


**Chapter IV**  
**Stamp duty and**  
**Registration fees**





## CHAPTER - IV STAMP DUTY AND REGISTRATION FEE

### 4.1 Tax Administration

Receipts from Stamp Duty and Registration Fees are regulated under the Indian Stamp Act, 1899, Kerala Stamp Act, 1959, Indian Registration Act, 1908, and the rules framed thereunder. The Registration department is one of the oldest departments in the State. The services rendered in the department include registration of documents, issuance of encumbrance certificates, registration of marriages, levy and collection of stamp duty and registration fee etc. Department is administered at Government level by the Secretary to Government, Taxes department and the Inspector General of Registration is the head of the Registration department.

### 4.2 Internal Audit

The Inspector General of Registration monitors the functioning of the Internal Audit Wing (IAW) of department at the State level and the Zonal Deputy Inspector Generals are responsible for monitoring it at the district level. The District Registrars (Audit) of the respective districts conduct the internal audit of Sub Registrar Offices (SROs). The internal audit team consists of one District Registrar and three senior clerks for each district. The auditee offices are selected giving higher weightage to the pendency of internal audit and anticipated retirement of staff in the respective offices. During 2023-24, out of the 326 units planned for audit, the IAW audited 292 units.

**Table 4.1: Outstanding observations of Internal Audit undertaken by department**

Year	Opening Balance			Additions during the year			Clearance during the year			Balance at the close of the year			% of disposal
	Inspection Reports	Audit Observation	Amount (₹ in lakh)	Inspection Reports	Audit Observation	Amount (₹ in lakh)	Inspection Reports	Audit Observation	Amount (₹ in lakh)	Inspection Reports	Audit Observation	Amount (₹ in lakh)	
2019-20	494	3,937	408.43	242	1,229	97.80	174	1,663	96.72	562	3,503	409.51	32.19
2020-21	562	3,503	409.51	164	840	87.53	145	1,299	69.95	581	3,044	427.09	29.91
2021-22	581	3,044	427.09	260	1,703	239.81	460	2,710	301.77	381	2,037	365.13	57.09
2022-23	381	2,037	365.13	296	1,888	615.80	343	2,233	297.43	334	1,692	683.50	56.89
2023-24	334	1,692	683.50	292	1,397	329.14	291	1,517	355.74	335	1,572	656.90	49.11

Source: Information collected from Department.

During 2023-24, out of the 3,089 outstanding observations, department cleared 1,517 Audit observations (49.11 per cent).

### 4.3 Results of Audit

During the year 2023-24, out of the total 335 offices in the Registration department, 62 offices were test-checked. Short levy of Stamp Duty and Registration Fees due to misclassification of property, splitting up of property, undervaluation of buildings, non-consideration of fair value of mother survey number and other irregularities amounting to ₹111.28 crore were detected in 115 paragraphs as given in **Table 4.2**.

**Table 4.2: Details of non/ short levy of Stamp Duty and Registration Fees and other irregularities**

(₹ in crore)

Sl. No.	Categories	No. of paragraphs	Amount
1	Short levy of Stamp Duty and Registration Fees due to misclassification of property	4	0.16
2	Short levy of Stamp Duty and Registration Fees due to undervaluation of buildings	6	0.17
3	Short levy of Stamp Duty and Registration Fees due to splitting up of property	5	0.28
4	Short levy of Stamp Duty and Registration Fees due to non-consideration of fair value of mother survey number	23	1.09
5	Loss of revenue due to non remittance of stamp duty on policies of insurance executed by private life insurance companies	1	103.53
6	Others	76	6.05
<b>Total</b>		<b>115</b>	<b>111.28</b>

Source: Records maintained by Accountant General.

During the course of the year, department accepted under-valuation and other deficiencies involving ₹1.55 crore in 42 paragraphs. An amount of ₹1.04 crore pointed out in 41 paragraphs was realised during the year 2023-24.

A few illustrative cases involving ₹1.61 crore are given in the following paragraphs.

