

CHAPTER – V

OTHER TAX RECEIPTS

5.1 Results of Audit

Test check of records of concerned departmental offices, conducted in audit during the year 2002-03, disclosed short realisation or losses of revenue of Rs. 21.94 crore in 529 cases under the following broad categories:

(Rupees in crore)

Sl.No.	Categories	Number of cases	Amount
	Stamp Duty and Registration Fee		
1	Short levy of stamp duty and Registration fee due to under-valuation of properties	116	1.91
2	Short levy due to misclassification	43	0.55
3.	Non-realisation of stamp duty	05	2.98
4	Other irregularities	63	3.53
	Total:	227	8.97
	Land Revenue		
1.	Non/short-realisation of collection charges	94	3.13
2.	Non-recovery of fees for supplying Kishan Bahis	28	0.34
3.	Non/short-realisation of land revenue	100	10.99
4.	Other irregularities	28	0.91
	Total:	250	15.37
	Electricity Duty		
1.	Non-levy of electricity duty	8	0.19
2.	Non-levy of inspection fees	12	1.58
3.	Other irregularities	32	5.83
	Total:	52	7.60
	Grand Total:	529	21.94

During the year 2002-03, the Department accepted under-assessment etc. of Rs. 2.66 crore involved in 122 cases of which Rs. 2.61 crore recovered in 115 cases.

A few illustrative cases involving financial effect of Rs. 9.70 crore are mentioned in the succeeding paragraphs:

STAMP DUTY AND REGISTRATION FEE

5.2 Short levy of Stamp duty due to under-valuation of property

Under the Indian Stamp Act, 1899 (as amended in its application to Uttar Pradesh), stamp duty on a deed of conveyance is chargeable either on the market value of the property or on the value of consideration set forth therein whichever is higher. As per Uttar Pradesh Stamp (Valuation of Property) Rules, 1997, market rates of various categories of land situated in a district are to be fixed biennially by the collector concerned for the guidance of the Registering Authorities.

During audit of the 23 offices[▼] of Sub-Registrars, it was noticed that 29 deeds of conveyance relating to non-agricultural land were registered for a consideration of Rs.83.09 lakh at agricultural rates as shown in documents instead of Rs.5.44 crore at non-agricultural rates and 3 deeds of conveyance relating to commercial buildings were registered for a consideration of Rs.20.19 lakh at residential building rates instead of Rs.46.06 lakh at commercial rates fixed by the collector. The incorrect valuation of land /buildings resulted in short levy of stamp duty and registration fee amounting to Rs.44.26 lakh.

The Department and Government accepted the observation and stated that action was being taken (December 2003). Further progress is awaited (January 2004).

5.3 Short levy of stamp duty due to misclassification of deed

Under the provisions of the Indian Stamp Act, 1899 (as amended in its application to Uttar Pradesh), read with Government clarification dated 24.09.2002, stamp duty on certificate of sale (in respect of each property put up as separate lot and sold), granted to the purchaser of any property sold by public auction by a court or by an officer, authority, or body empowered under any law to sell such property by public auction, is chargeable as a conveyance for a consideration equal to the amount of purchase money only. Certificates of sale issued by the Uttar Pradesh Financial Corporation (UPFC) in respect of acquired property do not fall under the above category.

[▼] Agra IV, Aliganj (Etah), Aligarh I, Aligarh III, Attarah (Banda), Bakshi-ka-Talab (Lucknow), Bhinga (Shravasti), Dudhi (Sonebhadra), Firozabad, Gyanpur (Sant Ravidas Nagar), Jaleshar (Etah), Karvi (Banda), Kayamganj (Farrukhabad), Koraon (Allahabad), Lucknow III, Maharajganj (Rae Bareilly), Modaha (Hamirpur), Muzaffarnagar, Nautanva (Maharajganj), Noida I (Gautam Budh Nagar), Noida II, Patiali (Etah) and Unnao.

During the audit of the office of the Sub-Registrar, Garh Mukteshwar (Ghaziabad), it was noticed that during 2001-02 a commercial building auctioned by the UPFC was registered as certificate of sale instead of deed of conveyance, and the stamp duty on that was charged accordingly. Thus, due to misclassification of instrument stamp duty amounting to Rs.8.34 lakh was short levied.

The Department and Government accepted the observation and stated that action was being taken (December 2003). Further progress is awaited (January 2004).

