

**Annexure 1**  
(Referred to in Paragraph 1.3)

**Statement showing the details of selection and pendency of scrutiny assessments**

Assessment Year	Date of selection	Number of cases	Cases finalised upto 2015-16	Cases finalised during 2016-17	Closing Balance
2006-07 and 2007-08	April 2008 and September 2010	61,681	70,794	5,486	30,350
2008-09 to 2011-12	April 2014	45,129			

**Yearwise break up of details of assessments pending finalisation as on 31 March 2017**

Year	Closing Balance
2006-07	4,201
2007-08	3,554
2008-09	5,378
2009-10	6,512
2010-11	4,965
2011-12	5,740
<b>Total</b>	<b>30,350</b>

**Annexure 2**  
*(Referred to in Paragraph 1.8)*

**Statement showing the details of audits planned and conducted during the year**

<b>Sl. No.</b>	<b>Name of the Department</b>	<b>Nature of receipts</b>	<b>Auditable units</b>	<b>Units planned</b>	<b>Units audited</b>
1	Commercial Taxes and Registration	Sales Tax and other receipts	456	171	171
		Stamp duty and Registration fee	587	117	125
2	Revenue	Urban Land Tax	15	0	0
		Land Revenue	267	58	58
3	Home (Transport)	Taxes on vehicles	81	41	39
4	Home	Motor Vehicle Maintenance Organisation	21	3	3
5	Home (Prohibition and Excise)	State Excise	75	17	16
6	Industries	Mines and minerals	31	14	13
7	Energy	Electricity duty	24	8	8
8	Treasury and Accounts	Asst. Supdt. of Stamps	1	1	1
<b>Total</b>			<b>1,558</b>	<b>430</b>	<b>434</b>

## Annexure 3

(Referred to in Paragraph 2.5.2)  
Statement showing collection of data by BIU

Sl No	Name of the agency	Period	Nature of data	Date of receipt	Frequency of receipt of data	
1	Customs	April 2014 to June 2015	Import data of Gold and sugar	07.07.2015	One time	
		April 2013 to June 2015	Import data of tiles	07.07.2015		
		2013-14	Import data of scrap, timber, electrical / electronic goods	24.11.2014		
		2013-14	Import data of liquor	31.07.2014		
		January 2014 to June 2015	Import data of Mobiles	07.07.2015		
		April 2014 to November 2014	Import data of computer and laptops	14.11.2014		
		2007-08 to 2014-15	Import data of iron and steel	14.11.2014		
		January 2007 to September 2014	Import data of vehicles	23.06.2014 and 4.11.2014		
2	TN Slum Clearance Board	2013-14	Works Contract details	Various dates	One time	
3	Corporation of Chennai	From 2011-12				
4	Chennai Metropolitan Development Authority	2006 to 2015				
5	TANGEDCO	2013-14				26.08.2014
6	Tamil Nadu Medical Services Corporation	2013-14 to 2014-15				Medical equipment
6		2013-14	Drugs and Medicine	21.05.2015		
		2007-08 to 2014-15	Civil Construction	14.10.2014		
		2013-14	Service Tax data	23.09.2014		
7	Chief Commissioner of Central Excise, Chennai	2013-14				
8	Electronics Corporation of Tamil Nadu Limited	2006-07 to 2011-12	Procurement of Laptops	05.12.2014		
9	TNCSC	2011-12 to 2013-14	Procurement of goods for free distribution.	01.06.2015		
10	Controller General of Patents and Designs of Trademark, Mumbai	12.07.2014 to 24.03.2015	Trade mark registration	15.04.2015		
11	Customs	2013-14	Tuticorin Import data	27.05.2015	Monthly	
		2014-15 to July 2017	Import data of edible oil	Monthly data		
12	Myntra	2013-14	e-Commerce data of various commodities	02.09.2014		
13	Flipkart	From November 2014 onwards		Various dates		
14	Amazon	From August 2014				
15	Snap deal	2013-14				

