

Chapter VI
Other Tax Receipts

EXECUTIVE SUMMARY – CHAPTER - VI

What is highlighted in this Chapter	<p>The Chapter includes an audit on Levy of Stamp Duty and Registration Fees on Development/Construction Agreements involving ₹ 14.47 crore.</p> <p>A para on non-realisation of transport permit fee in the State Excise Department involving ₹ 3.55 crore is also featured in this chapter.</p>
Decreasing tax collection and shortfall compared to budget estimates	<p>In Registration Department, the revenue collection during 2012-13 was ₹ 2,938.38 crore which was 22.18 <i>per cent</i> less than the budget estimate.</p>
Low recovery by the Departments	<p>During the last four years cases of undervaluation of documents, short levy of stamp duty etc., involving ₹ 66.61 crore in 888 cases were pointed out. The Registration Department accepted ₹ 8.50 crore in 407 cases of which ₹ 0.18 crore was recovered which was only 2.12 <i>per cent</i> of the accepted cases.</p> <p>During the last four years the Excise Department accepted 121 cases involving ₹ 32.11 crore, but only 2.60 <i>per cent</i> of the amount accepted was recovered.</p>
Results of audit	<p>In 2012-13 records of 68 units relating to the State Excise Department were test checked and 17 cases involving ₹ 8.54 crore were pointed out, of which two cases involving ₹ 0.05 crore were accepted. One draft para involving ₹ 3.89 lakh was issued in January 2013, which the Department had recovered fully.</p>
Conclusion	<p>The Registration Department needs to initiate immediate action to recover stamp duty and registration fees relating to undervaluation of documents pointed out by Audit, more so in cases where it has accepted the contention of Audit.</p> <p>The Excise Department needs to improve the internal control system so that weaknesses in the system are addressed. The Department also needs to initiate immediate steps to recover the non-levy of import fee, non/short remittance of gallonage fee etc., pointed out by Audit, more so in those cases where it has accepted the contention of Audit.</p>

CHAPTER - VI : OTHER TAX RECEIPTS

A- STATE EXCISE

6.1 Tax administration

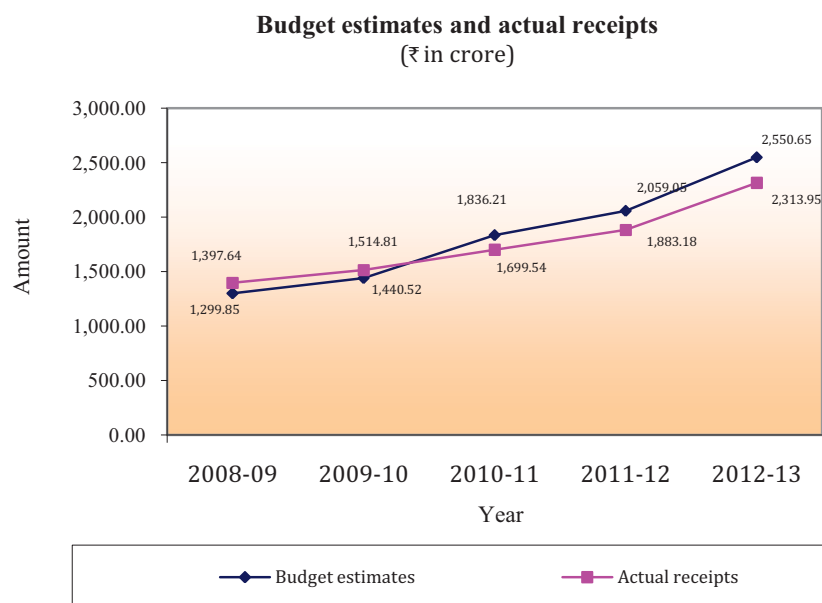
Excise department is under the control of Secretary (Taxes) at the Government level and the Excise Commissioner is the head of the department. The Abkari Act 1 of 1077 governs the laws relating to import, export, transport, manufacture, sale and possession of intoxicating liquor and drugs in the State. The receipt is mainly derived from the duty on foreign liquor and spirits.

6.2 Trend of receipts

Actual Receipts from excise duties and fees during the last five years (2008-09 to 2012-13) along with the budget estimates during the same period are exhibited in the following table and graph.

