

CHAPTER 6 AMUSEMENTS TAX

6.01 Results of audit

Test check of records of amusements tax conducted in audit during the year 2000-2001, revealed underassessments etc of tax amounting to Rs.0.36 crore in 11 cases, which broadly fall under the following categories:

(Rupees in crore)

Sl. No.	Categories	No. of cases	Amount
1.	Non/short realisation of composition money	3	0.14
2.	Exhibition of video show without payment of tax	3	0.13
3.	Non/short levy of penalty	2	0.02
4.	Other cases	3	0.07
Total		11	0.36

During the course of the year 2000-2001, the concerned department accepted underassessments etc of Rs.1.47 crore involved in 34 cases of which 9 cases involving Rs.0.24 crore had been pointed out in audit during the year 2000-2001 and the rest in earlier years.

A few illustrative cases involving Rs.1.23 crore highlighting important observations are given in the following paragraphs :

6.02 Failure to levy tax on cable operators

The West Bengal Entertainment-cum-Amusements Tax Act, 1982 as amended, provides that cable operators who receive transmission signals through dish antenna shall be liable to pay tax at the rate of rupees one thousand in Kolkata and rupees seven hundred fifty in other places per week per set of satellite transmission.

Scrutiny of records of the Collectors, North 24-Parganas, Purulia and Malda relating to amusements tax revealed (between December 1999 and January 2000) that no action to assess and realise the tax in respect of 105 cable operators was initiated although the concerned assessing authorities had knowledge of existence of the said cable operators from the records of respective Head Post Offices. Inaction on the part of the Collectors to assess these cable operators resulted in non-levy of tax amounting to Rs.85.31 lakh.

On the cases being pointed out (between December 1999 and January 2000), the district authority of North 24-Parganas and Purulia agreed (August 2001) to initiate action to realise the tax while the district authority of Malda stated (August 2001) that demand notice for payment of tax had been issued. Report on realisation has not been received (October 2001).

The cases were reported to Government between March and April 2000 followed by reminders issued up to July 2001; their reply has not been received (October 2001).

6.03 Loss of revenue due to non-realisation of entertainments tax

Under the provisions of the Bengal Amusements Tax Act 1922, there shall be charged, levied and paid to the State Government an entertainments tax at prescribed rate upon the value of each ticket for admission to any cinematograph exhibition unless otherwise exempted from paying such tax by specific orders of Government.

Scrutiny of records of the Agricultural Income Tax Officer, Burdwan relating to amusements tax revealed (April 2000) that cinematograph shows were being exhibited regularly in an auditorium run by the Burdwan Zilla Parishad since September 1996 by charging admission fees. However, the viewers were allowed admission without charging the entertainments tax on the wrong concept that the Zilla Parishad was exempted from paying such tax. Admission fees collected between April 1998 and January 1999 was Rs.28.92 lakh and the entertainments tax payable thereon worked out to Rs.19.21 lakh.

Figures for the remaining period were not made available to audit. This resulted in loss of revenue in the shape of entertainments tax of Rs.19.21 lakh.

On this being pointed out (April 2000), the department stated (April 2000) that entertainments tax was being collected from September 1999.

The matter was reported to Government in July 2000 followed by reminder issued up to July 2001; their reply has not been received (October 2001).

6.04 Non-levy of tax and penalty for exhibition of films through video parlours

Under the provisions of the West Bengal Entertainment-cum-Amusements Tax Act, 1982 a holder of a video cassette recorder/player (VCR/VCP) set shall pay tax at the rate of rupees six hundred per week for commercial exhibition of films in rural areas within seven days from the end of such week. If he fails to pay the due tax within the prescribed period, he shall be liable to pay a penalty at the rate of rupees ten per week or part thereof till the tax is fully paid.

Scrutiny of records relating to amusements tax in 4¹ Agricultural Income Tax offices revealed (between December 1999 and November 2000) that the proprietors of 22 video halls arranged video shows between April 1994 and March 2000 but did not pay tax. Accordingly, the proprietors were liable to pay tax and penalty for such exhibition of films amounting to Rs.18.25 lakh.

On the cases being pointed out (between December 1999 and November 2000), taxing officer, Jalpaiguri, Cooch Behar and Midnapur agreed (between December 1999 and November 2000) to take necessary action while taxing officer, Malda stated (August 2001) that certificate proceedings were being initiated against the defaulters. Report on action taken has not been received (October 2001).

¹ Cooch Behar, Jalpaiguri, Malda and Midnapore

The cases were reported to Government between March 2000 and January 2001 followed by reminders issued up to July 2001; their reply has not been received (October 2001).