

CHAPTER V- OTHER TAX RECEIPTS

Stamp duty and registration fee

5.1 Result of audit

Test check of records relating to stamp duty and registration fee during the year 2005-06 revealed non/under assessment of revenue amounting to Rs.1.61 crore in 810 cases which can broadly be categorised as under:

(In crore of rupees)

Sl. No.	Category	Number of cases	Amount
1.	Short realisation of Stamp duty and registration fee due to under valuation of properties	329	0.75
2.	Other irregularities	481	0.86
	Total	810	1.61

A few illustrative cases involving Rs.0.17 crore are mentioned in following paragraphs:

5.2 Incorrect remission of stamp duty

Indian Stamp Act, (IS Act) 1899 provides that instruments are liable to stamp duty and registration fee at prescribed rates in accordance with the nature and value of each instrument. According to the notifications issued by Government in March 1982, mortgage/ hypothecation deeds for securing loans for agriculture purposes^T executed by bhoomiswami/ lease holder belonging to scheduled castes/ scheduled tribes and other bhoomiswami/lease holders holding land not exceeding 10 hectares are exempt from payment of stamp duty. Further instructions issued in August 1989 and September 2003 require all officers to ensure that the specific purpose of the loan is mentioned in the deeds and is covered by the definition of agriculture purpose.

Test check of records of Sub Registrars (SRs) Kanker and Narayanpur between May and September 2005 revealed that exemption of stamp duty and registration fee of Rs.3.85 lakh was allowed on 44 mortgage deeds registered between April 2001 to February 2004 for granting loans of Rs.65.81 lakh for construction of houses, purchase of jeeps/ motor cycles and brick kilns. In one case the land held by bhoomiswami was more than 10 hectares and in three cases the purposes of loans were not mentioned in the deeds. This resulted in loss of stamp duty and registration fee of Rs.3.85 lakh.

After this was pointed out, SR, Kanker replied that action would be taken after verification; SR, Narayanpur stated that the cases would be sent to collector of stamps after proper scrutiny. Further report in the matter has not been received (October 2006).

The matter was reported to the Inspector General of Registration and Stamps and Government between July 2005 and November 2005; their reply has not been received (October 2006).

5.3 Under valuation of properties

As per section 47 (A) of the IS Act, as amended in August 2000, if the registering officer while registering any instrument has reason to believe that the market value of any property had not been set forth truly and correctly, he should before registering such document refer the same to the Collector of Stamps for determination of correct market value of such property.

Test check of five SRs[↔] revealed between May and November 2005 that in 77 instruments registered between January 1997 to March 2005, the market value of properties was reckoned as Rs.1.70 crore in the instrument instead of Rs.3.04 crore as worked out on the basis of guideline rates approved by collectors. SRs did not refer the cases to the Collector of Stamps for determination of correct market value and duty leviable thereon. This resulted in short realisation of stamp duty and registration fee of Rs.13.26 lakh.

^T *Making land fit for cultivation, land raising and harvesting of crops, horticulture, forestry, planting and farming, cattle breeding, dairy farming, seed farming, piggery and poultry farming and acquisition of implements and machinery in connection with such activities.*

[↔] *Gariyaband, Gharghora, Jagdalpur, Keshkal and Narayanpur*

After this was pointed out, SRs Narayanpur and Jagdalpur stated in May and October 2005 that action was being taken in the matter. No reply has been received in other cases (October 2006).

5.4 Inordinate delay in disposal of cases

Under Section 47(A) of IS Act, if the registering officer while registering any instrument finds that market value of any property set forth is less than market value worked out as per guidelines, he should refer the same to the Collector of Stamps for determination of the correct market value of such property. As per Government of Madhya Pradesh instructions issued in March 1977, cases referred to collector were to be finalised within nine months from the date of reference. Chhattisgarh Government vide letter dated 17 September 2003 reduced this period to 90 days.

Test check of records of five SRs between February and September 2005 revealed that 67 documents were referred to Collector of Stamps for determination of correct market value of properties during the period between July 1988 to April 2005 as shown under:

Sl. No.	Name of SR	No. of documents referred to Collector	Month in which referred	SD & RF involved (in lakh of rupees)
1.	SR Gariaband	10	June 1999 and April 2004	2.47
2.	SR Janjgir	31	April 2003 to July 2004	8.07
3.	SR Bilaspur	12	July 2001 to April 2003	2.46
4.	SR Kanker	10	July 1988 to February 2003	1.80
5.	SR Surajpur	4	February 2005 to May 2005	1.63
	Total	67		16.43

The cases were still pending with the Collector of Stamps for determination of correct market value. The delay ranged between 11 to 191 months. This resulted in blockage of revenue of Rs.16.43 lakh.

After this was pointed out between February and September 2005, the SRs replied that the concerned Collector of Stamps would be requested to finalise the cases early.

The matter was reported to Inspector General, Registration and Stamps and Government between June 2005 and November 2005; their reply has not been received (October 2006).