(₹ in crore)							
Year	Budget estimates	Actual Receipts	Variation	Percentage of variation	Total tax receipts of the State	Percentage of actual receipts to total tax receipts	Percentage of growth over previous year
2008-09	1,299.85	1,397.64	(+) 97.79	(+) 7.52	15,990.18	8.74	19.53
2009-10	1,440.52	1,514.81	(+) 74.29	(+) 5.16	17,625.02	8.59	8.38
2010-11	1,836.21	1,699.54	(-) 136.67	(-) 7.44	21,721.69	7.82	12.19
2011-12	2,059.05	1,883.18	(-) 175.87	(-) 8.54	25,718.60	7.32	10.81
2012-13	2,550.65	2,313.95	(-) 236.70	(-) 9.28	30,076.61	7.96	22.87

Source : Finance Accounts of relevant years.



Audit noticed that the budget estimates and actual receipts for the year 2012-13 showed a variation of (-) 9.28 per cent. The Department stated (September 2013) that non enhancement of excise duty and other fees resulted in reduction of revenue receipts for the year 2012-13.

6.3 Cost of collection

The gross collection of revenue receipts under the head State excise duties, expenditure incurred on collection and the percentage of expenditure to gross collection from 2008-09 to 2012-13 along with the All India average percentage of expenditure on collection to gross collection for relevant years are mentioned below:

Year	Collection [*]	Expenditure on collection of revenue [*]	Percentage of expenditure to gross collection	All India average percentage of the preceding year
	(₹ in crore)			
2008-09	1,397.64	72.84	5.21	3.27
2009-10	1,514.81	83.36	5.50	3.66
2010-11	1,699.54	92.51	5.44	3.64
2011-12	1,883.18	144.69	7.68	3.05
2012-13	2,313.95	146.81	6.33	2.98

^{*}Source: Finance Accounts of relevant years and departmental figures.

Audit noticed an increase in revenue collection and in the expenditure on collection of revenue consistently for the years from 2008-09 to 2012-13. The percentage of expenditure to gross collection was also higher than the All India average percentage during the last five years.

6.4 Impact of audit

During the last four years, Audit pointed out non-levy of import fee, non/short remittance of gallonage fee, delay in crediting rentals of toddy shops etc., with revenue implication of ₹ 75.95 crore in 157 paragraphs. Of these, the Department/Government accepted audit observations involving ₹ 32.11 crore and recovered ₹ 83.52 lakh. The details are shown in the following table:

(₹ in lakh)

Year	Paragraphs included in the LARs		Paragraphs accepted during the year		Recovery during the year	
	No.	Amount	No.	Amount	No.	Amount
2008-09	76	5,337.00	40	3,130.00	10	2.30
2009-10	54	2,147.00	39	39.00	39	39.00
2010-11*	27	111.15	32	26.66	32	26.66
2011-12*	0	0	10	15.56	10	15.56
Total	157	7,595.15	121	3,211.22	91	83.52

* No local audit was conducted during the years 2010-11 and 2011-12 as a performance audit of the Department covering period 2006-11 was conducted and Report was presented to State Legislature in March 2012.

The recovery was only 2.60 *per cent* when compared to the cases accepted by the department.

6.5 Working of Internal Audit Wing

The internal audit wing (IAW) in the State Excise Department commenced functioning from 3 November 1980. The wing is headed by a Joint Commissioner of Excise and is assisted by one Assistant Excise Commissioner, three superintendents, three excise inspectors and six preventive officers. During the year 2012-13, the target of auditing 62 units was achieved. There were 77 IRs with 118 observations involving ₹ 105.43 crore outstanding at the end of March 2013. The Department has not prepared a separate internal audit manual.

Audit recommends that the IAW may be strengthened so that they are able to audit more sub offices. Besides, a mechanism needs to be installed for timely settlement of the audit observations raised by the IAW. It is also recommended to prepare an Internal Audit Manual.

