CHAPTER III

STAMP DUTY AND REGISTRATION FEE

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3.1 Tax administration

The Registration Department administers the Indian Stamp Act, 1899, the Registration Act, 1908 and the Rules made thereunder. The Inspector General of Registration (IGR) is the head of the Department. There are 54 registration districts, comprising 583 Registration Offices including Camp Offices in the State. The registration of instruments[1], levy and collection of Stamp Duty and Registration Fee are done by the Registering Officers, namely District Registrars / Sub-Registrars. The monitoring and control at the Government level is done by the Secretary, Commercial Taxes and Registration Department.

3.2 Internal audit

Internal audit is a vital component to enable an organisation to assure itself that the prescribed systems are functioning reasonably well. The Department has a system of internal audit to ensure one hundred *per cent* audit of all the instruments registered. There are 54 audit units, each headed by a District Registrar. The periodicity of audit of all offices is on monthly basis. The Registration Manual (Part II) provides the required framework for planning and taking up internal audit in the Department. A Handbook of Internal Audit has been prepared (2011) by the Department for guidance on this issue. The details of internal audits due and conducted are placed in **Table 3.1.**

Table 3.1: Details of Internal Audit

Year	Number of audits due	Number of audits completed	Audit in arrears	Percentage of arrears
(1)	(2)	(3)	(4)	(5)
Up to 2019-20	19,858	15,986	3,872	19
2020-21	6,594	6,141	453	7
2021-22	7,073	6,753	320	5
2022-23	7,176	6,836	338	5
2023-24	6,981	6,536	445	6
Total	**47,682**	**42,252**	**5,428**	

(Source: Reply of the Department)

The Department attributed (February 2025) the reasons for arrear in internal audit to vacancy of Audit Registrars and stated that a special team had been formed to complete arrear audit. As a result, audit was being conducted in most of the offices now. While it is appreciated that arrears of Audit have been reduced during the last four years, the pendency relating to the period up to 2019-20 is quite substantial. The Department may take effective measures to clear the backlog expeditiously.

1 "Instrument" includes every document by which any right or liability is, or purports to be created, transferred, limited, extended, extinguished or recorded.

Audit noted that 61,109 paragraphs with a money value of ₹323.70 crore were outstanding as at the end of 31 March 2024 as shown in **Table 3.2**.

Table 3.2: Details of Internal Audit Objections

Year	Opening Balance		Observations raised		Observations settled		Observations pending	
	No. of cases	Amount (₹ in crore)	No. of cases	Amount (₹ in crore)	No. of cases	Amount (₹ in crore)	No. of cases	Amount (₹ in crore)
Up to 2021-22	43,360	193.64	13,706	49.74	9,453	23.75	47,613	219.63
2022-23	47,613	219.63	17,639	58.13	12,207	20.95	53,045	256.81
2023-24	53,045	256.81	24,098	101.71	16,034	34.82	61,109	323.70

(Source: Reply of the Department)

Since the time limit to complete remedial action is only three years as per Section 33A of Indian Stamp Act, 1899, effective measures may be taken to settle the older cases.

3.3 Audit Methodology and Results of Audit

During the year 2023-24, there were 647 auditable units[2] in the Registration Department. The unit offices were categorised into High, Medium and Low Risk units according to their revenue collection, number of deeds/documents and revenue per deed/document registered in the year 2022-23. The test-check by Audit (April 2023 to March 2024) was conducted in 114 out of the 647 auditable units (17.62 *per cent*). The revenue receipt in the test-checked units was ₹13,303.22 crore, representing 75.76 *per cent* of total revenue receipts of ₹17,559.89 crore during 2022-23.

During the test-check of assessment and other records, Audit raised 967 observations involving ₹95.97 crore. The category-wise audit observations are summarised in **Table 3.3**.

Table 3.3: Category-wise Audit observations for 2023-24

Sl. No.	Category	No. of cases	Amount (₹ in crore)
1	Misclassification	605	85.84
2	Undervaluation of deeds / documents	63	1.07
3	Excess / Incorrect allocation of Transfer Duty Surcharge	46	1.92
4	Others	253	7.14
	Total	**967**	**95.97**

During 2023-24, the Department accepted under-assessment and other deficiencies amounting to ₹1.15 crore in 35 cases pointed out between 2007-08 and 2023-24.

A few illustrative cases involving ₹18.41 crore are discussed in the following paragraphs.

2 Offices of the Inspector General of Registration (1), Deputy Inspector General of Registration (9), District Revenue Officer (Stamps) (2), Special Deputy Collector (Stamps) (9), District Registrar (50) and Sub-Registrar (576).

