

CHAPTER III

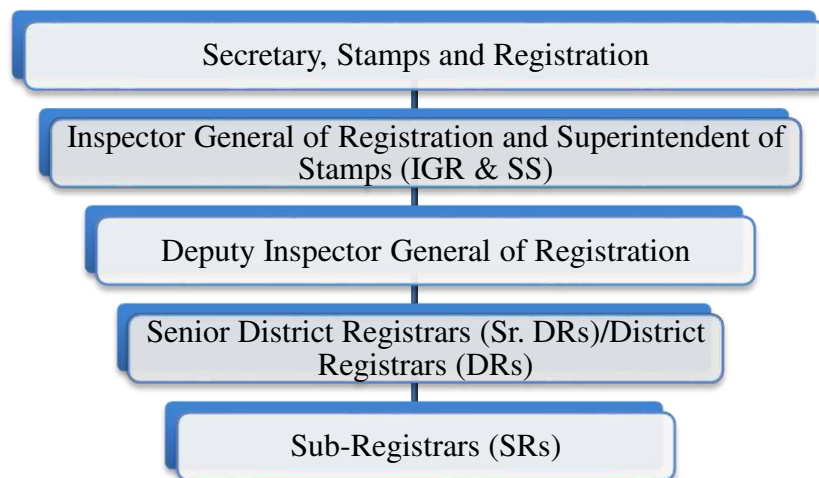
STAMP DUTY AND REGISTRATION FEES

3.1 Tax administration

Receipts from Stamp Duty (SD) and Registration Fees (RF) in the state are regulated under the Indian Stamp Act, 1899; Registration Act, 1908; Indian Stamp Rules, 1975; the Chhattisgarh preparation and revision of Market Value Guidelines Rules, 2000; and rules made there under by the Chhattisgarh Government. Registration of instruments/documents is done in Sub-Registrar office and SD is leviable on execution of instruments and RF is payable on registration of instruments. The role of Senior District Registrar (Sr. DR)/District Registrar (DR) is to guide Sub-Registrars (SRs) in their day to day function, pass orders in cases of valuation of stamps required, penalty, refund and Inspection of SR.

The Secretary, Stamps and Registration department is responsible for determination of policy, monitoring and control at the Government level. The Inspector General of Registration cum Superintendent of Stamps (IGR & SS) is the head of the Registration Department who is assisted by two Deputy Inspector General Registration (DIGR), 19 Sr. DRs/DRs and 69 SRs. Organisational setup of the Department is given in **Chart 3.1**.

Chart 3.1: Organisational setup



3.2 Internal Audit

The Internal Audit Wing (IAW) of a Department is a vital component of its internal control mechanism. It enables the organisation to ensure itself that the prescribed systems are functioning reasonably well.

The Department replied (November 2018) that there are two sanctioned posts of Assistant Internal Audit Officer (AIAO). However, Audit noticed that both the posts were lying vacant since 2015-16 and no Internal Audit was conducted during this period. On being asked about the efforts made by the Department to fill the vacancies, Department stated that, letter was issued (October 2018) to the Director, Treasury Accounts and pension for posting of vacant post of AIAO.

Recommendation:

The Government should strengthen IAW by providing dedicated staff.

3.3 Results of audit

Audit test checked the records of five¹ SRs out of 114 units in 2017-18. Audit test checked 8,710 cases out of 87,509 cases in the five units, which was 9.95 per cent of the total cases in selected units. Revenue generated by the Department during the year 2016-17 aggregated to ₹ 1,211.35 crore of which, the audited units collected ₹ 446.61 crore. Audit noticed irregularities amounting to ₹ 4.37 crore in 147 cases, as mentioned in **Table 3.1**:

Table 3.1: Results of Audit

(₹ in crore)

Sl. No.	Category	No. of cases	Amount
1.	Incorrect exemption in Stamp Duty and Registration Fees	1	0.99
2.	Loss of revenue due to undervaluation, misclassification of instruments and underassessment of Stamp Duty	146	3.38
Total		147	4.37

The Department accepted five cases involving ₹ 1.06 crore. However, no recovery has been made. In the remaining cases, audit is pursuing the matter with the Department.