6.6 Results of audit

In 2012-13, Audit test checked the records of 68 units relating to the State Excise Department and noticed non/short levy of tax and other irregularities involving ₹ 8.54 crore in 17 cases which fall under the following categories:

(₹ in crore)

Sl. No.	Categories	No. of cases	Amount
1.	Non-realisation of transport permit fee	3	3.77
2.	Non-realisation of gallonage fee	2	0.06
3.	Short collection of cost of establishment	6	0.08
4.	Non-levy of import fee on grape spirit/malt spirit	1	0.02
5.	Others	5	4.61
Total		17	8.54

During the course of the year, the Department accepted underassessment and other deficiencies of ₹ 0.05 crore in two cases which were pointed out in audit during the year 2012-13. The Department realised during the year 2012-13 an amount of ₹ 0.01 crore in five cases which were pointed out during previous years.

A draft para was issued (January 2013) involving ₹ 3.89 lakh, in which the department had recovered the entire amount.

6.7 Non-realisation of transport permit fee

Permits were issued to licencees for transport of IMFL without realising fee

(Three¹ Offices of the Joint Excise Commissioners)

Under Section 10 read with Section 11 of the Abkari Act 1 of 1077, liquor or intoxicating drug exceeding such quantity as prescribed by Government from time to time, either generally for the whole State or for a local area shall be transported under a permit. Under Sections 6 and 7 of the Act, liquor or intoxicating drugs can be imported or exported by the various licencees for which No Objection Certificates (NOC) are issued under the specific Rules under which licences were issued.

Liquor or intoxicating drugs exceeding quantity prescribed by Government shall be transported only under permits issued by the Commissioner of Excise. Government by Notification² issued in March 1995 fixed a fee of ₹ 500 with effect from April 1995 on each permit to be

issued for the import, export and transportation of liquor or intoxicating drugs under Sections 6, 7 and 11 of the Abkari Act 1 of 1077.

The non-collection of the permit fee was pointed out in the Report of the Comptroller and Auditor General of India (Revenue Receipts) for the year ended 31 March 2011. But scrutiny (between July 2012 and September 2012) of permit issue registers of 21 FL9³ Warehouses under the offices of the three Joint Excise Commissioners revealed that 71,074 transport permits within the state were issued (between 1 April 2011 and 8 February 2012). Permit fee of ₹ 3.55 crore was not realised while issuing the above transport permits.

After Audit pointed out the matter (between July 2012 and September 2012) the Department stated (between July 2012 and September 2012) that in pursuance of Notification⁴ (February 2012) permit fee leviable under Section 11 is being realised from February 2012 at the rate of ₹ 500. But nothing was mentioned

¹ Central Zone, Ernakulam, North Zone, Kozhikode and South Zone, Thiruvananthapuram.

² SRO 388/95 dated 27 March 1995

³ Bonded warehouses of Kerala State Beverages Corporation

⁴ SRO 85/2012 dated 9 February 2012

about the permit fee relating to the period from April 2011 to February 2012. Further report has not been received (February 2014).

When the matter was reported to Government in March 2013, the Government endorsed the reply of the Department which stated (November 2013) that prior to 9 February 2012 there was no clear provision to levy permit fee from licensees under Foreign Liquor Rules for the transport of IMFL from FL9 Warehouses to other licenced premises. On the basis of SRO 85/2012 dated 9 February 2012, permit fee is being collected.

The reply furnished by Department was not correct. When Government enhanced the fees for each permit issued under section 6 and section 7 to ₹ 1,000 vide notification in March 2004, Government had not withdrawn the permit fee of ₹ 500 under Section 11. However, permit fee under Section 11 was not realised during the period from 01 April 2004 to 8 February 2012.

B – Stamp duty and Registration fees

6.8 Tax administration

The Registration Department is under the control of the Secretary to Government, Taxes at Government level and the Inspector General of Registration is the head of the department. Instruments affecting immovable property are to be presented for registration in the office of sub registrar within whose jurisdiction the whole or some portion of the property is situated. The Registration Department administers the Acts and Rules relating to stamp duty and registration fees.

Non-testamentary instruments which purport or operate to create, declare, assign, limit or extinguish, whether in present or in future, any right, title or interest, whether vested or contingent of the value of one hundred rupees and upwards, to or in immovable property and other instruments mentioned under Section 17 of the Registration Act 1908 are to be registered compulsorily and the registration of documents mentioned under Section 18 is optional.

