

## CHAPTER VII OTHER TAX RECEIPTS

### 7.1 Results of audit

Test check of the records of stamp duty and registration fees, profession tax and electricity duty conducted during the year 2006-07 revealed non-levy/realisation etc. of revenue of Rs. 62.74 crore in 107 cases, which broadly fall under the following categories:

*(Rupees in crore)*

Sl. No.	Categories	No. of cases	Amount
<b>A. STAMP DUTY AND REGISTRATION FEES</b>			
1.	Blocking of the Government revenue	9	1.30
2.	Non-realisation of deficit stamp duty and registration fees	13	1.06
3.	Loss of duty due to undervaluation of property	4	0.91
4.	Others	7	0.25
<b>Total</b>		<b>33</b>	<b>3.52</b>
<b>B. PROFESSION TAX</b>			
1.	Non-realisation of profession tax due to non-enrolment	39	0.96
2.	Non-realisation of profession tax from registered employers	5	0.48
3.	Non-realisation of profession tax from enrolled professionals	8	0.14
4.	Others	2	0.06
<b>Total</b>		<b>54</b>	<b>1.64</b>
<b>C. ELECTRICITY DUTY</b>			
1.	Non-assessment/realisation of electricity duty	6	1.60
2.	Non-assessment/realisation of interest	4	0.18
3.	Others	10	55.80
<b>Total</b>		<b>20</b>	<b>57.58</b>
<b>Grand Total</b>		<b>107</b>	<b>62.74</b>

During the course of the year 2006-07, the departments concerned accepted audit observations of Rs. 11.89 crore involved in 47 cases of which 35 cases involving Rs. 1.82 crore were pointed out in audit during the year 2006-07 and the rest in earlier years. An amount of Rs. 19.43 lakh was realised in seven cases during the year 2006-07.

A few illustrative cases involving Rs. 2.64 crore highlighting important observations are mentioned in the following paragraphs.

**A. STAMP DUTY AND REGISTRATION FEES**

**7.2 Non-realisation of deficit stamp duty and registration fees due to non/delay in determination of market value of properties**

Under the Indian Stamp Act, 1899, as applicable in West Bengal read with the departmental circular issued in July 1998, where the registering authority has reason to believe that market value of the property has not been truly set forth in the document presented for registration, he is authorised to register such document provisionally. Thereafter, he is required to ascertain the market value of the property and issue notice to the executants directing to pay deficit stamp duty and registration fees within 30 days from the date of receipt of such notice. In case of non-payment within the stipulated period, the case is to be referred to the Collector/Deputy Inspector General of Registration (DIGR) within 15 days for further action.

Scrutiny of the records of three district registration offices<sup>1</sup> between May and November 2006 revealed that 90 documents presented for registration between September 2002 and September 2005 were registered provisionally due to undervaluation of properties and kept pending for final registration. Of these, though market value of the properties in 78 cases was determined, no demand notice was issued to the executants for payment of deficit stamp duty and registration fees of Rs. 1.99 crore. In the remaining 12 cases, market values of the properties were not determined at all. Examination of the market value monitoring register (MVMR) maintained in the concerned office of registration revealed that additional stamp duty and registration fees of Rs. 29.42 lakh was leviable in these 12 cases. This resulted in non-realisation of revenue of Rs. 2.28 crore (stamp duty: Rs. 2.06 crore and registration fees: Rs. 22 lakh).

After the cases were pointed out, the Registrar of Assurance (RA), Kolkata in 13 cases involving Rs. 1.67 crore stated in May 2006 that demand notices were being issued. RA, Kolkata and Additional District Sub Registrar (ADSR), Dakshin Barasat in 46 cases involving Rs. 28.75 lakh stated in June 2006 that action was being taken to refer the cases to the higher authority. The replies are, however, silent regarding the delays ranging between 14 and 44 months in raising the demands after determination of market value in 78 cases and non-determination of market value in the remaining 12 cases for periods ranging between 11 and 19 months till these were pointed out in Audit. The report on further development in respect of 59 cases and reply of RA, Kolkata and ADSR, Barasat in respect of the remaining 31 cases has not been received (September 2007).

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<sup>1</sup> Registrar of Assurance, Kolkata, ADSR, Dakshin Barasat and ADSR, Barasat.

The Government to whom the cases were forwarded between June and December 2006 has not furnished any reply (September 2007).

## **B. PROFESSION TAX**

### **7.3 Non-realisation of profession tax due to non-enrolment of dealers**

Under the West Bengal State Tax on Professions, Trades, Callings and Employments Act 1979, every person coming under the purview of the Act shall be liable to be enrolled and pay tax at the prescribed rates.

Cross verification of the records of 11 licence issuing offices<sup>2</sup> with those of four unit offices<sup>3</sup> of profession tax in four districts conducted between December 2003 and November 2006 revealed that 556 professionals, traders etc. failed to apply for enrolment under the Act and continued with their profession during the period falling between 2001-02 and 2005-06 without payment of tax. No action was initiated by the profession tax officers (PTOs) to enroll the dealers and recover tax at the prescribed rates. This resulted in non-realisation of profession tax of Rs. 26.32 lakh.

After the cases were pointed out, PTO, West Bengal, Central unit VII, Baruipur in 111 cases involving Rs. 3.45 lakh stated that demand notices would be issued. In the remaining 445 cases involving Rs. 22.87 lakh, the concerned PTOs did not furnish any reply.

The cases were forwarded to the Government between February 2003 and January 2007, followed by reminders issued upto June 2007; their reply has not been received (September 2007).

## **C. ELECTRICITY DUTY**

### **7.4 Non-realisation of interest for delayed payment of electricity duty**

Under the provisions of the Bengal Electricity Duty Act, 1935 as amended in April 2003, a licensee is liable to pay simple interest at the rate of two *per cent* upto March 2003 and thereafter at the rate of one *per cent* for each month of default if he fails to make payment of electricity duty collected by him to the State Government by the prescribed date.

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<sup>2</sup> Superintendent of Excise, Bankura and Birbhum; Chief Medical Officer, Health-Birbhum, South 24 Parganas and Nadia; District Magistrates-Birbhum and South 24 Parganas; Head Post Offices-Bankura Municipality, Baruipur, Krishnanagar and Suri.

<sup>3</sup> PTO, West Bengal, West Unit-IV, Bankura; West Unit-VI, Suri, Birbhum; Central Unit-VII, Baruipur, South 24 Parganas and Central Unit-II, Krishnanagar, Nadia.

Scrutiny of the records of the District Collector, Hooghly in December 2006 revealed that a licensee<sup>4</sup> deposited electricity duty of Rs. 1 crore on 27 occasions between August 2001 and August 2006 which were due between March 2000 and December 2005. There was, thus delay in payment ranging between 1 and 16 months for which interest of Rs. 9.99 lakh though leviable was not levied. This resulted in non-realisation of interest of Rs. 9.99 lakh.

The Government to whom the cases were forwarded in March 2007 stated in July 2007 that assessment of Rs. 8.73 lakh had been completed and forwarded to the Collector for issue of demand notice. Assessment of the balance amount of Rs. 1.26 lakh was being processed. The report on recovery of Rs. 8.73 lakh and further development in respect of the remaining amount has not been received (September 2007).

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<sup>4</sup> Haripal Rural Co-operative Society Ltd, Singur.