

CHAPTER V
LAND REVENUE, BUILDING TAX
AND
TAXES ON VEHICLES

5.1. Results of Audit

Test check of the records of the Offices of the Land Revenue and Motor Vehicles Departments conducted in audit during 2002-03 revealed short/non-levy of tax, etc., amounting to Rs 5.47 crore in 313 cases which may broadly be categorised as under.

(Rupees in crore)

Sl. No.	Category	Number of cases	Amount
1.	Short levy under building tax	85	1.12
2.	Short levy under other items	38	2.00
3.	Short/non-levy of tax	159	1.12
4.	Incorrect classification of vehicles	12	0.08
5.	Other lapses	19	1.15
	Total	313	5.47

During 2002-03, the Department accepted underassessments, etc., of Rs 1.32 crore involved in 185 cases of which 51 cases involving Rs 44.76 lakh were pointed out in audit during 2002-03 and the rest in earlier years. During the year, the Department recovered Rs 30.61 lakh in 139 cases of which 5 cases involving Rs 1.96 lakh were pointed out during 2002-03 and the rest in earlier years. A few illustrative cases involving Rs 2.73 crore are given in the following paragraphs.

LAND REVENUE AND BUILDING TAX

5.2. Non-realisation of collection charges

Under the Kerala Revenue Recovery Act, 1968 and Rules framed thereunder, collection charges at the rate of five *per cent* of the arrears collected by the Government on behalf of any institution notified under the Act had to be realised from such institution up to June 1997. Thereafter, the charges were recoverable direct from all the defaulters when arrears were recovered under any of the provisions of the Act.

In 31 Offices* collection charges, were either not realised or realised short from the defaulters, for recovery of arrears on behalf of various Government Departments/notified institutions during the period from November 1998 to March 2002. This resulted in short/non-realisation of collection charges of Rs 1.71 crore.

On this being pointed out, the Department stated that action would be taken to realise the collection charges. Further report has not been received (October 2003).

The matter was reported to Government in April 2003; their reply has not been received (October 2003).

5.3. Non-levy of luxury tax on residential buildings

Under the Kerala Building Tax Act (KBT), 1975, luxury tax at Rs 2,000 per annum is leviable on every residential buildings having a plinth area of 278.7 m² or more and completed on or after 1 April 1999. It is payable in advance on or before the 31st day of March every year. Taluk Tahsildars entrusted with the assessment of building tax is the Assessing Authority for luxury tax also.

In 33 Taluk offices^ though the Taluk Tahsildars assessed building tax, they failed to assess simultaneously luxury tax on 1485 residential buildings of plinth area exceeding 278.7 m², completed between April 1999 and June 2002. This resulted in non-realisation of luxury tax of Rs 79.82 lakh. Moreover registers for watching assessment and collection of tax had not been prescribed so far (October 2003).

On this being pointed out, the Commissioner of Land Revenue stated in August 2003 that the rules were being amended to include provision for maintenance of a register by the Assessing Authorities and the Village Officers and that Collectors would be directed to give instructions to the Taluk

* Taluk Offices : Adoor, Alathur, Chengannur, Cherthala, Chirayinkeezhu, Devikulam, Hosdurg, Kannur, Kodunagallur, Kothamangalam, Kottarakkara, Kuttanad, Mannarkkad, Muvattupuzha, Nilambur, Thalappilly, Thaliparamaba, Thodupuzha, Tirur and Vythiri

Offices of Tahsildar (RR) : Ernad, Kasargod, Kottayam, Kozhikode, Nedumangad, Neyyattinkara, Palakkad, Thrissur, Udumbanchola, Vadakara and Waynad.

^ Adoor, Alathur, Aluva, Chengannur, Cherthala, Chirayinkeezhu, Ernad, Hosdurg, Kanayannur, Kasargod, Kodungallur, Kollam, Kothamangalam, Kottarakkara, Kottayam, Kozhencherry, Kozhikode, Kuttanad, Mallappally, Mannarkkad, Muvattupuzha, Nedumangad, Nilambur, Palakkad, Taliparamba, Thalappilly, Thalassery, Thrissur, Thiruvalla, Thodupuzha, Tirur, Tirurangadi, and Vythiri

Tahsildars to assess and watch collection of luxury tax simultaneously with building tax.