6.9 Trend of receipts

Actual receipts from stamp duty and registration fees during the last five years (2008-09 to 2012-13) along with the budget estimates during the same period is exhibited in the following table and graph.

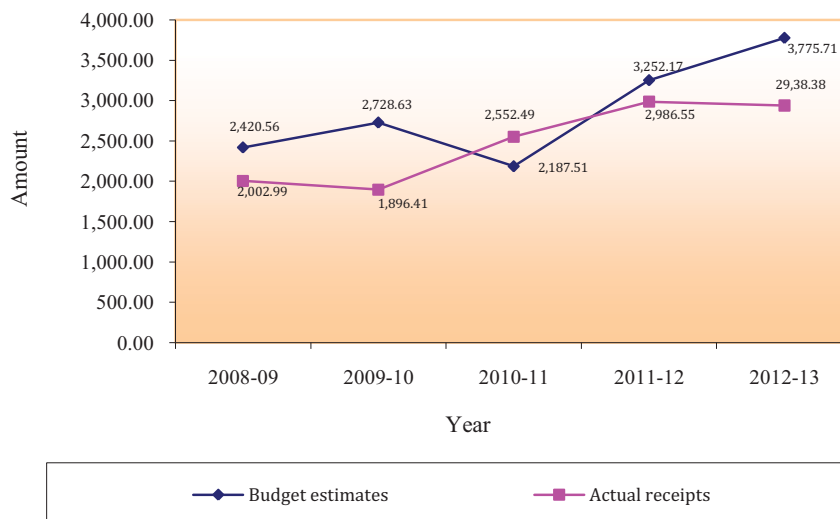
(₹ in crore)

Year	Budget estimates	Actual receipts	Variation	Percentage of variation	Total tax receipts of the State	Percentage of actual receipts to total tax receipts	Percentage of growth over previous year
2008-09	2,420.56	2,002.99	(-) 417.57	(-) 17.25	15,990.18	12.53	(-) 1.23
2009-10	2,728.63	1,896.41	(-) 832.22	(-) 30.50	17,625.02	10.76	(-) 5.62
2010-11	2,187.51	2,552.49	(+) 364.98	(+) 16.68	21,721.69	11.75	34.59
2011-12	3,252.17	2,986.55	(-) 265.62	(-) 8.17	25,718.60	11.61	17.01
2012-13	3,775.71	2,938.38	(-) 837.33	(-) 22.18	30,076.61	9.77	(-) 1.61

Source: Finance Accounts of the relevant years

Budget estimates and Actual receipts

(₹ in crore)



Audit noticed variation of (-) 22.18 *per cent* between the budget estimates and actual receipts during the year 2012-13. The revenue collection during 2012-13 showed a decrease of 1.61 *per cent* compared to the preceding year. The Department stated that the reason for decrease in revenue receipts was due to application of uniform rate of stamp duty for partition deed, gift deed etc., and the reduction in number of documents registered during the year.

6.10 Cost of collection

The gross collection of revenue receipts under the head Stamps and Registration fees, expenditure incurred on collection and the percentage of expenditure to gross collection during 2008-09 to 2012-13 alongwith the All India average percentage of expenditure on collection to gross collection for relevant years are mentioned below :

Year	Collection	Expenditure on collection of revenue	Percentage of expenditure to gross collection	All India average percentage of the preceding year
	(₹ in crore)			
2008-09	1,931.75	82.97	4.30	2.09
2009-10	1,812.89	100.70	5.55	2.77
2010-11	2,477.19	101.56	4.09	2.47
2011-12	2,906.89	144.85	4.98	1.60
2012-13	2,862.07	128.73	4.50	1.89

Source: Finance Accounts and Departmental figures

Audit noticed that the revenue collection and the expenditure on collection of revenue showed a decrease of 1.54 *per cent* and 11.13 *per cent* respectively in 2012-13 over the preceding year. Audit also noticed that the expenditure on collection was consistently higher than the All India Average percentage during the years from 2008-09 to 2012-13.