#### 4.4 Short levy of Stamp Duty and Registration Fees due to application of incorrect fair value

**Omission to adopt the fair value of the land had resulted in short levy of Stamp Duty and Registration Fees of ₹19.21 lakh.**

Section 28A(1) of Kerala Stamp Act, 1959, stipulates that every Revenue Divisional Officer shall, subject to such rules as may be made by the Government in this behalf, fix the fair value of the lands situated within the area of his jurisdiction, for the purpose of determining the duty chargeable at the time of registration of instruments involving lands. Government of Kerala fixed the fair value of land and notified it (March 2010) by classifying State's land in 15 categories<sup>110</sup> based on their usage. The fair value has been subsequently revised six times<sup>111</sup>, the latest being an increase by 20 per cent in 2023.

Section 45A(1) of Kerala Stamp Act, 1959 stipulates that while registering an instrument, the registering officer shall verify whether the value or consideration of land set forth in the instrument is the fair value of that land. Government clarified (March 2021<sup>112</sup>) that safeguarding State Exchequer from revenue losses is the responsibility of every official entrusted with the implementation of rules and regulations relating to taxes/ duties.

Scrutiny of registered deeds in three<sup>113</sup> Sub Registrar Offices (SROs), revealed that in five cases, the Stamp Duty (SD) and Registration Fees (RF) were levied based on the value of consideration declared in the documents, without adopting the fair value fixed for the conveyed land. Omission to adopt the fair value of the land had resulted in short levy of SD and RF of ₹19.21 lakh as detailed below:

1) Two sale deeds (2236/2022 and 2235/2022) were registered in SRO, Melattur (01 July 2022), conveying 12.95<sup>114</sup> Ares of land<sup>115</sup> having a commercial building. Audit noticed (December 2023) that the classification of the land situated in Re-survey number 257/6, 257/12 and 257/5-1 in Pandikkad village, Ernad Taluk was Commercially Important plot. The fair value for the Commercially Important plot in these survey numbers are ₹8,80,000 per Are in Re-survey No. 257/6 and 257/12 and ₹2,86,000 per Are in Re-survey 257/5.

<sup>110</sup> Commercially important plot, Residential plot with NH/PWD road access, Residential plot with Corporation/Municipality/Panchayath road access, Residential plot with private road access, Residential plot without vehicular access, Garden land with road access, Garden land without road access, coastal belt, water logged land, rocky land, waste land, wet land, Hill tract with road access, Hill tract without road access, and Government property.

<sup>111</sup> The earlier revisions were in 2014 (increased by 50%), followed by 10% increase each in years 2018, 2019, 2020 and 2022.

<sup>112</sup> G.O.(Rt.) No.205/2021/Taxes dated 13 March 2021.

<sup>113</sup> SROs Melattur, Puthencruz, and Irikkur.

<sup>114</sup> 5.40 Ares of land in Re survey no. 257/6 + 6.38 Ares in 257/12 + 1.17 Ares in 257/5-1.

<sup>115</sup> Resurvey block 145, Resurvey no. 257/5-1, 257/6, 257/12 of Pandikkad Village, Ernad Taluk, Malappuram District.

Non-adoption of this fair value for calculating SD and RF had resulted in short levy of SD and RF of **₹7.00 lakh** as shown in **Appendix LIII**.

On this being pointed out (June 2024) Government stated (November 2024) that as a shortfall of revenue has occurred in the two cases, *suo motu* undervaluation proceedings under section 45B(3) of the Kerala Stamp Act has been initiated to recoup the loss.

2) Three sale deeds<sup>116</sup> were registered in SRO, Puthencruz on different dates<sup>117</sup> conveying 10.53 Ares, 14.03 Ares and 5.73 Ares of land for a total consideration of ₹14 lakh, ₹40.13 lakh and ₹9.95 lakh respectively. Audit noticed (February 2024) that the Sub-Registrar, ignoring the fair value fixed for the exact classifications of the lands, adopted the document value for calculating SD and RF. Non-consideration of fair value of the lands, resulted in short levy of SD and RF of **₹5.13 lakh** as shown in **Appendix LIII**.

On these being pointed out (June 2024), Government stated (May 2025) that shortfall of revenue has occurred in these cases and *suo motu* undervaluation proceedings under section 45B(3) of Kerala Stamp Act have been initiated by the District Registrar (Audit), Ernakulam. The three documents have been included in Undervaluation compounding Scheme and notices have been issued in this regard. In two cases<sup>118</sup>, recovery amounting to ₹1.22 lakh has been collected.

