



## HAPPY HOURS

# No 'special corona fee' on liquor from June 10

PARVEZ SULTAN @ New Delhi

IN what could bring cheers to booze lovers in the national capital, the Delhi government has decided to do away with 70% 'special corona fee' levied on liquor from Wednesday.

The special tax was introduced on May 5 as the revenue collection in the city had reduced to just 10% due to lockdown caused by the pandemic.

However, the government has decided to increase Value Added Tax (VAT) on liquor from existing 20 to 25 per cent. With the new rates coming into effect on June 10, the consumers will have to shell out fractionally higher price than the rate prevailing before lockdown.

Since the government allowed to open limited liquor shops last month, the excise department has sold liquor worth ₹304 crore (excluding special corona fee) till June 6.

According to government officials, the sale has fetched nearly ₹210 crore as special tax, which is in addition to about ₹195 crore it earned as VAT and excise duties. Officials had confirmed that special corona fee was levied as a temporary measure to increase tax collection.

"As inter-statement movement was not allowed during lockdown. So, we were certain that Delhi residents will not cross the border to buy liquor from Uttar Pradesh or Haryana. With the borders opening on Monday, possibility of smuggling liquor may increase, which will cause a drop in our tax collection. And also, higher liquor prices may also result into spurious liquor supply in the city if prices are not normalised," said an official.



As liquor stores had lifted shutters amid lockdown, many had thronged shops, defying social distancing measures | FILE

### Welcome move

The Delhi government move was welcomed by Confederation of Indian Alcoholic Beverage Companies (CIABC). Vinod Giri, Director General, CIABC, said, "We really welcome the decision of the Government to remove 70% Cess in Delhi. We had repeatedly pointed out that such steep increase will turn out to be counter productive as it would lead to fall in liquor sales and Government revenues. We are indeed very pleased to note that the Government has responded promptly and appropriately to remove the Cess and substitute it with tax increase which is reasonable and within our recommendations."

Due to special corona fee, liquor in Delhi is about 40-50% costlier than the neighbouring states of Haryana and Uttar Pradesh.

"The total revenue collection since liquor stores were allowed to open reached around Rs 400 crore, which was at least 20% less than the monthly target," he said.