

## CHAPTER 7 PROFESSIONS TAX

### 7.01 Results of audit

Test check of records in the offices dealing with assessment, collection and realisation of professions tax conducted in audit during the year 2000-2001, revealed underassessments/non-levy of tax of Rs.60.28 crore in 455 cases which broadly fall under the following categories:

*(Rupees in crore)*

Sl. No.	Categories	No. of cases	Amount
1.	Non-realisation of tax due to non-enrolment	116	5.43
2.	Non-realisation due to non-assessment	23	10.79
3.	Non-realisation due to irregular allowance	57	2.09
4.	Non-imposition of penalty	202	15.18
5.	Non-realisation of assessed dues	14	6.88
6.	Others	43	19.91
<b>Total</b>		<b>455</b>	<b>60.28</b>

During the course of the year 2000-2001, the concerned department accepted underassessments etc. of Rs.9.91 crore in 169 cases of which 163 cases involving Rs.9.62 crore had been pointed out in audit during the year 2000-2001 and the rest in earlier years.

A few illustrative cases involving Rs.20.86 crore highlighting important observations are given in the following paragraphs :

### 7.02 Non-realisation of professions tax

Under the West Bengal State Tax on Professions, Trades, Callings and Employments Act 1979 every person coming under the purview of the Act shall be liable to be enrolled and pay tax at the prescribed rates.

Scrutiny of records of 20<sup>1</sup> units and 1 (one) Range office revealed (between May 2000 and March 2001) that 1022 cable operators, 1144 money lenders, 559 nursing homes/pathological laboratories, 151 cinema halls, 181 video halls, 42 beauty parlours, 23 owners of marriage hall, 95 commission agents, 53 betel merchants, 85 petrol, diesel and L.P. gas dealers, 247 fish traders, 659 STD booths were not enrolled till the date of audit. This resulted in non-realisation of professions tax amounting to Rs.2.62 crore.

This was pointed out to the department (between May 2000 and March 2001), and Government in May 2001 followed by reminders issued up to July 2001; their reply has not been received (October 2001).

### **7.03 Non-realisation of assessed tax**

Under the Professions Tax Laws, the amount of the tax assessed shall be paid within fifteen days of receipt of the notice of demand from the authority. Penalty not exceeding fifty per cent of the tax due may be imposed upon the employer in case of his failure to pay the tax in time. The laws also provide for imposition of fine of rupees five thousand upon the employer for non-compliance of any provision of Professions Tax Laws or the Rules made thereunder and the offence becoming a continuing one, the fine may further extend to fifty rupees for every day during which the offence continues. For default in payment of assessed tax, the assessing officer is required to initiate penal proceedings as provided in the Professions Tax Laws. The cases are to be forwarded to the Certificate Officers for realisation of arrears of tax under the Public Demands Recovery Act, 1913.

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<sup>1</sup> Kolkata North Range, Salt Lake City, WB South Unit-I, Howrah, WB West Unit-II, Burdwan, WB West Unit-I, Durgapur, WB West Unit-III, Asansol, WB West Unit-IV, Bankura, WB West Unit-V, Purulia, WB West Unit-VI, Suri, WB South Unit-III, Midnapur, WB South Unit-IV, Tamluk, WB South Unit-II, Serampore, WB Central Unit-V, Barasat, WB Central Unit-VI, Behala, WB North Unit-III, Raiganj, WB North Unit-II, Jalpaiguri, WB North Unit-I, Siliguri, WB Central Unit-VIII, Barrackpore, WB Central Unit-VII, Baruipur, WB Central Unit-IV, Diamond Harbour, WB Central Unit-II, Krishnanagar, WB Central Unit-III, Berhampore.

Test check of records of 18<sup>2</sup> units and 4 Range Offices revealed (between April 2000 and March 2001) that due to non-initiation of penal proceedings/certificate proceedings in respect of 101 registered employers, a sum of Rs.16.46 crore had been lying unrealised for the period from 1 to 277 months as detailed in Appendix 5.

On this being pointed out (between April 2000 and March 2001), only one range (Kolkata West) initiated certificate proceedings. Remaining units did not furnish any specific replies.

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

#### **7.04 Non/short levy of interest**

Under the Professions Tax Laws, an employer shall be liable to pay simple interest at two per cent of the amount of tax due for each month or part thereof, for the period for which the tax remains unpaid. Further, where the authority is satisfied that an employer is liable to pay interest, it shall levy interest payable on the amount of tax remaining unpaid for any period commencing from the date of assessment of tax of a year comprising such period. up to the date preceeding the date of full payment of such tax or up to the date preceeding the date of commencement of certificate proceedings.

Scrutiny of records in 11<sup>3</sup> (eleven) Range/Unit offices revealed (between April 2000 and March 2001) that interest was not levied or levied short in the cases of assessments, in the cases of full payment of arrear tax or cases involved in certificate proceedings resulting in non-levy/short levy of interest amounting to Rs.1.79 crore as detailed below.

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<sup>2</sup> Asansol, Barasat, Barrackpore, Baruipur, Behala, Beliaghata, Berhampore, Burdwan, Diamond Harbour, Durgapur, Howrah, Jalpaiguri, Kolkata Central Range, Kolkata East Range, Kolkata West Range, Krishnanagar, Midnapur, Raiganj, Serampore, Siliguri, Suri

<sup>3</sup> Asansol Unit, Barrackpore Unit, Baruipur Unit, Durgapur Unit, Howrah Unit, Kolkata Central Range, Kolkata East Range, Kolkata West Range, Midnapur Unit, Serampore Unit, Siliguri Unit

*Audit Report (Revenue Receipts) for the year ended 31 March 2001*

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*(Rupees in lakh)*

<b>Sl.No.</b>	<b>Particulars</b>	<b>No. of registered employers</b>	<b>No. of cases</b>	<b>Non/Short levy</b>
1.	Non/short levy of interest in regular assessment cases	19	62	90.66
2.	Non/short levy of interest on arrear assessed taxes where it was fully paid or sent to the certificate officer	9	47	87.84
<b>Total</b>		<b>28</b>	<b>109</b>	<b>178.50</b>

On this being pointed out (between April 2000 and March 2001), the department agreed (between May 2000 and March 2001) to initiate action. Report on final action has not been received (October 2001).

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