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Pune Municipal Corporation rakes in Rs 4.5 crore from traders for local body tax evasion

PUNE: Civic officials on Thursday carried out massive search operations at the establishments of a trader and slapped a penalty of Rs 48 lakh on him for defaulting on local body tax (LBT) on materials worth over Rs 5 crore.

"This is the biggest raid we have conducted, so far. We raided four establishments owned by this trader around 9 am and inspections continued till late evening. We found that the trader had bought garments, furniture and other goods worth around Rs 5 crore. He was supposed to pay an LBT of around Rs 18 lakh on the goods purchased, but he will now have to shell out Rs 48 lakh including the penalty for evading the tax," said Rajendra Jagtap, additional commissioner, Pune Municipal Corporation.

The civic body's LBT department initiated a special drive against defaulters on November 20, which will be conducted in phases till March. So far, the officials have conducted several raids across the city and have caught as many as 16 traders for tax evasion on goods total worth Rs 4.5 crore.

Civic officials said the administration has sought the state government's permission to carry out such raids. Random

checks are being carried out at garment, liquor and small-scale industries primarily. Traders who remain unregistered will have to pay five times the LBT amount, whereas the registered traders evading the tax will have to shell out two times their LBT amount.

"We have been studying the data available with the sales tax and octroi department and other government agencies. The officials have zeroed in on some traders, who are liable to pay LBT, but have not done so. We provide the state government with specific inputs and then conduct the raids after obtaining prior permission," said Jagtap.

Octroi, property tax and development charges were the main sources of revenue for the PMC. The state government replaced octroi with LBT and the new tax structure came into force from April 1. As per the LBT rules, all traders who import goods worth over Rs 5,000 into the city have to register with the local civic body. Till date, the civic body has collected Rs 750 crore as LBT revenue.

Rs 5 crore worth goods bought by the trader

Rs 18 lakh was the LBT amount he evaded on the goods purchased

Rs 48 lakh is the fine he would now have to pay

16 traders caught so far for evading tax

Rs 4.5 crore collected as penalty

Rs 750 crore is PMC's LBT collection so far this fiscal