

EXECUTIVE SUMMARY

Increase in tax collection	In 2011-12, the collection of revenue from Stamps & Registration decreased by 15.61 <i>per cent</i> over the previous year.
Very low recovery by the Department of observations pointed out by us in earlier years.	During the period 2007-08 to 2011-12, we had pointed out non/short realisation with revenue implication of ₹ 8.46 crore in 10 cases. Of these, the Department/ Government accepted audit observation in one case involving ₹ 0.84 crore but failed to make any recovery.
Result of audit conducted by us in 2010-11	In 2011-12, we test checked the records of two units relating to Stamps & Registration Department and found short/non-realisation <i>etc.</i> involving ₹ 0.07 crore in two cases. The Department did not respond to the audit observations. No recovery was intimated.
What we have highlighted in this Chapter	In this Chapter, we present illustrative cases of ₹ 0.84 crore selected from observations noticed during our test check of records relating to assessment and collection of duties, fees <i>etc.</i> by the Department, where we found that the provisions of the Acts/Rules were not observed. It is a matter of concern that similar omissions have been pointed out by us repeatedly in the Audit Reports for the past several years, but the Department has not taken corrective action. We are also concerned that though these omissions were apparent from the records which were made available to us, the Department was unable to detect these mistakes.
Our conclusion	Due to non-functioning of the internal audit wing, the Department

could not address the system deficiencies and detect the loopholes and lacunae in its functioning.

It also needs to initiate immediate action to recover the non-realisation of duties, fees penalties *etc.* printed out by us, more so in those cases where it has accepted our contention.

CHAPTER V: STAMP DUTY & REGISTRATION FEES

5.1 Tax administration

The levy and collection of tax is administered by Principal Secretary, Excise, Registration, Taxation and Stamps (ERTS) at the Department level. At the Directorate level, the Inspector General of Stamps & Registration monitors the functioning of the Department. Further, there are District Registrars/Sub-Registrars at the district level for levy and collection of Stamp Duty & Registration fees.

5.2 Trend of receipts

Actual receipts from Stamp Duty & Registration fees during the years 2007-08 to 2011-12 along with the total tax receipts during the same period is exhibited in the following table:

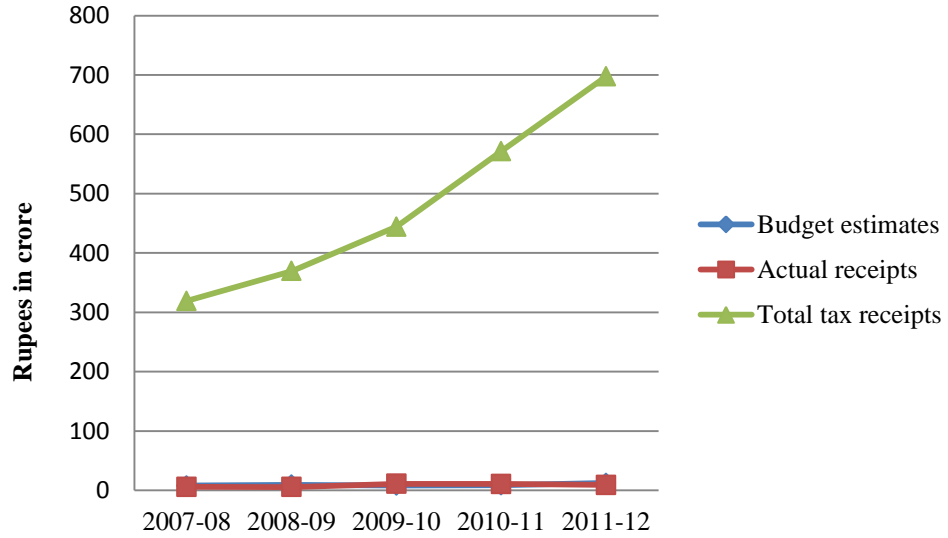
(₹ in crore)

Year	Budget estimates	Actual receipts	Variation Excess (+)/shortfall (-)	Percentage of variation	Total tax receipts of the State	Percentage of actual receipts vis-à-vis total tax receipts
2007-08	7.92	5.99	(-) 1.93	32	319.10	1.88
2008-09	9.50	5.54	(-) 3.96	71	369.44	1.50
2009-10	8.11	11.02	(+) 2.91	26	444.29	2.48
2010-11	8.60	10.76	(+) 2.16	20	571.45	1.88
2011-12	12.29	9.08	(-) 3.21	26	697.54	1.30

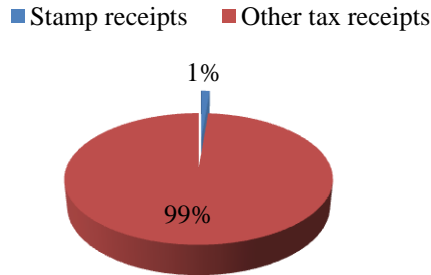
The wide variation between budget estimates in the last five years show that the budget is not being realistically framed.

