

CHAPTER - IV

TAX OF MARKET PLACE AND TAX ON ENTERTAINMENT

- A) Legal Provisions
- B) Trends Analysis
- C) Observations

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TAX ON MARKET PLACES AND TAX  
ON ENTERTAINMENT

A) TAX ON MARKET PLACES :

LEGAL PROVISIONS :

Gadhinglaj Nagar Parishad has imposed a tax on market places within municipal area, occupied by retailers. This tax is levied under the rules of section 108 of Maharashtra Municipality Act 1965.

Tax rate levied on market places belonging to Municipality and occupied by small retailers for the

... 61/-

purpose of business or trade is 20 Paise per square meter for every day.

Tax payers under this levy are the hawkers, pedlars, cheap jacks, pan shops, market traders, street traders, street stall holders, dealers of readymade cloths, plastic material, fruit and vegetable dealers, stationery and toys dealers, pen dealers, katewalas, pot dealers etc.

Hawkers and pedlars are subject to another tax under the rules of 'regulation of street places'. From the record it is seen that some dealers on the roads and municipal places are paying Rs. 60/- - 70/- p.m. under ~~it~~ this tax.

B) ANALYSIS OF TRENDS IN REVENUE :

Revenue from the tax on market places collected by Nagar Parishad on average is .06 to .08 per cent of the total revenues from the rate and taxes as can be seen from the following Table No. 6.

... 62/-

TABLE NO. 6

REVENUES FROM TAX ON MARKET PLACES

Year.	Revenues (Rs.)
1980-81	(New Levy)
1981-82	9,045
1982-83	10,344
1983-84	12,546
1984-85	20,981
1985-86	18,000 (Budgeted Figure)

Source :- Annual Accounts.

Revenue from this source is still negligible if it is compared with total revenues of Nagar Parishad over and above Rs. 50 lakhs. Data for 1980-81 is not given because this type of tax has been levied since 1981-82 only. Revenue from this source is rising but slowly except the revenue for the year 1984-85 in which there is sudden spurt in the revenue. Revenue from market places occupied by small retailers, depends upon the extent of marketing activities and consumer response to those dealers on the street.

C) OBSERVATIONS :

As per interview with collecting staff and some street-traders it is found that places occupied by traders and taxed these places are quite different from actual occupation which is generally in excess than charged. There is no supervision on the traders in Bazaar whether the traders are extending the occupied area or not especially on Sunday. Employees of Nagar Parishad also oversighted this fact and only attended the place for tax purpose and as a duty. Collecting staff charges lower rates if they are given some vegetables or fruits freely. Some traders usually change the places and evaded the levy of tax totally.

Other observations are that rate of twenty paise per square meter appears to be very low. It is found that only few street traders are able to pay the market tax. Authorities said that rate cannot be increased as complaints were received by the retailers and their incapacity. Tax payers under this category are increasing in numbers due to rising marketing activities in Gadhinglaj city. It is found that 30% of the articles sold in big shops are coming on the footpath for sale and it is also at cheap rate. Customers are also taking interest in shopping at market places on the roads. Due to enlargement of footpath area there is ample scope for street-traders which

are taking benefit from severe competition with big traders in shops by charging low prices due to many economies in street trading.

B) ENTERTAINMENT TAX :

A) ~~THE~~ LEGAL PROVISIONS :

Gadhinglaj Nagar Parishad levys the Entertainment Tax under the powers of Section 108 of the Maharashtra Municipalities Act 1965. It is levied on any show or function, drama, cinema, circus, orchestra, lecture, loknatya, tamasha and videos. Kalapathak held in municipal area and for which tickets are issued.

Government of Maharashtra has imposed tax limits to be applied by respective municipalities which is 3 to 7 rupees per show per day. It indicates that Government is intending to make entertainment tax free as is seen from the rate.

Nagar Parishad has applied rate at Rs. 3.5/- for one show. The person who pays maximum such tax is the owner of theatre due to 3 or 4 shows per day. Such rate fixation is not dependent on the proceeds from such shows.

B) ANALYSIS OF TRENDS IN REVENUE :

Revenue from this source is given below in Table No. 7 for the period from 1980-81 to 1984-85.

TABLE NO. 7

ENTERTAINMENT TAX REVENUE

Year	Revenues (Rs.)
1980-81	4,034
1981-82	7,452
1982-83	13,928
1983-84	5,844
1984-85	8,610
1985-86	9,000 (Budgeted)

(Source :- Annual Accounts)

Revenue from entertainment tax is very small as compared with total tax revenue and total receipts of Nagar Parishad per year. From the Table it is seen that there is wide fluctuations in the proceeds from entertainment tax. Its share to total tax revenue is .03 to .04 per cent. This is due to limits imposed by State on the entertainment tax. Revenue from this source depends on the number of shows held in municipal area.

C) OBSERVATIONS :

President of Nagar Parishad stated that when the rate was increased large number of complaints were received and rate was lowered. Burden falls mainly on the proprietor of theatre as yearly five to six thousand rupees are paid by them as entertainment tax. Due to semi-urban and rural area there are less number of entertainment shows held yearly. Municipal authorities also neglected this source because of its fluctuating nature and small share in total revenues. It is clarified by the Chief Officer that authority giving permission for show (Government) and authority collecting this tax (Nagar Parishad) are different. So the authority collecting entertainment tax has not powers in respect of permission for show also has not powers or prection for ~~recovery~~. If the said tax, if the tax is not paid by the owner of theatre.

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