6.11 Impact of audit

During the last four years, undervaluation of documents, short levy of stamp duty etc. with revenue implication of ₹ 66.61 crore were pointed out in 888 paragraphs. Of these, the Department/Government accepted audit observations involving ₹ 8.50 crore and recovered ₹ 0.18 crore. The details are shown in the following table:

(₹ in crore)

Year	Paragraphs included in the LARs		Paragraphs accepted during the year		Recovery during the year	
	No.	Amount	No.	Amount	No.	Amount
2008-09	235	7.02	54	0.38	52	0.03
2009-10	258	9.04	176	3.02	54	0.03
2010-11	235	47.24	87	2.75	74	0.05
2011-12	160	3.31	90	2.35	76	0.07
Total	888	66.61	407	8.50	256	0.18

It is seen from the table that the Department had recovered only 2.12 *per cent* of the total amount accepted during the four years.

6.12 Working of Internal Audit Wing

Inspector General of Registration (IGR), Kerala monitors the functioning of the Internal Audit Wing (IAW) of the Registration Department. The District Registrar (DR) (Audit) and team do the audit in the district. The sub-registry offices are audited annually. The total number of staff deputed for the internal audit work in this Department is sixty two. The team leader is the DR (Audit) who is assisted by his subordinates. There is no separate manual for internal audit in the Department. Training of staff in the audit wing is included in the Department training programme undertaken through the Institute of Management in Government. The auditee offices are selected after giving special preference to those offices where the Registering Officer is due to retire shortly which itself is a risk analysis aimed at avoiding revenue loss. During 2012-13 IAW has audited 245 units out of 297 units planned for audit. They observed that the implementation of fair value has blocked evasion of stamp duty and they noted that non-stipulation of guidelines for the value of buildings is a system deficiency in the fair value reform which may lead to leakage of stamp duty.

6.13 Results of audit

In 2012-13 Audit test checked the records of 135 units relating to the Registration Department and detected undervaluation of documents and other irregularities involving ₹ 18.18 crore in 79 cases which fall under the following categories:

(₹ in crore)			
Sl. No.	Categories	No. of cases	Amount
1	Levy of Stamp Duty and Registration Fee on Development/Construction Agreement	1	14.47
2	Undervaluation of documents	52	0.77
3	Other lapses	26	2.94
	Total	79	18.18

The Department accepted undervaluation and other deficiencies of ₹ 0.57 crore in 75 cases, of which nine cases involving ₹ 0.05 crore were pointed out in audit during the year 2012-13 and the rest in earlier years. An amount of ₹ 0.08 crore was realised in 67 cases during the year of which five cases involving ₹ 0.33 lakh pertained to 2012-13.

6.14 Levy of Stamp Duty and Registration Fee on Development/Construction Agreements

6.14.1 Introduction

The Stamp duty leviable on instruments executed is regulated under Kerala Stamp Act 1959 (KSA)/Kerala Stamp Rules 1960 (KSR). Registration fee leviable on such instruments registered within the state are determined and notified by State Government from time to time.

Stamp duty leviable on all types of agreements was ₹ 100 upto 31 March 2007. The registration fee leviable is at two *per cent* of the consideration set forth in the document.

The rates of stamp duty for sale of flats/apartments/villas were seven *per cent*, eight *per cent* and nine *per cent* respectively on the consideration set forth in the document in *panchayat*, municipality and corporation areas respectively upto June 2013.

Development agreement is an innovative mechanism introduced (April 2007) by the Government to encourage the construction of houses. Under this the land owner retains the ownership of the land and permits the developer to construct and sell buildings/flats in the land. In turn, the land owner may give a lump sum consideration or a share in the property constructed to the land owner. After entering into agreement with land owner, the builder/developer enters into agreements with the prospective buyers for sale of flats that he has proposed to construct in the land in which he has development rights. From 1 April 2007, stamp duty leviable on development agreements is at the rates applicable to sale deeds.

Audit conducted a study on the levy of stamp duty and registration fee on the development/construction agreements executed in the state during the period 2010-11 and 2011-12.

6.14.2 Audit objectives

The Audit was conducted to –

- study adequacy of the system of levy of stamp duty/registration fee in the case of transfer of flat/apartment/villas.
- identify the weakness, if any, in the departmental mechanism, leading to undervaluation of flats/apartments/villas.
- assess the effect of the amendment to KSA to plug tax evasion by developers/builders.
- see whether the departmental mechanism evolved to enforce the provisions of the new amendment was adequate and ascertain its effectiveness.

