

CHAPTER III
CHIEF COMMISSIONER
OF LAND
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Test check of records in 62 out of 844 offices (eight *per cent*) to verify compliance to the Rules and provisions relating to Land Revenue revealed underassessment of tax and other irregularities involving ₹ 17.99 crore in 95 cases.

Significant cases of non-compliance with the provisions of the Acts/ Rules amounting to ₹ 5.81 crore are discussed in the succeeding paragraphs.

3.1 Conversion Tax and Penalty

Payment of Conversion tax at less than the prescribed rate and non-collection of penalty in cases of deemed conversions resulted in non-realisation of revenue of ₹ 5.81 crore in 23 cases.

As per Section 3(1) of AP Agricultural Land (conversion for non-agricultural purposes) Act, 2006, agricultural land shall be put to non-agricultural purpose only with the prior payment of conversion tax to Government.

Section 4(1) prescribes that every owner or occupier of agriculture land shall have to pay Conversion tax for changing land use from agricultural to non-agricultural purposes at the rate five *per cent* of the basic value of the land. The rate of conversion tax was revised to five *per cent* from two *per cent* for the lands located at Vijayawada and Visakhapatnam as per Act No.34 of 2021.

Further, as per Section 6 of the Act, if any agricultural land has been put to non-agricultural purpose without payment of conversion tax, the land shall be deemed to have been converted into non-agricultural purpose and upon such deemed conversion, the competent authority shall impose a fine of 50 *per cent*/ 100 *per cent* over and above the conversion tax for the said land.

Audit observations on non-compliance with the above stipulations are detailed below.

(a) Short collection of conversion tax due to non-adoption of applicable rate of tax

During test check of records in offices of one Sub-collector, seven Revenue Divisional Officer (RDO) and one Tahsildar between June 2022 and July 2023, Audit noticed, in 17 conversion cases, that the applicants paid conversion tax after 29 July 2021 with lesser rate of tax *i.e.*, two/ three *per cent*. Since revised rate of five *per cent* was made effective from 29 July 2021, the deficit conversion tax in these cases worked out to ₹ 5.58 crore as detailed in **Appendix-3.1(a)** which was not collected by the competent authorities.

On this being pointed out, RDO Chittoor, in two cases where the applicants cancelled their applications prior to effective date of revision, replied (July 2023) that the tax paid by the applicants at old rate was not refunded. Hence, fresh applications submitted

after revision of rate was considered with old rate. However, necessary instructions would be obtained from the District Collector, Chittoor for taking suitable action. In remaining three cases, the RDO replied that notices would be issued to Tahsildar concerned for collecting deficit amounts.

Other offices replied (between July 2022 and July 2023) that the audit observation is under examination and detailed reply would be furnished in due course.

(b) Short/Non-collection of penalty in cases of deemed conversions

During test check of records in two RDOs offices (*viz.*, Visakhapatnam and Tekkali) and Tahsildar Ichapuram between June 2022 and December 2022, Audit observed that in four deemed conversion cases relating to RDO Visakhapatnam, the competent authority did not levy penalty. In two cases relating to Tekkali and Ichapuram, though the competent authorities considered deemed conversions, penalty was not levied/collected at the prescribed rate. This resulted in short/non-collection of penalty of ₹ 23.48 lakh as detailed in **Appendix-3.1 (b)**.

On this being pointed out, RDO Visakhapatnam replied (November 2023) that the Tahsildar concerned was directed to collect deficit amount. The other offices replied (between June 2022 and December 2022) that the observation would be examined and the detailed reply would be submitted in due course.

The Department replied (April 2024) that Collectors of concerned districts were requested to examine the issues, submit remarks and take necessary action regarding collection of tax.

The matter was referred to the Government (March and April 2024); their reply has not been received (January 2025).