The matter was reported to Government in April 2003; their reply has not been received (October 2003).

5.4. Under assessment of building tax

5.4.1. Under the KBT Act, 1975, building tax at the rate specified in the Schedule to the Act is leviable on every building, the construction of which is completed on or after 10 February 1992 and the plinth area of which exceeds 100 m² in the case of residential buildings and 50 m² in the case of other buildings. Different rates have been prescribed for buildings in Grama Panchayats, Municipal/Special Grade Panchayats and Corporation areas.

In Kollam Taluk, seven new buildings constructed in Kollam Municipal Corporation area, were assessed between November 2000 and February 2001 to building tax at the rate applicable to buildings in Municipal/Special grade Panchayat areas, instead of at the rate applicable to Municipal Corporation. This resulted in under assessment of building tax of Rs 4.19 lakh.

On this being pointed out, the Assessing Officer stated in December 2002 that it would revise the assessments after verification of the documents. Further report has not been received (October 2003).

5.4.2. Under the KBT Act, 1975, plinth area of out-houses, garages or other structures appurtenant to the building for more convenient enjoyment of it is required to be added to the plinth area of the main building for assessment of tax.

In Taluk offices Chirayinkeezh, Taliparamba and Kozhikode, while finalising between April 1999 and March 2001 the building tax assessments of 6 non-residential buildings, the plinth area of structures appurtenant to the building for more convenient enjoyment of it was not added to the plinth area of the main buildings. This resulted in short levy of tax of Rs 1.94 lakh.

On this being pointed out, the Department stated between April and November 2002 that it would revise the assessment. Further report has not been received (October 2003).

The cases were reported to Government in April 2003; their reply has not been received (October 2003).

TAXES ON VEHICLES

5.5. Short collection of composite tax

5.5.1. Under the Kerala Motor Vehicles Taxation (KMVT) Act, 1976, on goods carriage vehicles registered and usually kept in any other State or Union Territory in India and authorised to ply in the State of Kerala under a National Permit, composite tax at Rs 3,000 per annum or at the rate at which similar vehicle from Kerala is taxed in their home State, whichever is higher, shall be payable.

The rate of composite tax per vehicle was Rs 5,000 for goods carriages registered in the States of Haryana, Maharashtra and Rajasthan and Union Territory of Delhi. Test check of the records of the Transport Commissioner's Office, Thiruvananthapuram revealed that 196 such vehicles registered in these states were authorised to ply in Kerala under National Permit during the year 2000-01 on payment of composite tax of Rs 3,000 per annum instead of at Rs 5,000. The tax was remitted half yearly in some cases instead of yearly. No action was taken by the Department to demand and collect differential tax at appropriate higher rate through the concerned State/Regional Transport Authorities. This resulted in short levy of composite tax of Rs 3.53 lakh.

5.5.2. Composite tax on multi-axled vehicle shall be 25 *per cent* less than the rate applicable to two axled vehicle. But this concession is not allowed in respect of such vehicles of those States which do not allow concession on multi-axled vehicles of other States or Union Territories.

In the Office of the Transport Commissioner, Thiruvananthapuram it was also observed in March 2002 that during the year 2000-2001 composite tax at 75 *per cent* the normal rate was remitted on 236 multi-axled National Permit vehicles of States of Haryana and Rajasthan which do not allow similar concession on multi-axled vehicles of other States or Union Territories. No action was taken by the Department to demand and collect the differential tax through the concerned State/Regional Transport Authorities. This resulted in short realisation of composite tax of Rs 2.24 lakh.

The cases were pointed out to the Department in March 2002 and reported to Government in January 2003 and May 2003; their replies have not been received (October 2003).