6.14.3 Audit criteria

The criteria for this audit were derived from provisions of central and state Act/Rules viz.

Central

- i. The Indian Stamp Act, 1899.
- ii. The Registration Act, 1908

State

- iii. The Indian Stamp (Kerala) Rules, 1960
- iv. The Kerala Stamp Act, 1959.
- v. The Kerala Stamp Rules, 1960.

6.14.4 Scope and methodology of audit

Audit was conducted from April 2013 to July 2013 covering the period 2010-11 and 2011-12. Out of 14 districts in the State, five districts, viz., Ernakulam, Kottayam, Kozhikode, Thiruvananthapuram and Thrissur, where large scale construction of flats/apartments/villas have taken place were selected for audit. Audit analysed the activities of seventeen⁵ builders in the State for 2011-12. As per declarations in Form 49⁶ collected from CTOs (WC), they had projects for undertaking construction of 2,244 flats. All of these constructions were located in above five districts.

Sale deeds executed by the builders/developers in favour of the purchasers were cross verified with the construction/sale agreements and Form 49 filed in the respective Commercial Tax Office (Works Contract) to detect undervaluation, if any, and the short levy of stamp duty and registration fees. Evidences were collected from Sub Registry Offices and Commercial Tax Offices (Works Contract) of Commercial Taxes Department.

6.14.5 Limitation of Audit

In the existing system, builders execute agreements with prospective buyers incorporating with the terms and conditions of sale of flat/apartment. Subsequently when the flat is transferred to the buyer conveyance deed is executed. The agreements are not being registered since as per Registration Act registration of agreements is not mandatory. Hence, it is difficult to find out undervaluation, if any, in the conveyance deed registered subsequently.

Development, construction and sale of flat/apartment/villas by developers have been increasing from year to year during the last few years. A scrutiny of the

⁵ Monarch builders, Skyline, Heera, Artech, Cordial, Hoyssala, Abad, Asset homes, Almark housing, Galaxy homes, Kent Constructions, Thrissur builders, Unidesign, Creations india, Cheloor, Gopuram and Forus initiative Builders

⁶ Form 49 is a declaration prescribed under Rule 24 B of Kerala Value Added Tax Rules 2005 to be filed along with returns by contractors/ promoters/developers or by what so ever name called who undertakes construction or developments of flats/apartments/villas.

Book 1⁷ register revealed that registration of development agreements between owner of land and the builders being not mandatory, were rarely brought under reports of the registering authority. In the absence of a proper mechanism to monitor the agreements, audit could not ascertain the number of development agreements executed in the State during the audit period and verify whether adequate stamp duty has been levied on them.

6.14.6 System Deficiency

Important deficiencies noticed in the existing system are narrated below:

6.14.6.1 Absence of mandatory provision in the Act resulted in provisions relating to development agreement ineffective

Under KSA, stamp duty leviable on agreements is ₹ 100. Under Act 15⁸ of 2007, stamp duty as applicable to conveyance, on the value or the estimated cost of proposed construction/development of such property is payable on agreements giving authority or power to a promoter or developer for construction, development or sale or transfer of any immovable property was introduced with effect from April 2007 and it was specified that when sale deed is executed, the parties will be granted rebate of stamp duty paid on the agreement.

The registering authorities were not obtaining copies of development/construction agreements at the time of registration of sale deeds executed after 1 April 2007, by builders/developers/promoters in favour of purchasers, in order to ensure that the documents bear proper stamp duty on the consideration which represents the actual transfer value of flats/apartments sold. Moreover, the registration of agreements not being compulsory, the sufficiency in collection of stamp duty on the agreements was not ensured at any point. Audit could not collect the details of development/construction agreements executed in the State since none of the offices in the State including Sub Registry Offices are in a position to furnish such details.

After this was pointed out (September 2013) Government stated (November 2013) that action had been taken to plug the leakage of revenue by way of non-levy of stamp duty by making the registration compulsory for agreements and revising the stamp duty leviable on development agreements at par with that of conveyance deeds.

The registration of development/construction agreements may be made compulsory and the registering authorities be directed to insist the production of such agreements while sale deed is produced before him for registration.

⁷ Book 1 Register in Sub Registry Office.