Receipts from Stamp Duty & Registration formed about two *per cent* of the total tax receipts of the State for the last five years.

A line graph showing the budget estimates *vis-à-vis* the actual receipts and the total tax receipts is as follows:



Also a pie chart showing the actual receipts from Stamp Duty & Registration fees *vis-à-vis* the total tax receipts is as follows:



5.3 Impact of audit reports

During the last five years (including the current year's report), we have pointed out non/short levy, non/short realisation *etc.*, with revenue implication of ₹ 8.46 crore in 10 paragraphs. Not a single reply was furnished by the Department/Government in respect of any of the paragraphs and no recovery was intimated. The details are shown in the following table:

(₹ in crore)

Year of Audit Report	Paragraphs included		Paragraphs accepted		Amount recovered	
	No.	Amount	No.	Amount	No.	Amount
2007-08	3	0.22	--	--	--	--
2008-09	1	1.21	--	--	--	--
2009-10	2	0.71	--	--	--	--
2010-11	3	5.48	--	--	--	--
2011-12	1	0.84	1	0.84	--	--
Total	10	8.46	1	0.84	--	--

We recommend that the Department revamp its revenue recovery mechanism in order to effect recovery in the cases pointed out.

5.4 Results of Audit

Test check of the assessment cases and other records of two units relating to the Stamps & Registration Department during the year 2011-12 revealed non-realisation of stamp duty amounting to ₹ 0.07 crore in two cases. During the year, the Department failed to respond to any of the irregularities brought to their notice. No recovery in respect of any of the cases was intimated.

An audit observation involving ₹ 0.84 crore is mentioned in the succeeding paragraph.

5.5 Non-compliance of the provisions of the Acts/Rules

The provisions of the Indian Stamp Act, 1899 and the Rules made thereunder require levy and payment of:

- Stamp duty on documents of lease at prescribed rate
- Stamp duty for registration of conveyance deeds

Non-compliance of the provisions of the Act/Rules as mentioned in the succeeding paragraph resulted in non-realisation of ₹ 0.84 crore.

5.6 Short realisation of stamp duty

Stamp duty of ₹ 84.49 lakh was short levied on registration of conveyance deeds by three cement manufacturing companies.

During test check of records in Sub-Registrar office, Khliehriat in

Under Section 29(c) of the Indian Stamp Act, 1899 stamp duty for registration of a conveyance deed for transfer of ownership of land shall be paid by the purchaser in the absence of any agreement between the purchaser and the seller. Under Section 23 of the Indian Stamps (Meghalaya Amendment) Act, 1993 stamp duty for registration of a conveyance deed for transfer of land is 99 rupees for every thousand rupees. The ERTS Department, GOM vide a notification dated 11 July 1983 exempted 50 per cent of stamp duty payable for all instruments of conveyance executed by or in favour of members of Scheduled Castes/Tribes.

December 2010 it was noticed that 26 plots of land were purchased by three¹ cement manufacturing companies from two persons belonging to the Scheduled Tribe community on various dates² between March 2007 and October 2010 for a consideration of ₹ 16.97 crore. Since there was no agreement between the parties as to the incidence of stamp duty, the same was payable by the purchasers as per the Indian Stamp Act, 1899. Furthermore, companies do not fall within the category of Scheduled Castes/Tribes. However, it was observed that the conveyance deeds for

transfer of ownership of all the 26 plots were registered by the purchasers on payment of 50 per cent stamp duty payable amounting to ₹ 0.84 crore³ instead of ₹ 1.68 crore⁴ resulting in short realisation of ₹ 0.84 crore as stamp duty.

On this being pointed out, the Department stated in January 2012 that notices had been issued to the three companies for payment of the balance stamp duty. Further progress in the matter was awaited (March 2013).

¹ M/s Meghalaya Power Ltd; M/s Star Cement Co. Ltd; M/s JUD Cements Pvt Ltd.

² 01 plot on 14 March 2007, 11 plots on 19 August 2010 and 14 plots on 21 October 2010.

³ (₹ 16,97,01,914 X 99/1000) X 50 % = ₹ 84,00,248

⁴ ₹ 16,97,01,914 X 99/1000 = ₹ 1,68,00,489