receipt of notice. Section 10 provides for levy of penalty upto 50 *per cent* of the unpaid tax.

In four⁷ unit offices between November 2011 and September 2012, it was seen that 333 enrolled persons⁸ did not pay profession tax for various periods between 2009-10 and 2011-12. However, the PTOs did not serve the demand notice to the defaulters resulting in non-realisation of profession tax of ₹ 20.17 lakh and penalty as leviable.

² Agricultural Income Tax Officer, Purulia; Assistant Registrar of Co-operative Societies, Jalpaiguri; Chief Medical Officer of Health (CMOH), Barasat; CMOH, Birbhum; CMOH, Nadia; CMOH, Purba Medinipur; CMOH, Purulia; CMOH, South 24 Parganas; Municipality, Barasat; Municipality, Chinsurah; Municipality, Hooghly; Municipality, Jalpaiguri; Municipality, Serampur and Regional Transport Officer, Purba Medinipur.

³ DCPT, WBCU-V, Barasat; DCPT, WBNU-II, Jalpaiguri; DCPT, WBSU-II, Serampur; DCPT, WB Unit-V, Purulia; PTO, WBCU-II, Krishnanagar; PTO, WBCU-VII, Baruipur; PTO, WBSU-IV, Tamluk and PTO, WBWU-VI, Suri, Birbhum.

⁴ Banquet/Marriage hall-15, Beauty parlours-27, Cable operators-152, Computer training centres-17, Courier service-5, Cyber cafes-20, District level co-operative societies-211, Motor training institute-8, Nursing Homes, Diagnostic centres, Pathological laboratories, etc.-432, Private schools-6, Residential hotels-20 and Security agency-1.

⁵ DCPT, WBCU-V, Barasat; DCPT, WBNU-II, Jalpaiguri; DCPT, WBSU-II, Serampur; DCPT, WB Unit-V, Purulia; PTO, WBCU-II, Krishnanagar; PTO, WBCU-VII, Baruipur and PTO, WBSU-IV, Tamluk.

⁶ PTO, WBWU-VI, Suri, Birbhum.

⁷ DCPT/WBWU-V, Purulia; JCPT/Special Range; PTO/WBCU-VII, Baruipur and PTO/WBWU-IV, Bankura.

⁸ Companies-149, Money lenders-46, Owners of nursing homes and pathological laboratories-28, Rice mill owners-45, and Miscellaneous professionals-65.

On pointing out these cases, the PTOs admitted (between November 2012 and July 2013) the audit observations and stated that an amount of ₹ 7.58 lakh was realised. The report on further realisation is awaited (November 2013).

The Government accepted (September 2013) the audit observation but did not furnish any report on further action taken (November 2013).