3) A sale deed (674/2018) was registered in SRO, Irikkur (20 March 2018) conveying 288.54 Ares of land for a total consideration of ₹43.50 lakh. Audit noticed (January 2024) that the classification of the conveyed land situated in survey number 108/1 in Muttannur *desam* of Koodali Village was 'Garden land without road access' and fair value fixed for the classification in that survey number was ₹39,600 per Are. Non-adoption of this fair value for calculating SD and RF had resulted in short levy of SD and RF of **₹7.08 lakh** as shown in **Appendix LIII**.

On this being pointed out (June 2024), Government stated (November 2024 and May 2025) that the correct classification of the property situated in re-survey number 1/185 is 'Garden land without road access' to which fair value is not fixed. It was also stated that in Thalassery *Taluk*, the fair value has been determined based on the 2010 re-survey number of the property and since re-survey procedure are still pending, the fair value notification has mentioned re-survey numbers under the survey number column and hence in no circumstances should the fair value of the property be calculated based on the old survey numbers in the deed. It was further stated that the mother survey number of the property is specified in the document as 1/1C and the fair value of ₹15,000 per Are fixed for 'Residential plot without vehicular access' in mother re-survey number 1/1C was taken for calculating the SD and RF and hence there was no short levy.

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<sup>116</sup> 7703/2022, 6955/2022 and 6983/2022.

<sup>117</sup> 29 December 2022, 24 November 2022 and 25 November 2022.

<sup>118</sup> 6955/2022 and 6983/2022.

The reply is not acceptable. Government correctly clarified that the classification of the conveyed land is “Garden land without road access”. Verification of the fair value register shows that no plot in survey number 1/1C is classified as “Garden land without road access”. Adopting the fair value fixed for a different classification of property (‘residential plot without vehicular access’) in a survey number is against the Circular<sup>119</sup> issued by Inspector General of Registration. Moreover, as per document the plot is situated in survey number 108 of Muttannur *desam* of Koodali Village in Thalassery *Taluk* for which fair value was fixed for the classification ‘Garden land without road access’. If any grievances arise on the published fair value, Sub Registrar is not the competent authority to act upon it. Sub Registrar or the aggrieved party may report the matter to the Revenue Authority for taking a decision on it. Accepting a different fair value than the fair value fixed for the land, without reporting the matter to higher/ Revenue authorities, resulted in revenue loss to exchequer.

**Recommendation 38**

*It is recommended that at the time of registration of land, due attention must be given to the fair value fixed for the land and if any ambiguity arises, the case may be reported to Collector to determine the value of the land.*

**4.5 Short levy of Stamp Duty and Registration Fees due to non adoption of fair value available in the mother survey number based on classification by land usage**

**Non adoption of fair value available in the mother survey resulted in short levy of stamp duty and registration fees that amounted to ₹3.82 lakh.**

Inspector General of Registration (IGR) vide Circular<sup>120</sup> directed that if fair value is not fixed for a classification of land in a sub-division of a survey number, the fair value applicable for the land having the same classification by use in the mother survey number is to be adopted.

Scrutiny of documents at Principal Sub Registrar Office (SRO), Thiruvananthapuram revealed that a sale deed (481/2020) was registered (13 February 2020) conveying 8.43 Ares of land for a total consideration of ₹191.30 lakh. Audit noticed (September 2023) that the property was classified as ‘Residential plot with Corporation road access’ and fair value was not fixed for the re-survey number, but for the old survey number. The land in survey number is classified as two types, ‘Commercially Important plot’ with fair value ₹22.69 lakh and ‘Residential plot with NH/PWD Road access’ with fair value ₹27.23 lakh. The executant adopted the fair value applicable for ‘Commercially Important plot’, which was accepted by the Registering Authority. Since the correct classification of the land was ‘Residential plot

<sup>119</sup> Circular No. RR.9/20442/2014 dated 01 January 2015.

<sup>120</sup> Circular No. RR.9/20442/2014 dated 01 January 2015.

with Road access', the fair value applicable for that classification should be adopted for calculating SD and RF. Non-adoption of this had resulted in short collection of SD and RF of **₹3.82 lakh** as shown in **Appendix LIV**.

On this being pointed out (April 2025), Government stated (June 2025) that a shortfall of revenue has occurred and *suo motu* undervaluation proceedings under section 45B(3) of KSA, 1959, has been initiated.