**Annexure 4**  
(Referred to in Paragraph 3.4.18)

**Statement showing the short levy of stamp duty and registration fee due to misclassification of instruments**

(₹ in lakh)

Sl. No.	Name of the Registering Office	Nature of irregularity	Amount short levied
1	Joint I Chennai South	As per Article 40 (a) of schedule 1 to IS Act, mortgage with possession attracts stamp duty of four <i>per cent</i> on the amount secured by such deed. As per Explanation under Article 40, a mortgagor who executes a power of attorney (POA) with the mortgagee in respect of the said property is deemed to give possession thereof. In addition, registration fee is collectable at the rate of one <i>per cent</i> on the secured amount, subject to a maximum of ₹ two lakh.  Though scrutiny of recitals of an instrument registered in April 2014 indicated that the mortgagor had executed POA, authorising the Lender to lease, sell, transfer or dispose and also receive rents, consideration and all monies in respect of the mortgaged property, the RO erroneously treated the same as simple mortgage and collected stamp duty and registration fee of ₹ 50,000, instead of ₹ 74 lakh on the amount of ₹ 18 crore secured by the mortgage deed.	73.50
We pointed this out to the Department in August 2017. Reply was awaited (January 2018).			
2	Eight <sup>65</sup> offices	As per Article 48(e) of Schedule I to the IS Act, POA given for consideration and authorising the attorney to sell any immovable property attracts stamp duty of four <i>per cent</i> on the consideration.  Eight instruments of POA were registered by vendors between April 2011 and March 2015 appointing agents to deal with the property, including the power to sell. It was mentioned therein that no consideration was received. Scrutiny of sale agreements entered into between the same persons in respect of the same properties and registered either simultaneously or before registering POA revealed that vendors had received advances. The ROs, however, classified the same as General Power of Attorneys instead of as POA given for consideration.	256.94
After we pointed this out, three <sup>66</sup> ROs did not accept the audit observation for reasons of (i) Absence of specific mention of consideration in POA; (ii) Conjoint reading of instruments not being provided for under the IS Act; and (iii) Agreement being made with the Company, a separate entity from the persons to whom power was given.  The reply was not acceptable as Courts have held <sup>67</sup> that (i) more than one document executed during the same period of time should be read together to ascertain true nature of the transaction;			

<sup>65</sup> Joint II SR, Coimbatore, SR, Annanagar, SR, Ganapathy, SR, Gandhipuram, SR, Neelankarai, SR, Periamet, SR, Purasawakkam and SR, Virugambakkam

<sup>66</sup> SR, Annanagar, SR, Gandhipuram and SR, Virugambakkam

<sup>67</sup> Honourable Supreme Court of India, in the case between Mushir Mohammed Khan Versus Sajeda Bano (2000)

Honourable High Court of Madras in the case of Board of Revenue, Madras versus Annamalai and Company Private Limited (1967)

Sri Subhash Chandra vs. Chief Controlling Revenue Authority (Allahabad High Court) (2007)

