

CHAPTER 7
STAMP DUTY AND REGISTRATION FEES

7.1 Results of Audit

Test check of records of departmental offices conducted during the period from April 2001 to March 2002 revealed under valuation of property, misclassification of document, etc., amounting to Rs.3.37 crore in 339 cases which broadly fall under the following categories.

Sl. No.	Categories	No. of cases	Amount (Rs. in crore)
1	Under valuation of property	189	1.97
2	Misclassification of document	69	0.76
3	Others	81	0.64
	Total	339	3.37

During the course of the year 2001-2002, the concerned department accepted and recovered under-assessments of Rs.25.33 lakh in 139 cases, out of which 119 cases amounting to Rs.22.95 lakh pertain to earlier years.

A few illustrative cases involving a financial effect of Rs.9.92 lakh are mentioned below:

7.2 Short levy due to under-valuation of property

As per provisions of Indian Stamp Act, 1899 and Indian Registration Act, 1908, on instrument of settlement, stamp duty and registration fees are leviable on the value set forth in the instrument. If the value of the property is not truly set forth, guidelines have been issued by the department to enable the registering officers to determine the market value of the property.

In the office of District Registrar, Coimbatore, through a settlement deed, immovable properties were settled in favour of two settlees. Though the total value of the property settled was for Rs.2.07 crore, only one half share of the property i.e., Rs.1.04 crore was taken for levying stamp duty and registration fees. This had resulted in short levy of stamp duty and registration fee amounting to Rs.5.16 lakh.

The case was reported to the department (February 2002) and Government (May 2002) and followed up with reminder (September 2002). However, in spite of such efforts, no reply was received (September 2002).

7.3 Short remittances of stamp duty, as a result of submission of forged challans

Section 41 of Indian Stamp Act, 1899, provides for collection of deficit stamp duty. The deficit stamp duty may be collected and remitted into the treasury by the department or remitted directly into treasury by the parties concerned.

Test check of records (between May and July 2001) of the offices of the District Registrar, Tiruvannamalai and Joint II Sub Registrar, Tiruvannamalai during the years between 1995 and 2000, revealed that Rs.4.78 lakh were shown as direct remittances by 27 private parties during the months from April 1995 to August 2000. On verification of challans of private parties by audit with treasury records, an amount of Rs.1934/- only was found as remitted into the Government account. This resulted in short remittances to the tune of Rs.4.76 lakh by way of submission of forged challans to the department by the private parties. This malpractice could not be detected by the department, though the reconciliation of departmental receipts with the treasury receipts were carried out periodically.

On this being pointed out (June 2001), the department stated (February 2002) that criminal case has been lodged against the document writer who had committed the offence and also disciplinary action initiated against the registering officers concerned.

The case was reported to the Government (May/June 2002) and followed up with reminder (September 2002). However, in spite of such efforts, no reply was received (September 2002).