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Pune Municipal Corporation raids three shops for Local Body Tax evasion

PUNE: After the state government granted permission to raid trade and business establishments that have failed to pay Local Body Tax (LBT), the Pune Municipal Corporation (PMC) on Wednesday conducted its maiden raid since the tax was implemented in the city in April.

Vilas Kanade, joint commissioner of PMC's LBT department, said, "The civic body in June had asked the state urban development department to issue permission to raid shops if traders failed to pay LBT despite repeated appeals. On Wednesday afternoon, officials asked the PMC to go ahead with them. Accordingly, we conducted the first raids on three shops in a city mall in Yerawada."

The squad comprising twenty members, headed by Kanade, started the operation at 5pm. They found that the shops had purchased goods, but had not paid LBT. Civic officials checked the accounts of shops and calculated the tax amount and asked defaulters to pay the tax immediately. The raids will continue on LBT defaulters.

The state government had decided to replace octroi with LBT. The new tax structure came into force from April 1. All traders

who import goods over Rs 5,000 have to register with the local civic body. Till date, the PMC has collected revenue of Rs 600 crore from LBT.

The civic body expected annual revenue of around Rs 1,657 crore from octroi this year. After the implementation of LBT, the civic body has been able to collect about Rs 101 crore every month, which will take its annual revenue to about Rs 1,212 crore.

Octroi, property tax and development charges were the main sources of revenue for the PMC. However, with LBT still in its nascent stage, the finance department team working on the 2014-15 budget has limited revenue sources.

The general body approved Rs 4,167.5 crore-budget for the 2013-14 fiscal. According to civic officials, the next year will be difficult as all these years about 40-42 % of the budget revenue came from octroi. Now, the civic body is not sure if the new tax mechanism will be able to match the octroi revenue.