3.4 Audit Observations

While scrutinising the records of the Registration Department, relating to the period from April 2023 to March 2024, Audit noticed short realisation of revenue due to undervaluation of properties, misclassification of deeds and escapement of stamp duty due to non-registration of properties transferred during restructuring of companies. Since the results are from only a test-check of selected units, the Government/Department may undertake a detailed review of all units to identify similar errors/omissions in the units that were not subjected to Audit and to rectify them.

3.4.1 Short collection of Stamp Duty and Registration Fee due to undervaluation of property

In the case of transfer of immovable property, Stamp Duty at the rate of seven *per cent* including Transfer Duty Surcharge, is chargeable on the market value as per Article 23 of Schedule I to the Indian Stamp Act, 1899, and Registration Fee at the rate of four[3] *per cent* is chargeable on the market value as per Article 1(a) of Table of Fees prepared under Section 78 of the Registration Act, 1908. According to Section 27 of the Indian Stamp Act, 1899, the consideration and the market value affecting the chargeability of any instrument with duty shall be fully and truly set forth. As per Government Order[4], instruments executed by members in favour of co-operative societies registered in the State are exempted from payment of Stamp Duty

During test-check of records (between January and February 2024) in the Offices of the Sub-Registrar, Thiruporur and Poonamallee, it was noticed that through four[5] instruments of sale, registered between June 2022 and February 2023, an extent of 14.945 acres of land, across various survey numbers situated in Venpedu and Vayallanallur village, were conveyed by the members of a Co-operative Societies to the Co-operative Societies for a total consideration of ₹78.66 crore.

The recitals of the instruments revealed that the Societies had, in February 2021, obtained the approval of the Registrar of Housing Co-operative Societies to buy lands in Venpedu and Vayallanallur village for laying house sites and the above purchases were a part of the proposals. The Societies had also entered into a Memorandum of Understanding (MOU) with the sellers between February and March 2021 for purchasing these lands at ₹3.56 crore per acre in Venpedu village and ₹9.38 crore per acre in Vayallanallur village.

The lands were originally purchased by the members of the society between May 2022 and January 2023 for a total consideration of ₹7.50 crore and conveyed to the Cooperative Society within a short period ranging from 2 days

3 From 09 June 2017.
4 G.O. Ms.No.2179, Agriculture (Co-operation), dated 29 June 1966.
5 2650/2023, 12709/2022, 2651/2023 – Sub-Registrar, Thiruporur and 3978 of 2022 – Sub-Registrar, Poonamallee.

to 6 months. Since the MOU was entered between February and March 2021 for the purchase of land at ₹3.56 crore per acre in Venpedu village and ₹9.38 crore per acre in Vayallanallur village, the market value of the lands should have been assessed at ₹3.56 crore per acre in Venpedu Village and ₹9.38 crore per acre in Vayallanallur Village for the transactions that took place after entering into the MOU. Since, the value of the land cannot increase multi-fold within a period of 6 months. It is quite evident that, a lower value was declared in the instrument executed for the purchase of lands where stamp duty was leviable, and the true market value was revealed in the instrument where stamp duty was exempt. The failure of the Registering Officer (RO) in correlating the information provided in the instruments to arrive at the true market value resulted in substantial undervaluation of ₹71.16 crore of properties and consequent short collection of stamp duty and registration fees of ₹7.83 crore as shown in **Appendix 3.1**.

In reply, GoTN stated (December 2024) that the District Registrar had been requested to instruct the Sub-Registrar, Poonamallee to refer the sale deed under Section 47(A)(3) of the Indian Stamp Act, 1899. For the observation in Sub-Registrar Thiruporur, GoTN accepted (September 2025) to refer documents under Section 47A(3) of Indian Stamp Act, 1899, where the time period between the execution of previous sale deed and subsequent sale deed was within 30 days (i.e. eight documents) and stated that in respect of the remaining documents, (i.e. 11 documents) the value adopted is in order.

The reply is not tenable since reference under Section 47A (3) to ascertain the true market value is warranted only if the market value is not determinable. In the present cases, the market value of the property was agreed to by the Cooperative Society with the sellers in the MOU even before the first sale was executed. Hence, the question of differential period between previous and subsequent sales is irrelevant.

Recommendation 3.1:

The Government should ensure that the Registering Officers identify wide fluctuation in market valuations which is taking place in a short period of time and accordingly apply Section 27 to probe if there is any suppression of market value in instruments to evade stamp duty.

