

CHAPTER VI

***OTHER TAX
RECEIPTS***

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6.1 Results of Audit

Test check of the records of offices of the Revenue¹ Department conducted during the year 2011-12, revealed preliminary audit findings of underassessments of tax and other irregularities involving ₹16.14 crore in 185 cases, which fall under the following categories:

(₹ in crore)

Sl. No.	Nature of irregularity	No. of cases	Amount
I	REVENUE DEPARTMENT		
	A. Land Revenue		
1.	Non finalisation of alienation proposals	16	3.55
2.	Non/short levy of conversion fee and fine	32	5.97
3.	Non/short levy of road cess	36	1.24
4.	Non-levy of interest on arrears of revenue	2	0.06
5.	Other irregularities	8	0.03
	B. Water Tax		
1.	Incorrect grant of remission of water tax	14	2.09
2.	Non/Short levy of water tax	22	2.20
3.	Incorrect depiction of arrears of water tax	1	0.20
	C. Professions tax		
1.	Non-levy of professions tax	50	0.66
	D. Entertainments and Betting tax		
1.	Short collection of security deposit	4	0.14
	Total	185	16.14

During the year 2011-12, the Department accepted underassessments and other deficiencies of ₹ 3.36 crore in 89 cases, of which 20 cases involving ₹ 1.71 crore were pointed out in audit during the year and the rest in the earlier years. An amount of ₹ 22.39 lakh was realised in 14 cases during the year 2011-12.

After issue of a draft paragraph, the Chief Commissioner of Land Administration (CCLA) reported (July 2012) recovery of ₹ 4.33 lakh in respect of three cases.

A few illustrative cases involving ₹ 4.22 crore are mentioned in the succeeding paragraphs. These include cases which came to notice during audit of records during the year 2011-12, as well as those which came to notice in earlier years but which could not be included in previous years' reports.

¹ Observations relating to land revenue and water tax were raised as a result of audit of Offices of the Tahsildars and objections relating to professions tax, entertainments and betting tax were raised as a result of audit of Commercial Tax Offices.

LAND REVENUE

6.2 Non/short levy of conversion fee and fine for conversion of agricultural land to non-agricultural purpose

As per Section 3(1) of Andhra Pradesh Agricultural Land (Conversion for non-agricultural purposes) Act 2006 (Act), no agricultural land in the State shall be put to non-agricultural purpose, without prior permission of the competent authority.

Section 4(1) of the Act provides that every owner or occupier of agricultural land shall pay a conversion fee at the rate of 10 *per cent* of the basic value of the land converted for non-agricultural purposes. Under section 5 of the Act, Revenue Divisional Officer (RDO) is competent to convert the land use from agricultural purpose to non-agricultural purpose. If the conversion fee so paid is found to be lesser than the fee prescribed, a notice shall be issued by the competent authority to the applicant within 30 days of the receipt of application intimating the deficit amount to him. In case no intimation is received by the applicant from the Department within 30 days about the deficit payment of the conversion fees, it shall be deemed that the amount paid is sufficient for the purpose. Further, under Section 6(2) of the Act, if any agricultural land has been put to non-agricultural purpose without obtaining permission, the competent authority shall impose a fine of 50 *per cent* over and above the conversion fee.

(i) We noticed (between April and December 2011) during the test check of the records of offices of six Tahsildars in five districts² that 85 applicants had not filed applications for the conversion of 719.15 acres of agricultural land for non-agricultural purpose, resulting in non-levy of conversion fee of ₹ 59.59 lakh and fine of ₹ 95.57 lakh. The details are as follows:

- In 15 cases covering four districts³ on land admeasuring area of 122.82 acres, conversion fee of ₹ 59.59 lakh and fine of ₹ 29.79 lakh was not levied.
- In 70 cases in Vizianagaram District covering 596.33 acres of land, though notices were issued for levy of conversion fee amounting to ₹ 131.57 lakh, fine of ₹ 65.78 lakh was not levied.

After we pointed out the cases,

- In respect of the Tahsildar office, Siddipet, CCLA replied (July 2012) that conversion fee and penalty would be collected.

² YSR Kadapa (Lakkireddypalli), Medak (Siddipet), Nizamabad (Kamareddy), Rangareddy (Nawabpet) and Vizianagaram (Bhogapuram and Denkada).

³ YSR Kadapa, Medak, Nizamabad and Ranga Reddy.

- Three⁴ Tahsildars replied (between June and December 2011) that the matter would be brought to the notice of the RDO.
- The remaining Tahsildars replied (April and September 2011) that the matter would be examined and reply sent in due course.

