

13.4 Assignment of 90% from the proceeds of Entertainment Tax collection to Local Bodies

Commercial Taxes Department

G.O. (Ms) No. 90

Dated : 12.7.2002

Read :

1. Tamil Nadu Entertainments Tax (Amendment) Act 1997 (Act 38 of 1997) and Tamil Nadu Entertainments Tax (Amendment) Act 1997 (Act 26 of 1998)
2. From the special Commissioner and Commissioner of Commercial Taxes, Lr.No.Acts Cell 4/5997/99, dated 18.8.2000 and 1.10.2001.
3. From the Deputy Accountant General (Audit), Chennai, Letter No. AG (AU)II/ISR / TC/NCD/2000-2001/497 dated 13.11.2000.

ORDER

In Pursuance of Budget Speech for 1997-98 the Government decided that 90% of Entertainments Tax should be apportioned to local bodies instead of 60% to 70% in vogue then The Principal Commissioner and Commissioner of Commercial Taxes, had earlier brought to the notice of Government the difficulties in allocation of net proceeds to local bodies in areas where compounding tax is levied under Sec 5-A and 5-B of Tamil Nadu Entertainments Tax Act, 1939 Sub - Section (1) of section 13 the Tamil Nadu Entertainments Tax Act 1939 provides that 10% of the proceeds of the tax under Sec 4 and 4-F collected in respect of entertainment held within the jurisdiction of any local authority shall be credited to Government and the balance of 90% shall be paid to local authority. The assignment of net proceeds from 70% of the collection of Entertainments Tax to the local authorities was increased to 90% with effect from 1.4.97 Tamil Nadu Entertainments Tax (Amendment) Act 97 (Act 26/98)) There are doubts among some Entertainments Tax officers whether this amendment is applicable to the assignment of Entertainments Tax collected under Sec 5-A and 5-B of said the Act, whereas some Entertainment Tax officers have assigned 90% of the net proceeds of theaters situated within the limits of compounding area also.

2. The Principal Commissioner and Commissioner of Commercial Taxes had also pointed out that the Accountant - General has raised an objection that the amendment in Act 26/1998 is applicable to collection made under section 4 and 4-F only and the assignments at 90% in other areas is not correct. The Accountant General has therefore suggested to revise the proceedings and adjust the excess amounts assigned to local bodies in the current assignments due. Therefore he has suggested to amend the Financial Code Volume I suitably so as to provide 90% of the assignment to local bodies with effect to 1.4.1997 in respect of the collections of Entertainments Tax from the theaters paying tax under section 5-A and 5-B of the Tamil Nadu Entertainments Tax Act.

3. The Government after careful examination have decided to accept the suggestion of the Commissioner of Commercial Taxes and accordingly direct that 90% of the proceeds of Entertainments Tax Collection made under section 5-A and 5-B of the Tamil Nadu Entertainments Tax Act, 1939 shall be apportioned to local bodies with effect on and from 1.4.97 (i.e.to the municipality, Township, Town Panchayat, Panchayat and the Panchayat Union Council concerned)

4. Finance (Salaries) Department will issue suitable amendment to Article 310-A of the Tamil Nadu Financial Code Volume I.

5. This order issues with the concurrence of Finance Department its U.O.No.893/Revenue/2002 dated 2.4.2002.

(By order of the Governor)

SHAKTIKANTA DAS
SECRETARY TO GOVERNMENT