Sl. No.	Name of the Registering Office	Nature of irregularity	Amount short levied
<p>(ii) it would be perfectly legitimate to treat the consideration for the grant of power as traceable to the loan advanced earlier; and (iii) advance paid by the relative of the Agent to the Principal could be treated as the consideration for the power.</p> <p>The matter was referred to the Government (October 2017). Reply was awaited (January 2018).</p>			
3	20 <sup>68</sup> offices	<p>As per Article 55 C of Schedule I to the IS Act, any instrument whereby a co-owner of a property releases his claim over property in favour of another co-owner who is not a family owner shall attract stamp duty at eight per cent of the market value of the property which is the subject matter of release. In addition, registration of one per cent on the market value of property is leviable. The term 'family' for the purpose of this Article has been defined in Article 58 of Schedule I.</p> <p>Properties released to non-family members were treated as family releases by the RO who collected stamp duty and registration fee of ₹ 18.64 lakh as against due amount of ₹ 231.27 lakh. Further, in SR, T Nagar, the RO incorrectly classified a non-family release deed as a compromise deed and collected a stamp duty and registration fee of ₹ 2 lakh instead of ₹ 18 lakh.</p>	228.63
<p>After we pointed this out (between November 2014 and April 2017), the ROs replied that there existed co-parcenary right among the parties and the concession for stamp duty and registration fee was also available for the co-parceners. The ROs cited the clarification of IGR issued in January 2014 that Article 55 A of IS Act contemplates release in respect of co-parcenary properties, properties jointly inherited, properties devolved by succession, and since in these cases there existed co-parcenary right over the property, the documents were classifiable as family release.</p> <p>The reply was not acceptable because the transfer of share in property had not taken place among the family members as per the provisions of the IS act, though there existed co-parcenary rights. Moreover, clarification issued by IGR cannot be a substitute for the statutory provisions contained in the relevant Act</p>			
4	15 <sup>69</sup> offices	<p>As per Article 23 of Schedule I to the IS Act, instrument of conveyance of immovable property attracts stamp duty at the rate of eight <i>per cent</i> (upto 31 March 2012) and at seven <i>per cent</i> thereafter on the market value of the property. Registration fee is leviable at the rate of one <i>per cent</i> on the market value of the property. As per Article 17 of Schedule I to the IS Act, for instrument of cancellation, if attested and not otherwise provided for, stamp duty of ₹ 50 is to be levied on the same.</p> <p>Conveyance of properties effected through 64 sale deeds were cancelled through 'deeds of cancellation' citing various reasons such as consideration was not received,</p>	165.45

<sup>68</sup> DR, Chengalpet, DR, Tiruppur, Joint-IISR, Chengalpet, Joint-I SR, Tiruchirappalli, SR, Ambattur, SR, Anna Nagar, SR, Ayodyapattinam, SR, Gandhipuram, SR, Gummidipoondi, SR, Kodambakkam, SR, Manavala Nagar, SR, Mylapore, SR, Othakadai, SR, Palladam, SR, Pammal, SR, Pollachi, SR, Sriperumbudur, SR, Thiruvottiyur, SR, Virugambakkam and SR, Walajah Nagar

<sup>69</sup> DR, Chennai (South), Joint-II SR, Arakkonam, Joint II SR, Chengalpet, SR, Ambattur, SR, Kinathukidavu, SR, Kundrathur, SR, Madhukkarai, SR, Mylapore, SR, Palladam, SR, Pammal, SR, Paramakudi, SR, Virugambakkam, SR, Thirupparankunedram, SR, Thirukalukundram and SR, Thiruvottiyur

Sl. No.	Name of the Registering Office	Nature of irregularity	Amount short levied
		possession was not handed over, conditions of sale deed not followed, etc. and stamp duty and registration fee of ₹ 0.13 lakh was collected by the ROs. Since the vendors had re-acquired right and interest over the properties from the original purchasers and the properties vested again in the vendors through cancellation deeds, these deeds were to be treated as re-conveyance deeds. Accordingly, stamp duty and registration fee of ₹ 165.58 lakh was required to be levied on the market value of the property of ₹ 20.70 crore.	
<p>After we pointed this out, the Department replied that the documents did not indicate re-conveyance of properties by the purchasers to the vendors and the IGR had clarified in December 2011 that unless it was specifically recited in the instrument that the property was re-conveyed, it cannot be treated as re-conveyance. The Department further stated that as per Article 17 of Schedule I to the IS Act, instrument by which any instrument previously executed was cancelled was only a cancellation and the deed of cancellation cannot be treated as re-conveyance.</p> <p>The reply was not tenable as after registering the cancellation deeds, necessary entries were made in the original sale deeds recording its cancellation and the same was also featured in the Encumbrance Certificate. The cancellation of a sale deed can be effected only when there was a condition in the original deed for cancellation and in the absence of such condition in any of the original sale deeds, the subsequent instruments retransferring the properties to the original vendors were to be classified as conveyance deeds falling under Article 23 of the IS Act.</p> <p>The matter was referred to the Government (March / April 2017). Reply was awaited (January 2018).</p>			
5	Nine <sup>70</sup> offices	<p>As per Article 45 (b) of Schedule I to the IS Act, instrument of partition among persons other than family members is chargeable to stamp duty at the rate of four <i>per cent</i> on the amount of the value of the separated share or shares of the property. ‘Family’ as defined under the IS Act includes father, mother, husband, wife, son, daughter, grandchild, brother, sister and also includes adoptive father and mother, adopted son and daughter in the case of any one whose personal law permits adoption.</p> <p>Through 17 instruments of partition executed and registered between June 2013 and March 2016, immovable properties valued ₹ 13.58 crore were transferred to persons, who were not included in the definition of “family” as per the IS Act. The shares allotted to persons not defined within the term “family” were to be classified as non-family partition and stamp duty and registration fee of ₹ 82.44 lakh was required to be collected. The ROs, however, collected ₹ 18.19 lakh. Thus, failure of the ROs to classify the partition as partition between non-family members resulted in short collection of stamp duty and registration fee.</p>	64.25
<p>After we pointed this out, the SR, Madhavaram replied (August 2016) that the parties to the partition became co-owners by operation of law and not by the act of the parties. The question of non-family member will arise only if the right in the property is acquired otherwise than by intestate succession or testamentary succession. The DR, Chennai (North) replied (August 2015) that in similar case, the Chief Controlling Revenue Authority (CCRA) in his order dated</p>			