(ii) During the test check of records of offices of four Tahsildars in four districts⁵, we noticed, (between May and July 2011) that the RDO adopted lesser basic value while calculating the conversion fee of land measuring 137.43 acres, than was proposed for conversion by 29 applicants. Adoption of incorrect basic value of land/incorrect computation resulted in short levy of conversion fee of ₹ 5.85 lakh.

After we pointed out the cases,

- Tahsildar Razole replied (July 2011) that the matter would be examined and detailed reply furnished in due course.
- In respect of Tahsildar Sabbavaram, the CCLA replied (July 2012) that notice was issued to the applicant and amount was being collected.
- The remaining two Tahsildars⁶ replied (June and July 2011) that matter would be brought to the notice of the competent authority.

The matter was referred to the Government in May 2012; their reply has not been received (January 2013).

6.3 Non/short levy of road cess

Under the Andhra Pradesh Irrigation Utilisation and Command Area Development (IU & CAD) Act, 1984, read with the notifications issued there under, road cess at the rate of ₹ 12.35 per hectare per annum is leviable for laying of roads and their upkeep in the command areas of Nagarjunasagar, Sriramsagar and Tungabhadra projects. The Commissioner of Land Revenue, clarified in No.Z2/486/88 dated 28 August 1989 that road cess is leviable on all *ayacutdars* irrespective of the formation of roads and supply of water in their command areas relating to the above projects.

⁴ Nawabpet, Bhogapuram and Denkada.

⁵ East Godavari (Razole), Mahaboobnagar (Manopad), Visakhapatnam (Subbavaram) and Vizianagaram (Bhogapuram).

⁶ Bhogapuram and Manopad.

We noticed (between November 2009 and December 2011) during the test check of the *Jamabandi*⁷ records of 34 offices of the Tahsildars pertaining to 11 districts⁸ that road cess of ₹ 1.13 crore was not levied on *ayacutdars*⁹ in the command areas of the above projects in 27 offices, while it was short levied by ₹ 18.00 lakh in seven offices during the period 1 July 1999 to 30 June 2010 (*fasli*¹⁰ years 1409 to 1419). This resulted in non/short levy of road cess of ₹ 1.31 crore.

After we pointed out the cases, CCLA replied (July 2012) that

- Road cess of ₹11.90 lakh was collected in 12 offices¹¹.
- Demand had been raised in 10 offices¹².
- Road cess would be levied/collected as arrears in 1422 *fasli* in respect of eight offices¹³.
- In respect of Tahsildar office, C.Belgal it was replied (July 2012) that water received from the Tungabhadra project was not to be subjected to road cess. The reply is not tenable as road cess is leviable on the command area of the Tungabhadra project.
- Final reply has not been received in respect of remaining three cases (July 2012).

We referred the matter to the Government in May 2012; their reply has not been received (January 2013).

⁷ “Jamabandi” means finalisation of village accounts and demands.

⁸ Anantapur (Bommanahal, Guntakal Narpala, Peddavadugur and Tadipathri), Guntur (Chilikaluripeta, Guntur, Krosur, Medikondur, Narasaraopeta, Nekarikallu, Prathipadu, Rompicherla and Tadikonda), YSR Kadapa (Kamalapuram, Thondur and Yerraguntla), Karminagar (Choppadandi, Dharmapur and Ramagundam), Krishna (G.Konduru), Kurnool (C.Belgal, Halaharvi and Kallur.), Mahbubnagar (Manopad), Nalgonda (Huzurnagar and Kodad), Nizamabad (Balkonda), Prakasam (Addanki, Chimakurthy, Jankavaram, Pullalachervu and Santhanuthalapadu), and Warangal (Parkal).

⁹ Land owners in command areas of irrigation projects.

¹⁰ “Fasli” year means a period of 12 months from July to June.

¹¹ Bommanahal, Choppadandi, Dharmapuri, G.Konduru, Huzoornagar, Narsaraopeta, Peddavadugur, Pullela Cheruvu, Rompicherla, Tadipatri, Thonduru and Nekarikallu.

¹² Chilakaluripeta, Guntakal, Guntur, Kamalapuram, Krosur, Manopad, Medikonduru, Prathipadu, Tadikonda and Yerraguntla.

¹³ Addanki, Chimakurthi, Janakavaram, Kalluru, Narpala, Parkal, Ramagundam and Santhanuthalapadu.

