

Circular No.14/2014
Acts Cell IV/13086/2014

Office of the Principal Secretary /
Commissioner of Commercial Taxes
Chepauk, Chennai – 600 005.

Dated: 06.05.2014

CIRCULAR

Sub: Tamil Nadu Entertainment Tax Act, 1939 –
Collection of Entertainments Tax under
Section 4 of the TNET Act, 1939 – certain
clarification issued – reg.

Ref: 1. G O Ms. No. 72, Commercial Taxes &
Registration (C1) Department, dated
22.07.2006
2. G O Ms. No. 147, Commercial Taxes &
Registration (C1) Department, dated
20.11.2006
3. G O Ms. No. 159, Commercial Taxes &
Registration (C1) Department, dated
22.08.2007
4. G O Ms. No. 89, Commercial Taxes &
Registration (C1) Department, dated
21.07.2011

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I invite kind attention to the references cited.

During the budget session for the year 2006-07 Government announced many concessions to encourage the film industry in general and also to promote Tamil culture in particular. One of these concessions was to grant exemption to Films produced in Tamil Language with Tamil Titles, with effect from 22.07.2006.

2. Accordingly, the Government issued orders in G O (Ms.) No. 72, Commercial Taxes and Registration (C1) Department, dated 22.07.2006 exempting new Films with Tamil titles from payment of entertainment tax.

3. Subsequently, the Government issued orders in G O (Ms.) No. 147, Commercial Taxes and Registration (C1) Department dated 20.11.2006, extending the concession to old Tamil films also, with Tamil titles. The Commissioner of Commercial Taxes was vested with the power to certify that the title of the film is in Tamil.

4. It was then brought to the notice of the Government that many Tamil films which were certified by Regional Censor Board with "A" or "U/A" certificates were also granted exemption from the payment of entertainment tax simply because the films had a Tamil title. Further, most of the films which got exemption from entertainment tax by naming in Tamil names contained scenes of violence and adult only nature. Besides, whereas the granting of exemption had put financial burden on the Government, it has not helped the movie goes in any manner as the theatres continued to charge the same rates for films with a concession as in the case of other films. Substandard movies also got exemption from entertainment tax only for the reasons that the films were titled in Tamil.

5. Therefore, the Government issued orders in G O (Ms.) No. 159, Commercial Taxes and Registration (C1) Department, dated 22.08.2007, **restricting the concession not to those old or new Tamil films bearing Tamil titles, but only to those conforming with Tamil culture and dignity.**

6. In G O (Ms) No.89, Commercial Taxes and Registration (C1) Department, dated 21.7.2011 the following additional eligibility criteria were prescribed for grant of exemption from payment of Entertainment Tax, in addition to the titling of the films in Tamil:

- (i) The film should have 'U' certificate from the Censor Board of Film Certification.
- (ii) The story should have explicit elements promoting Tamil language and Tamil culture.
- (iii) The dialogue in the film should be in Tamil except these scenes which warranted usage of other language(s) depending upon the context.
- (iv) Vulgarity and violence beyond the tolerable level will make the film ineligible for exemption.

7. Government also ordered constitution of a Committee to watch films that they confined to the above criteria and to recommend entertainment tax exemptions.

8. Based on the recommendations of the committee, by invoking the provisions in Sub-section 2 of Section 8 of the Tamil Nadu Entertainments Tax Act, 1939, **Government have grants exemption from payment of Entertainment Tax, from the date of issue of the order.**

9. While so, it is vital to monitor the implication of the said Government Order, issued for each Tamil tilted movie that:

- (i) Up to the date of issue of Government Order granting exemption, entertainment tax was properly collected from the viewers and remitted to the State exchequer, in accordance to the provisions of the TNET Act, 1939.
- (ii) From the date of issue of Government Order granting exemption from payment of entertainment tax, the theater owners had not collected any amount towards entertainment tax, explicitly showing the quantum of tax in the tickets issued for admission. The Entertainment Tax Officers shall initiate action as prescribed under the provisions of section 14 of the TNET Act, 1959 against the theatre owners in cases where violations of the above conditionalities are seen. However, before taking any action in this regard, with reference to the provisions of Section 11 and 12A, the Entertainment Tax Officer shall make an inspection of the theatre situated within their jurisdiction and obtain a written deposition from the owner or the authorized per person in charge of the theatre available at the time and also from the viewers of that particular show. Further, the theatre owners should not have charged and collected any amount beyond the rate prescribed by the competent authority for admission in to these shows- (i.e., in case of Chennai Corporation – by the Commissioner of Police and in all other places by the District Collectors of the Revenue District concerned) with reference to the

provisions of Rule 83- 1A (a) of the Tamil Nadu
Cinemas Regulation Rules, 1957.

Sd/- K. Rajaraman,
Principal Secretary /
Commissioner of Commercial Taxes

To

1. All the Joint Commissioners (Territorial & Enforcement including LTU, MoU Cell & ISIC)
2. All Deputy Commissioners (Territorial, Enforcement & including LTU & MoU Cell)
3. All the Head of the Assessment Circles.
4. All Checkpost Officers.

Copy to

1. All the Additional Commissioners in the O/o the Principal Secretary/Commissioner of Commercial Taxes, Chepauk, Chennai - 5.
2. The Joint Commissioner (Admn), O/o the Principal Secretary/Commissioner of Commercial Taxes, Chepauk, Chennai - 5.
3. All the Joint Commissioners (CT), Deputy Commissioners (CT) & Assistant Commissioners (CT) in the O/o the Principal Secretary/Commissioner of Commercial Taxes, Chepauk, Chennai - 5.
4. The Joint Commissioner (Computer Systems) Chennai - 6 for uploading in the intranet and internet websites.
5. The Director, Commercial Taxes Staff Training Institute, Chennai - 6.
6. PA to CCT
7. The Superintendent, 'Y' Section
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//Forwarded/By order//


Additional Commissioner
(Public Relation)