**Recommendation 39**

*It is recommended that at the time of registration of land, due attention must be given to the fair value fixed for the land and if any ambiguity arises, the case may be reported to Collector to determine the value of the land.*

**4.6 Short levy of Stamp Duty and Registration Fees due to non-application of fair value by District Registrar**

**Consideration of a value lower than the fair value fixed by the Government by the District Registrar resulted in short levy amounting to ₹64.16 lakh.**

Section 45B(1) of KSA, 1959, stipulates that if the Registering Officer has reason to believe that the value of the property has not been truly set forth, he may, after registering the instrument, refer the same to the Collector for determination of value and the proper duty payable thereupon.

Scrutiny (November 2023) of documents at Sub Registrar Office, Arakkulam in Idukki District revealed that a Sale Deed (Document No. 360/2022) was executed (05 April 2022) conveying 549.80 Ares of land<sup>121</sup> at a total consideration of ₹5.27 crore<sup>122</sup>. The land value was arrived at by considering the land as "Garden land with road access". Since fair value was not available for such classification of land in that survey number, the fair value fixed for an adjacent land of the same classification was adopted, i.e., ₹96,800 per Are to determine the land value.

As per the boundaries declared in the document, the conveyed property was a 'Purayidom' (residential plot) with PWD road access on its southern side. Moreover, as per the notification published by Government, the land in re-survey No. 105 was classified as 'Residential Plot with Corp./Mun./Panch. Road access'. As such, the correct classification of land was 'Residential Plot with Corp./Mun./Panch. Road access' and the fair value fixed for it at the time of registration of the document was ₹2,14,500 per Are.

<sup>121</sup> Block No. 26, Re Survey No. 105 sub-division Nos. 1/7 and 1/8 of Velliyamattam Village, Thodupuzha Taluk, Idukki District.

<sup>122</sup> Land value ₹5,25,00,000 + building value ₹2,00,000.

It was noticed that the Sub Registrar reported<sup>123</sup> the document to District Registrar, as undervaluation case, stating that, for re-survey number 105/1, the fair value fixed was ₹2,14,500 and hence there was short payment of stamp duty (SD) of ₹52,00,912 and registration fee (RF) of ₹13,00,228. The District Registrar, who is empowered to determine the value of land and the duty payable thereon, revised the total consideration as ₹5,39,76,700 without recording any reasons for fixing a consideration lower than the fair value fixed by Government. The additional SD and RF on it was paid by the executant. The decision of the District Registrar had resulted in short levy of SD and RF of ₹64.16 lakh as shown in Table 4.3.

**Table 4.3: Details of Short Levy of Stamp Duty and Registration Fee**

Description	Amount
Extent of property	549.80 Are
Fair value of the property applicable	₹2,14,500 per Are
Value of the property applicable (549.80 x 2,14,500)	₹11,79,32,100
Add: Value of Building	₹2,00,000
Total sale value to be considered	₹11,81,32,100
Value assessed by the District Registrar	₹5,39,76,700
Undervaluation	₹6,41,55,400
Short Levy of stamp duty (8%)	₹51,32,432
Short levy of Registration Fees (2%)	₹12,83,108
<b>Total Short Levy</b>	<b>₹64,15,540</b>

Source: Departmental records.

On this being pointed out (May 2024), Government stated (July 2024 and November 2024) that the Sub-Registrar initiated undervaluation proceedings under Rule 45(B) of Kerala Stamp Act, 1959, and based on the final order of the District Registrar and on receipt of payment of deficit stamp duty and registration fee in compliance with that order, the Sub-Registrar closed the undervaluation file.

The reply is not acceptable as the District Registrar fixed a fair value lower than the fair value fixed by the Government for the land situated in re-survey number 105/1. The action of the District Registrar is against the provisions stipulated under Section 28A(1) of Kerala Stamp Act, 1959. Since Collector is the Appellate Authority, for determination of value and the proper duty payable thereupon the document should have been forwarded to the Collector.

**Recommendation 40**

*It is recommended that due care must be given to fair value at the time of registration. Responsibility must be fixed on the District Registrar for causing loss to the exchequer.*

<sup>123</sup> Section 45B(1) of KSA, 1959.