5.6. Registration of vehicles without collection of entry tax

The Kerala Tax on Entry of Goods into Local Areas Act, 1994, provides for the levy of a tax on entry into any local area of the State, for use or sale therein

of any motor vehicle which is liable for registration in the State under the Motor Vehicles Act, 1988. Vehicles registered in other States 15 months prior to their registration in Kerala, vehicles of Central Government, vehicles used exclusively for defence purposes and vehicles gifted to Departments of Government of Kerala are exempted from the tax. The registration authority shall not register such vehicles, unless proof of payment of tax is produced.

In 4 Registering Offices[^], 5 vehicles which did not fulfill the above conditions for exemption were granted between April and December 2001 registration without payment of entry tax. This resulted in non-levy of entry tax of Rs 3.10 lakh.

This was pointed out to the Department between May and July 2002; their reply has not been received (October 2003).

The case was reported to Government in December 2002; their reply has not been received (October 2003).

5.7. Non/Short levy of additional tax

Under the KMVT Act, 1976, failure to pay tax within the prescribed period attracts additional tax ranging from 10 to 50 *per cent* of the tax due depending upon the period of delay. From May 1998 onwards the counter clerk was entrusted with the work to assess additional tax accept vehicles tax, make entry in registration certificate and issue tax licence, without any counter check by Taxation Officer.

In four Regional Transport Offices[#], on 48 vehicles, no additional tax for delay in payment of tax was levied and on 501 vehicles it was levied at an incorrect rate during the year 2001-02. This resulted in non/short levy of additional tax of Rs 2.76 lakh.

The cases were pointed out to the Department between April and November 2002; final reply has not been received (October 2003).

This was reported to Government in January and May 2003; their reply has not been received (October 2003).

[^] Regional Transport Offices, Ernakulam, Pathanamthitta and Thiruvananthapuram and Sub Regional Transport Office, Perumbavoor

[#] Regional Transport Offices : Idukki, Kannur, Kottayam and Malappuram

5.8. Incorrect classification of private service vehicles

Under the Motor Vehicles Act, 1988 omnibus is defined as a motor vehicle constructed or adapted to carry more than six persons excluding the driver. Under the Act, omni-buses used for private use are 'non-transport vehicles' and those used for carrying persons for or in connection with trade or business, are 'transport vehicles' which require permit and certificate of fitness.

In 6 transport offices[♦], 55 omnibuses with passenger capacity up to 12, owned by companies and other institutions were classified as omnibuses for private use (non-transport) vehicles instead of as private service vehicles (transport). This resulted in short levy of tax and non-levy of fee for permit and certificate of fitness amounting to Rs 2.59 lakh during 2001-02.

This was pointed out to the Department between April and November 2002 and reported to Government in January 2003. The Department stated between January and March 2003 that Rs 0.27 lakh had been realised in four cases of Thodupuzha and Wayanad. Further reply has not been received (October 2003).

5.9. Short levy of vehicle tax

Under the KMVT Act, 1976, on contract carriages of passenger capacity of 13 and above and operating inter-state, tax at the rate of Rs 1,400 per quarter for every passenger is payable from 1 April 1997 onwards.

In Regional Transport Office, Thiruvananthapuram, on two contract carriages each with passenger capacity of 35 and operating inter-state, tax per passenger per quarter was levied at the rate of Rs 680 instead of at Rs 1,400 for the period from April 2000 to June 2001. This resulted in short levy of vehicle tax of Rs 2.23 lakh.

On this being pointed out, the Department stated in May 2003 that it had raised demand of tax aggregating Rs 8.89 lakh realisable on one vehicle from April 1997 to June 2001 and on the other from October 1997 to June 2001. Further reply has not been received (October 2003).

The case was reported to Government in December 2002; their reply has not been received (October 2003).

[♦] Regional Transport Offices : Idukki, Kannur and Wayanad
Sub Regional Transport Offices : Koduvally, Thodupuzha and Vandiperiyar