WATER TAX**6.4 Non/short levy of water tax**

As per the AP Water Tax Act, all lands receiving water for irrigation from a Government notified source of irrigation shall be subjected to water tax. Water tax is levied according to the source of irrigation in the locality. For this purpose, all major and medium irrigation sources shall be regarded as category-I and all other sources, which are capable of supplying water for not less than four months in a year shall be regarded as category-II. Based on this categorisation, water tax is levied according to the source of irrigation in the locality. As per the instructions issued by the CCLA, read with instructions issued in Board Standing Order *Jamabandi* is required to be conducted immediately after the close of the fasli year, so as to finalise the settled demand in respect of water tax. The *Jamabandi* of annual settlement comprises a detailed scrutiny of the village and taluk registers and accounts with the object of ascertaining whether all items of Land Revenue, including careful inspection of cultivable and poromboke (Government) lands, have been properly determined and brought to account and whether the statistics prescribed for economic and administrative purposes have been correctly complied. However, no return has been prescribed by the Department for watching the progress in completion of *jamabandi* by each mandal.

We noticed (between November 2010 and December 2011) during the test check of the records of the offices of nine Tahsildars¹⁴ that water tax amounting to ₹ 94.90 lakh was either not levied or was levied short by the Tahsildars during the period from 1 July 2001 to 30 June 2002 (*fasli* year 1411) and 1 July 2003 to 30 June 2009 (*fasli* years 1413 to 1418).

After we pointed out the above cases, CCLA replied (July 2012)

- In respect of Chejerla, Manubolu and Pellakur Tahsildars, short levy (₹ 39.48 lakh) had been included in the demand.
- In respect of Kothapet, Nagireddypet and Tenali, instructions were issued to collect the water tax short levied (₹ 22.70 lakh).
- As regards Kruthivenu, discrepancy in respect of area irrigated had since been rectified and the amount was being collected (₹ 14.48 lakh).

Tahsildar Parkal replied (May 2011) that water tax demand would be revised and included in 2009-10 *Jamabandi* and collection watched (₹ 4.76 lakh). Reply from Tahsildar, Nidamanoor is awaited (₹ 13.48 lakh)

¹⁴ Chejerla, Kothapet, Kruthivenu, Manubolu, Nagireddypet, Nidamanoor, Parkal, Pellakur and Tenali.

We referred the matter to the Government in May 2012. Their reply has not been received (January 2013).

6.5 Short realisation of revenue due to incorrect depiction of arrears of water tax

Article 8 of A.P. Financial Code Vol. I, stipulates that every departmental controlling officer should watch closely the progress of realisation of the revenues under his control and check the recoveries made against the demand.

We noticed (December 2009 and September 2011) during the test check of the *Jamabandi* records and Demand Collection Balance (DCB) statements of offices of two Tahsildars¹⁵ that in

one case, opening balance of arrears of water tax for the *fasli* year 1410 (1 July 2000 to 30 June 2001) was taken as 'nil' even though the closing balance for the *fasli* year 1409 (1 July 1999 to 30 June 2000) was ₹ 19.75 lakh. In another case, while carrying forward the opening balance of demand for the *fasli* year 1411 (1 July 2001 to 30 June 2002), an amount of ₹ 9.07 lakh was taken short. This was neither detected by the Tahsildars nor by the *Jamabandi* officers. This resulted in short realisation of revenue of ₹ 28.82 lakh due to incorrect depiction of demand in the DCB registers.

After we pointed out the cases, CCLA replied (July 2012) that

- In respect of Peddavaduguru, water tax was levied and an amount of ₹ 10.08 lakh was recovered
- In respect of Yeddanapudi, it was stated that demand would be included in *fasli* year 1418 and collected.

We referred the matter to the Government in May 2012; their reply has not been received (January 2013).

6.6 Non-levy of interest on collected arrears

As per Section 8 of AP Water Tax Act, water tax payable by an owner in respect of any land shall be deemed to be public revenue due upon the land and the provisions of the AP Revenue Recovery (APRR) Act, 1864 shall apply. Further, under Section 7 of APRR Act, arrears of revenue shall bear interest at the rate of six *per cent* per annum.

We noticed (between March and November 2010) during the test check of the records of offices of three¹⁶ Tahsildars that during the period from 1 July 2003 to 30 June 2010 i.e., *fasli* years 1413

to 1419, arrears of water tax amounting to ₹ 1.10 crore were collected. However, interest of ₹ 6.57 lakh¹⁷ was not levied and collected. This resulted in short realisation of Government revenue of ₹ 6.57 lakh.

¹⁵ Peddavadugur and Yeddanapudi

¹⁶ Bhattiprolu, Narpala and Pamaru (K.Gangavaram).

¹⁷ Calculated for one year in the absence of year wise collections.

After we pointed out the cases, the CCLA replied (July 2012) that

- In respect of Bhattiprolu, interest had been included in the demand for *fasli* year 1419.
- In respect of Pamarru, interest of ₹ 0.41 lakh had been collected; instructions were issued to collect the balance amount.
- Report from Tahsildar Narpala was awaited.

We referred the matter to the Government in May 2012; their reply has not been received (January 2013).