#### 4.7 Undervaluation of property caused by failure to fix fair value in correct classification pursuant to land conversion, resulting in revenue loss

**Short levy of stamp duty and registration fees due to adopting incorrect classification of land amounting to ₹61.46 lakh.**

In addition to Section 45B(1) of KSA, 1959, IGR had directed<sup>124</sup> that cases where the fair value is not found fixed in correct classification, be referred to Revenue Authorities for rectification.

On scrutiny of documents (November 2023) in Sub Registrar Office, Punalur, it was noticed that a sale deed (2304/I/2022) was executed (03 September 2022) conveying 61.49 Ares of land<sup>125</sup> with a Commercial Building for a total consideration of ₹11,00,00,000<sup>126</sup>. The RDO classified the land as ‘wet land’ and as on registration-date the fair value for it was fixed as ₹2,71,700 per Are (220 *per cent* of 2010-rate). However, considering the fact that the land was converted<sup>127</sup> to residential plot and having access to Municipal road, the fair value considered for arriving at the value of land was the fair value fixed for ‘Residential plot with Corporation/Municipality/*Panchayat* Road access’ in the survey number.

Audit noticed from the recital in the document that an Auditorium named ‘Varsha Convention Centre’ with a plinth area of 42,164 Sq.ft. was constructed in the land in 2016 and as per *Appendix-I* attached with the document the building was used for commercial purpose. Audit also checked the location of the building using Google Earth and Google Maps and found that it is located in a prime commercial area of Punalur Town, amongst commercial/ health establishments, and very near to the Mini Civil Station. Considering the land’s usage and location, the property is to be classified as ‘Commercially important plot’. However, though the land was converted into Dry Land in 2007 and a commercial building was constructed in 2016, the RDO neither re-classified the land nor revised the fair value.

While registering the sale deed, the Sub Registrar should have noted the incorrect classification from the recital in the document itself, and after registering the document at the declared value, should have referred it to the Collector for determination of value and proper duty. However, the same was not done, thereby causing loss of stamp duty and registration fees to the State Exchequer.

The classification of ‘Commercially important plot’ is not available in survey No. 482, but is available in the nearby survey No. 480. The revenue loss to the State Exchequer at the fair value fixed for “commercially important plot” in survey No. 480, comes to **₹61.46 lakh** as shown in **Table 4.4**.

<sup>124</sup> IGR letter No. A.R.A.1-21855/2016 dated 03 November 2016.

<sup>125</sup> Survey No. 482/ 10A, 10B, 11 and 12 of Punalur Village, Punalur *Taluk*, Kollam District.

<sup>126</sup> Land - ₹4,00,00,000 + building - ₹7,00,00,000.

<sup>127</sup> RDO, Kollam’s order No. K.Dis.9034/2007 dated 29 October 2007.

**Table 4.4: Details of Short Levy of Stamp Duty and Registration Fee**

Description	Amount
Extent of property (in Ares)	61.49
Fair value for ‘Commercially important plot’ in survey No. 482, at the time of registration (₹ per Are)	Not available
Fair value for “commercially important plot” in survey No. 480, at the time of registration (₹ per Are) <sup>128</sup>	₹16,50,000
Value of land at the time of registration, at fair value of ‘Commercially important plot’ in survey No. 480 (₹16,50,000 x 61.49)	₹10,14,58,500
Value of land declared by Executant	₹4,00,00,000
Undervaluation estimated	₹6,14,58,500
Short levy of Stamp Duty @ 8%	₹49,16,680
Short levy of Registration Fees @ 2%	₹12,29,170
<b>Total Short Levy</b>	<b>₹61,45,850</b>

Source: Calculation based on Departmental records.

On this being pointed out (May 2024), Government stated (July 2024) that since the value of land has been fixed in the exact survey and sub-division by the Revenue Divisional Officer, the registering authority is not empowered to alter the value or type of land. It was also stated that the land has no access to NH/PWD roads and institutions like Railway Station, Bus station, factories, educational institutions, etc., and hence, cannot be considered as commercially important land. However, while the Registering Officer had not initiated the undervaluation proceedings, the District Registrar (General,) Kollam initiated *suo motu* proceedings under section 45B(3) of the Kerala Stamp Act, 1959.

