



**CHAPTER V
STAMP DUTY AND
REGISTRATION FEES**

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5.1 Tax administration

Levy and collection of Stamp Duty and Registration fees in the State is governed by the provisions of the Indian Stamp Act, 1899; Registration Act, 1908; Bihar Stamp Rules, 1991 and Bihar Stamp (Prevention of Undervaluation of Instruments) Rules, 1995.

The Prohibition, Excise and Registration Department (Registration) is headed by the Inspector General, Registration (IGR). The Department functions under the administrative control of the Additional Chief Secretary/ Principal Secretary of the Registration Department. The IGR is assisted by an Additional Secretary, two Deputy Inspector Generals (DIGs) and four Assistant Inspector Generals (AIGs) at the headquarters level. Further, there are nine Assistant Inspector Generals (AIGs), at the divisional level. At the field level, 38 District Sub-Registrars (DSRs), 88 Sub-Registrars (SRs) and 26 Joint Sub-Registrars (JSRs), at the districts/primary units, are responsible for levy and collection of Stamp Duty and Registration Fees.

5.2 Results of audit

During 2021-22, Audit test-checked records of 37, out of 161 units of the Registration Department and observed irregularities involving ₹ 110.14 crore in 307 cases, falling under the categories detailed in **Table 5.1**.

Table 5.1
Results of Audit

Sl. No.	Category	No. of cases	Amount (₹ in lakh)
1.	Blocking of Government revenue due to non-disposal of referred cases	21	870.15
2.	Blocking of Government revenue due to non-disposal of impounded cases	14	190.85
3.	Short levy due to misclassification of documents	161	3,228.99
4.	Other cases	111	6,723.71
Total		307	11,013.70

During 2021-22, the department accepted underassessment and other deficiencies of ₹ 2.61 crore in 195 cases and recovered ₹ 0.94 crore in 22 cases, pointed out during 2021-22. The replies in the remaining cases of previous years and all cases of 2021-22 were not received (November 2023).

5.3 Short realisation of Stamp Duty and Registration Fee due to undervaluation of land

Five Registering Authorities failed to detect undervaluation of land in eight instruments executed during October 2020 to June 2022 which resulted in short realisation of Stamp Duty and Registration Fee of ₹ 1.25 crore.

Section 47(A) of the Indian Stamp (IS) Act, 1899, provides that where the registering authority has reason to believe that the market value of the property has not been rightly set forth in the instrument, he may refer the same, to the Collector, for determination of the market value of such property.

In Bihar, land is categorised as commercial, residential, irrigated *etc.* The rate of land is determined, ward/circle-wise, in every district, on the basis of the category of land. The minimum value of land is to be fixed, in every district, every year, on the recommendation of the District Valuation Committee, established for this purpose. The committee is to function under the overall guidance and supervision of the Central Valuation Committee, constituted at the State level.

During scrutiny (October 2021 to August 2022) of instruments executed (October 2020 to June 2022) in three DSR¹ and two SRs², it was observed that, in eight instruments (six sale deeds, one lease deed and one development agreement deed), the concerned DSR/SR, either did not detect splitting of land or applied incorrect rate of Stamp Duty (SD) and Registration Fee (RF). These irregularities resulted in undervaluation of property/instrument and consequent short levy of SD and RF, amounting to ₹ 1.25 crore, as detailed in **Appendix 5.1**.

On this being pointed out (October 2021 to June 2022), the DSRs/SRs concerned stated (October 2021 to June 2022): (i) that on the basis of the verification reports, demand notices had been issued to the concerned and (ii) in one case, SR Dehri, Rohtas, stated that the action will be taken after verification. Further, the department stated that DSR, Patna City, had made recovery of ₹ 26.14 lakh.

¹ Aurangabad, Patna and Muzaffarpur.

² Patna City and Dehri, Rohtas.