5.4 Non-realisation of stamp duty

Under the U.P. Excise Licence (Tender-cum-Auction) Rules, 1991, in case the licensing authority has accepted the bid for allotment of licences for sale of country/foreign liquor, an advance security shall be paid by the bidder for performance of the contract in the prescribed manner. Every bidder, in whose favour the licence is settled, shall also execute an agreement in conformity with the terms of the licence on stamp paper of the requisite value. In Government notification dated 12 April 1999, it has been clarified that these documents fall under the category of mortgage deed and are chargeable to stamp duty accordingly.

During the course of scrutiny of records of five District Excise Officers[#], revealed that on acceptance of bid for licence to sell country/foreign liquor, five licensees deposited security of Rs.25.50 crore in advance for due performance of the contract during the year 1998-99 to 2000-01 and executed counterpart agreements which fall under the category of mortgage deed. However, stamp duty amounting to Rs.2.98 crore leviable on such instruments was neither levied nor realized.

The matter was reported to the Department and Government between March 2002 to September 2002; their replies had not been received (November 2003).

LAND REVENUE

5.5 Non-Recovery of Collection charges

As per Uttar Pradesh Public Money (Recovery of Dues) Act, 1972 and Government orders issued from time to time, the Revenue Authority on receipt of certificates of recovery from a corporation, banking company or local body, shall proceed to recover the amount stated therein, together with the cost of proceeding (collection charges) as arrears of land revenue. Collection charges at the rate of 10 per cent of the dues collected/to be collected are to be realized from the concerned units/bodies. In case the Requisitioning Authority withdraws the recovery certificate or the amount due is deposited directly by the defaulter, even then the collection charges are recoverable from the Requisitioning Authority.

[#] Baghpat, Chandauli, Hamirpur, Mau and Unnao

During the audit of the offices of 5 Tehsils[†], it was noticed that in 34 cases the amount of Rs.20.40 lakh as shown in the recovery certificates was collected by the Revenue Authorities and deposited with the Requisitioning Authorities and in 25 cases the defaulters had directly deposited the amount of Rs.41.98 lakh with Requisitioning Authorities and their recovery certificates were withdrawn. But, the collection charges of Rs.6.24 lakh were not realized by the Department in above cases.

The cases were reported to the Department and Government between January 2002 and April 2003; their replies had not been received (November 2003).

ELECTRICITY DUTY

5.6 Non/Short-levy of electricity duty

Under the Uttar Pradesh Electricity (Duty) Act, 1952 and the rules made thereunder, electricity duty is leviable on energy sold to consumer at the rates notified by the State Government from time to time. The Government had clarified (August 1995) that in respect of energy supplied free of charge or at concessional rates to defence personnel by the Appointed Authorities (Defence Department), the rates for the purpose of calculation of electricity duty on energy consumed would be deemed to be full rate as applicable to other consumers.

During audit of six Appointed Authorities^{*}, it was noticed that 357.78 lakh units of electricity energy were supplied to defence personnel, railway staff and other staff for domestic use between December 1998 and May 2002. Electricity duty amounting to Rs 32.20 lakh was chargeable of which only Rs.3.90 lakh was realized. This resulted in short realisation of electricity duty of Rs.28.30 lakh.

The Department and Government accepted the observation and stated that action was being taken (December 2003). Further progress is awaited (January 2004).

5.7 Non-levy of interest on belated payment

Under the U.P. Electricity (Duty) Act, 1952 and the Rules framed thereunder, Appointed Authority or any other person is required to deposit the electricity duty within two months following the close of the month of meter readings. Further, interest is also chargeable at the rate of 18 per cent per annum from the licensee/Board or other person on the amount of electricity duty remaining unpaid.

[†] Agra Sadar, Aonla (Bareilly), Kasganj (Etah), Lucknow Sadar and Shikarpur (Bulandshahr)

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During the scrutiny of records of office of the Director (Electrical Safety) UP, Lucknow, it was noticed that electricity duty amounting to Rs.57.98 crore for the period April 2002 to August 2002 payable by Uttar Pradesh Power Corporation, was adjusted from the subsidy given by the Government on 31 March 2003 but the interest of Rs.5.86 crore payable by the Corporation was not realized by the Government. This resulted in non-recovery of interest of Rs.5.86 crore.

The department and government accepted the observation and stated that action was being taken (December 2003). Further progress is awaited (January 2004).