The reply is not acceptable as firstly, the RDO erred in classifying the land in 2010. Though the land, as per revenue records, was converted to *dry land (purayidom)*<sup>129</sup> in 2007, RDO classified it as *wet land (nilam)*<sup>130</sup> for fixing the fair-value. Secondly, as per the document recital, the three storied commercial building, i.e. ‘Convention Centre’, was constructed in 2016 and has municipal road access. It was also mentioned in Form I.B annexed to the document that the classification of land according to its usage was ‘Commercial’. However, the Sub-Registrar instead of either adopting the fair value fixed for commercial plot in the adjacent land or refer it to the Collector under Section 45B(1) of KSA, 1959, accepted the value determined by the executants.

#### **Recommendation 41**

*It is recommended that registering officers should exercise due diligence in examining document recitals to ensure correct classification of land at the time of registration. Responsibility must be fixed on the registering officer for causing loss to the exchequer.*

<sup>128</sup> 220 per cent of fair value fixed in 2010 i.e ₹6,25,000.

<sup>129</sup> Vernacular term for Dry Land.

<sup>130</sup> Vernacular term for Wet Land.

#### 4.8 Short levy of Stamp Duty and Registration Fees due to adoption of lesser fair value by misclassifying the land

**Misclassification of land resulted in short levy of stamp duty and registration fees amounting to ₹9.11 lakh.**

Scrutiny (November 2023) of documents in Sub Registrar Office, Nellore revealed that a Sale Deed (261/2019) was executed on 05 February 2019 conveying 21.61 Ares of land<sup>131</sup> at a consideration of ₹1.75 crore<sup>132</sup>. The fair value adopted, for arriving the consideration of land, is the fair value fixed for the classification ‘Residential Plot with Corporation/ Municipality/ Panchayat Road access’ in Survey No. 504. It was noticed that the property was subsequently conveyed by the claimant through another Sale Deed (1554/I/2020) executed and registered at the same Sub Registrar Office on 23 October 2020, wherein the stamp duty and registration fees was levied as per the fair value fixed for ‘Commercially important plot’<sup>133</sup>.

Audit noticed that as per the recital in both the documents, the property was classified by its usage as “commercial”, and a Company-shed and Office room was existing on the land, at the time of registration of both sale deeds. As no significant change to the plot occurred between the dates of execution of both sale deeds, either by structural addition/ deletion or road accessibility, there was no justification for classifying the same property differently, and levying stamp duty and registration fees on different fair values. The stamp duty and registration fees on document No. 261/2019 should also have been levied at the fair value for classification ‘Commercially important plot’, as levied in document No. 1554/2020. Adopting a lesser fair value by misclassification of the land resulted in short levy of stamp duty and registration fees of **₹9.11 lakh** as shown in **Table 4.5**.

**Table 4.5: Details of Short Levy of Stamp Duty and Registration Fees**

Description	Amount
Extent of conveyed land (in Ares)	21.61
Applicable classification-by-use	Commercially important plot
Fair value existing as on 29.11.2023 (₹ per Are) 264 per cent of 2010-rate	₹14,52,000
Fair value applicable on date of registration (05 February 2019) 165 per cent of 2010-rate (₹ per Are)	₹9,07,500
Value of land (9,07,500 x 21.61) (₹ rounded)	₹1,96,11,000
Value of land declared in document	₹1,05,00,000

<sup>131</sup> Survey No. 504, sub-division No. 3 of Thrikkur Village, Mukundapuram Taluk, Thrissur District.

<sup>132</sup> ₹1,05,00,000 for land + ₹67,00,000 for Company shed + ₹3,00,000 for office room.

<sup>133</sup> ₹11,00,000 per Are as on 23 October 2020.

Description	Amount
Undervaluation	₹91,11,000
Short levy of Stamp Duty @ 8%	₹7,28,880
Short levy of Registration Fees @ 2%	₹1,82,220
<b>Total Short Levy</b>	<b>₹9,11,100</b>

Source: Calculation based on Departmental records.

On this being pointed out (May 2024), Government stated (July 2024 and October 2024) that the property falls under the classification ‘commercially important plot’ and *suo motu* action under Section 45B(3) of Kerala Stamp Act, 1959, was initiated by the District Registrar to recover the short paid Stamp duty and Registration fees. It was further stated that the deficit amount amounting to ₹0.04 crore has been recovered under the undervaluation compounding scheme.