<sup>70</sup> DR, Chengalpet, DR, Chennai (North), SR, Bhavani, SR, Madhavaram, SR, Mettupalayam, SR, Palladam, SR, Walajah Nagar, SR, Perundurai and SR, Thiruvottiyur

Sl. No.	Name of the Registering Office	Nature of irregularity	Amount short levied
		<p>14 June 2010 has treated the partition as partition between family members. The SR, Thiruvottiyur (April 2017) replied that as per the CCRA proceedings, a document executed by legal heirs of two brothers was chargeable under Article 45(a) as the legal heirs will also be treated as family members for the purpose of levy of stamp duty.</p> <p>The reply was not acceptable as the partition involved allocation of share of properties to non-family members. The Madurai Bench of Madras High Court, in the case of Muthubalu Vs. Inspector General of Registration, held in February 2014 that the definition of family mentioned in Schedule I of Indian Stamp Act was exhaustive and not illustrative. The partition of property involving son-in-law / daughter-in-law was therefore required to be classified as partition among non-family members.</p> <p>The matter was referred to the Government (February and August 2017). Reply was awaited. (January 2018).</p>	
6	Four <sup>71</sup> offices	<p>As per Article 63 of Schedule-I to the IS Act, in the case of an instrument of transfer of lease where the lease was transferred by way of assignment, stamp duty is leviable at the rate of five <i>per cent</i> of the market value equal to the amount of consideration for the transfer. As per the Table of Fees prepared under Section 78 of the Registration Act, 1908, Registration Fee at the rate of one <i>per cent</i> is leviable on the consideration for the transfer of lease.</p> <p>Through 30 instruments, lease of properties were transferred by SIPCOT to new lessees at the request of the original lessees. The period of lease was determined by deducting from the period of original allotment, the period for which the lands were held by the original allottees. The instruments of modified lease, which resulted in transfer of leases from the original allottees to the new lessees were required to be classified under Article 63 of the IS Act. Accordingly, stamp duty at the rate of five <i>per cent</i> and registration fee at the rate of one <i>per cent</i> was required to be collected on the value of ₹ 41.19 crore. The ROs, however, treated the instruments as lease of lands by SIPCOT and collected stamp duty at the rates of four <i>per cent</i> and registration fee at the maximum amount of ₹ 20,000 per instrument. Thus, as against ₹ 2.33 crore, the ROs collected ₹ 1.73 crore.</p> <p>We pointed this out between April and September 2017. Reply was awaited (January 2018).</p>	60.79

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SR, Hosur, SR, Sunguvarchatiram, SR, Sriperumbudur and SR, Walajah Nagar