After issue of two draft paragraphs involving 16 cases amounting ₹ 2.23 crore during 2017-18, the Department accepted undervaluation/inadmissible exemption of ₹1.05 crore in four cases and recovered ₹ 0.06 crore in three cases.

3.4 Follow up of previous Audit Reports

In the Audit Reports for the period 2012-16, Audit had pointed out various observations amounting to ₹ 83.59 crore in 10 paragraphs against which Department accepted observations involving ₹ 67.64 crore and recovered ₹ 0.27 crore.

The PAC had selected 19 paragraphs of Audit Reports 2003-04 to 2006-07, 2008-09, 2010-11 and 2012-13 for discussion and gave its recommendations (2003-04 to 2005-06 and 2008-09) on six paragraphs. ATN has been received for all six paragraphs.

3.5 Inadmissible exemption

Inadmissible exemption of Stamp Duty and Registration Fees amounting to ₹ 1.11 crore under Chhattisgarh Special incentive scheme.

Government of Chhattisgarh (GoCG) notified on April 2017, full exemption from payment of Stamp Duty (SD) and Registration Fees (RF) at the time of registration on the sale/resale of sick/closed industries under its special incentive Scheme 2016 of Industrial Policy 2014-19 for re-operation/rehabilitation of sick/closed industries. However, Government of Chhattisgarh

¹ SR; Rajnandgaon, Durg, Mahasamund, Raipur and Janjgir

withdrew (22 June 2017) the same with retrospective effect from 25 May 2017.

As per the terms and conditions of Exemption Certificate (EC) issued by the Industries Department, commercial production is to be commenced within three months from the date of issue of EC. Further, breach of any of the terms and conditions mentioned anywhere in the EC, the benefits availed under the Scheme shall be withdrawn and recovered as arrears of land revenue along with interest at the rate of 12.5 *per cent* per annum from the date from which the benefits have been availed.

During test check (February 2018) of 1,128 out of 6,568 (17 *per cent*) registered documents (lease deed and sale deed) in the office of the SR, Janjgir, Audit noticed that a sale deed was executed (June 2017) by M/s Mahindra Power Private Limited for an industrial area admeasuring 28.34 acres situated in village Madwa, Tehsil Janjgir, District Janjgir-Champa. The company got exemption (8 June 2017) on Stamp Duty and Registration Fees payable on registration of the sale deed valuing ₹ 14.04 crore under the scheme. M/s Mahindra Power Private Limited had purchased through auction an industrial area admeasuring 28.34 acres land of M/s. Suryachakra Global Enviro Power Limited which was mortgaged with M/s. Indiabulls Housing Finance Ltd.

Further scrutiny of the documents revealed that Industries Department issued EC (April 2017) for purchase of sick/closed industry (power plant) of M/s Suryachakra Global Enviro Power Limited and the document was registered in June 2017. Audit verified the records pertaining to M/s Mahindra Power Private Limited in District Trade and Industries Centre (DTIC), Janjgir and found that the industry had commenced its commercial production from October 2017. The document was registered (8 June 2017) after the withdrawal (effective from 25 May 2017) of notification, granting exemption and violating the terms and conditions of exemption certificate to commence commercial production within three months.

However, after the Government notification (22 June 2017), regarding withdrawal of Government notification with retrospective effect (25 May 2017) for exemption from payment of Stamp Duty and Registration Fees at the time of registration on sale/resale of sick/closed industries, SR failed to initiate any action to recover the Stamp Duty and Registration Fees amounting to ₹ 1.11 crore including interest of ₹ 12.37 lakh from M/s Mahindra Power Pvt. Ltd.

On this being pointed out (September 2018) in Audit, the Government replied (October 2018) that demand for ₹ 98.98 lakh was raised. Further progress of recovery is awaited (August 2019).