⁸ Finance Act 2007 published in K.G.Ext.No.1393 dated 28.7.2007 inserting clause 5(c)

6.14.6.2 Undervaluation of sale deeds due to lack of co-ordination between departments

Audit collected copies of 21 Agreements from two⁹ commercial tax offices (CTO) and copies of 5,255 Form 49¹⁰ from six¹¹ CTOs and cross verified with the details of conveyance deeds registered in 22¹² Sub Registry Offices. Test check of Form 49 filed in respect of 17 builders in the five districts selected with reference to records of sub Registry Offices revealed undervaluation in 820 sale deeds executed by the builders involving deficit stamp duty and registration fee amounting to ₹ 13.88 crore as shown in the Annexure XIII.

Audit scrutiny revealed that there was lack of co-ordination between Registration department and Commercial taxes department to ascertain the actual sale value of flats/villas/apartments from Form 49 and sale agreements filed with CTO. A comparison of the sale values appearing in the sale deed registered between April 2010 and March 2012 with the sale agreements filed with the CTO showed undervaluation of sale deeds executed by builders/developers in favour of buyers of flats/villas/apartments.

After this was pointed out, (September 2013) Government accepted the audit observation and stated (October 2013) that necessary directions had been given by the Government for obtaining data from the Commercial Taxes Department.

A system should be evolved by way of inserting provision in the manual in the Department to cross verify the details furnished by the contractors in other departments, to ensure that the value shown in the conveyance deeds are correct and duty levied on them are sufficient.

6.14.6.3 Instruments not duly stamped not impounded by Public officers

The Schedule to Kerala Stamp Act, 1959 provides for levy of stamp duty on instruments which require compulsory registration as well as instruments, the registration of which is optional. In respect of instruments requiring compulsory registration, the sufficiency of stamp duty is ensured by the registering authority when presented before them for registration. In respect of instruments that do not require compulsory registration, the sufficiency of stamp duty cannot be ensured since it is not presented before the registering authority.

Stamp duty leviable on all types of agreements was ₹ 100 upto 31 March 2007. However, from 1 April 2007, in the case of development agreements rates

⁹ CTO (WC) Thiruvananthapuram and Thrissur.

¹⁰ Under Kerala Value Added Tax Rules 2005, every dealer in works contract shall file copies of agreements executed for construction along with application for compounding. Further, every contractor/promoter/developer who undertakes construction or development of flats or apartments or villas shall file a declaration in Form 49 containing the details of ongoing projects, transfer of flats/villas/apartments constructed by him along with returns.

¹¹ Ernakulam, Kottayam, Kozhikode, Mattancherry, Thiruvananthapuram and Thrissur.

¹² Addl. SRO Kottayam, Ayyanthole, Chala, Chalapuram, Chavakkad, Chevayoor, Edappally, Ernakulam, Ettumanur, Fort, Kazhakuttam, Kottappady, Kozhikode, Maradu, Meenchantha, Pattom, Principal SRO Kottayam, Puthen Cruz, Sasthamangalam, Thrikkakara, Thrissur, and West Hill.

applicable were that of conveyance deeds. Section 34 of KSA stipulates that instruments chargeable with stamp duty shall be acted upon by any public officer only if they are duly stamped.

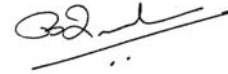
Verification of 21 development agreements submitted before six CTOs revealed that none of the development/construction agreements submitted in commercial tax offices was properly stamped as per article 5(c) of KSA. The agreements were found to be executed on stamp paper worth ₹ 100. Had the agreements been stamped at the same rate as conveyance deed as envisaged in Act 15 of 2007, the Government could have earned additional revenue of ₹ 59.04 lakh as shown in Annexure XIV.

The Commercial Taxes Department as the public office did not ask the contractor for stamping the papers at the correct rate.

When this was pointed out (September 2013) Government stated (November 2013) that the DRs are already empowered to inspect public offices to detect whether instruments are duly stamped.

These were pointed out in the Report of the Comptroller and Auditor General of India (Revenue Receipts) for the year ended 31 March 2011. However, the mistake continues to be committed.

It is recommended that the Government may issue direction to all public officers to ensure that the agreements entered into are duly stamped.



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