**Recommendation 42**

*It is recommended that at the time of registration of land, due attention must be given to avoid misclassification. Responsibility must be fixed on the Registering Officer for causing loss to exchequer.*

**4.9 Splitting of land to evade Stamp Duty and Registration Fees**

**Short levy of stamp duty and registration fees due to splitting of land amounting to ₹3.49 lakh.**

Section 28A(1) of Kerala Stamp Act (KSA), 1959 requires every Revenue Divisional Officer (RDO) to fix fair value of the lands situated within his jurisdiction, for purpose of determining the duty chargeable at the time of registration of instruments involving lands. Section 45A(1) of KSA, 1959, stipulates that while registering any instrument transferring any property the Registering Officer shall verify whether the value of the land set forth in the instrument is the fair value of the land and if the Registering Officer has reason to believe that the value of the property has not been truly set forth, he may, after registering the instrument, refer the same to the Collector under Section 45B(1) of KSA, 1959, for determination of value and the proper duty payable thereupon.

Scrutiny of documents in Sub Registrar Office, Rajapuram (Kasargod) revealed that a sale deed (539/2022) was executed (23 March 2022) conveying 60.70 Ares of land situated in Survey No. 26/PT323 for a total consideration of ₹22.50 lakh. The fair value adopted was ₹36,064 per Are, classifying the land as ‘Residential plot with *Panchayath* Road access’. Another sale deed (828/2022) was executed on 28 April 2022 by the same executants and claimant conveying 121.41 Ares of land in Survey No. 26/PT323 and 10.32 Ares of land in Survey No. 90/1PT6 for a total consideration of ₹10.50 lakh. The fair value adopted for land in Survey No. 26/PT323 was ₹7,331 per Are, classifying it as ‘Garden land without Road access’ and land in Survey No.

90/1PT6 was ₹13,860 per Are classifying it as ‘Wet land’. Details of which are given in the **Appendix LV**.

Audit noticed (February 2024) that both the properties<sup>134</sup> had a common ancestry with same previous document and *Thandaper*<sup>135</sup> number. The executant acquired the ownership of the properties as a single plot vide sale deed 2737/1993. As per recital in document 828/2022, the property in Survey No. 90/1PT6 is a ‘wet land’ and hence no undervaluation. From the layout of properties detailed in the two documents, and also from the details of land tax paid for FY 2021-22 and 2022-23, Audit found that the land in Survey No. 26/PT323 was a single property up to March 2022. The land was thereafter split into two and one portion was carved out in such a way that it does not have road access to it, for availing the benefit of lower fair value and thereby reduce the payment of stamp duty and registration fees.

At the time of fixing the fair value of land, the parent plot had *Panchayath* road access. RDO is the competent authority to fix the fair value of a land, and since the fair value for the newly created subdivision was not fixed by the RDO, the fair value fixed for the parent plot, i.e., ‘Residential plot with *Panchayath* Road access’, should be applicable for both the plots. The fair value fixed for this classification in Survey No. 26/PT323, at the time of registration of document 828/2022, was ₹36,064 per Are. Hence, the Sub Registrar should have referred the document to the Collector as a case of undervaluation of Schedule-1 property. The incorrect classification of land had resulted in short levy of stamp duty and registration fee of **₹3.49 lakh** as shown in **Table 4.6**.

**Table 4.6: Short levy of Stamp Duty and Registration Fees**

Particulars	Amount (₹)
Sale deed No.	828/2022
Extent (in Ares)	121.41
Fair value applicable (₹ per Are)	36,064
Property value (i.e., 121.41 x ₹36,064)	43,78,530
Property value declared by Executant (i.e., 121.41 x ₹7,331)	8,90,057
Undervaluation	34,88,473
Short levy of Stamp duty @ 8%	2,79,078
Short levy of Registration fees @ 2%	69,769
<b>Total Short Levy</b>	<b>3,48,847</b>

Source: Calculation based on Departmental records.

<sup>134</sup> Situated in Bellur Village of Vellarikundu *Taluk* in Kasargod District.

<sup>135</sup> A unique number in revenue records to identify the land holdings of a person.

When this was brought to notice (September 2024) Government stated (November 2024) that the District Registrar (General), Kasargod has initiated *suo motu* undervaluation proceedings under Section 45B(3) of the KSA, 1959.

***Recommendation 43***

*It is recommended that at the time of registration, the previous documents should be given due attention to avoid splitting up of land intentionally in order to avoid payment of stamp duty and registration fees on a higher fair value.*