3.4.2 Short collection of Stamp Duty and Registration Fee due to misclassification of power for consideration as General Power of Attorney

As per Article 48 (e) of Schedule I of the Indian Stamp Act, 1899, when a Power of Attorney is given for consideration, authorizing the attorney to sell any immovable property, stamp duty is to be levied at the rate of four *per cent* and as per Entry 11(i) under the Table of Fees prepared under Section 78 of the Registration Act, 1908, registration fee at one *per cent* on the market value equal to the amount of consideration mentioned therein. As per Section 27 of the Indian Stamp Act, the consideration, the market value and all other facts and circumstances affecting the chargeability of any instrument with duty or the amount of the duty with which it is chargeable shall be fully and truly set forth therein. As per Section 33A of the act ibid, if after the registration of any instrument, it is found that proper stamp duty payable under this Act in respect of such instrument has not been paid or has been insufficiently paid, such duty or deficit as the case may be, be recovered from the person liable to pay the duty, as an arrear of land revenue.

a) During the verification of records for the period 2022-23 at Sub-Registry in December 2023, Ambattur, Audit noticed that through Document No.5076/2019 dated 9 April 2019, the principal M/s. V. Guruswamy Naidu & Co Private Limited appointed M/s. Casagrand Magick Rufy Private Limited as their Power Agent[6] to sell, develop and act on their behalf in all matters in respect of 9.925 acre of land located in Ambattur village and also stated that no consideration was involved while executing the deed for power of attorney(POA). The Stamp Duty and Registration Fee as applicable was duly collected.

However, cross verification of the GST returns of the power agent for the year 2019-20 during 2023-24 revealed that an amount of ₹90.45 Crore was incurred towards land cost and TDS amount of ₹0.89 Crore was remitted on 27 April 2019 as disclosed in Form 26AS. Further, scrutiny of data available in Tamil Nadu Real Estate Regulatory Authority (TNRERA), it was noticed that the power agent had obtained approval for the proposed project "Casa Grand Athens" to be situated in the said piece of land at Ambattur village in 2020.

Therefore, it is clearly evident from Form 26AS that the consideration was paid and the same was suppressed by the executants in the recitals of General power of attorney deed, which resulted in short collection of Stamp Duty and Registration Fee of ₹4.45 Crore as shown in **Appendix 3.2 (a)**.

In reply, GoTN stated (August 2025) that power of attorney operates from the date of execution i.e. 05 April 2019 and not from the date of Registration i.e. 09 April 2019 and as the payment was made only on 08 April 2019, the deed of power of attorney cannot be construed as Power for consideration. Further, citing case laws, Government stated that to treat Power of Attorney as deed of Power for consideration by relying upon information from Form 26AS and other Departments is not sustainable.

Reply is not tenable, as the Government has relied on case laws which pertain to the classification/interpretation of documents whereas the audit observation points to a misrepresentation of facts that no consideration was involved when granting power to the agent. Besides this, the deed of power of attorney in respect of immovable property is to be compulsorily registered to be legally enforceable and to have authority to transfer ownership. Hence, the payment of consideration by the agent to the principal one day before the registration as ascertained from Form 26AS confirms that the power of attorney was granted

6 An individual designated in a power of attorney document empowered to act for and in the name of the person executing it.

with consideration which was suppressed by the executant in the instrument affecting its chargeability.

b) During the verification of records for the period 2018-19 to 2022-23 at Sub-Registry, Thamal, Audit noticed that through Document Nos.1475/2022 and 1470/2022 dated 13 October 2022, consideration of ₹6.62 Crore and ₹4.81 Crore respectively was paid by the purchaser to the Power Agent (M/s. Nivasa City Developers LLP) for the land conveyed and TDS at one *per cent* of the consideration was paid into the PAN of the Power Agent. Further scrutiny of the recitals revealed that the power agent had already paid the Vendor and deducted one *per cent* TDS of ₹6.40 Lakh and ₹4.65 Lakh on the consideration into the PAN of the Vendor. From this, it is clearly evident that the power agent had already paid ₹6.40 crore and ₹4.65 crore as consideration to the vendors.

However, while executing the deed for power of attorney, document No's. 1227/2022 and 1222/2022, the fact of payment of consideration was suppressed, resulting in misclassification of the Power with consideration as General power of attorney, leading to short collection of Stamp Duty and Registration Fee of ₹55.06 Lakh as detailed in the **Appendix 3.2 (b)**.

In reply, GoTN stated (August 2025) citing case laws that to treat the Deeds of Power of Attorney as Power for Consideration by relying upon the fact that consideration amount has been paid by the Power Agent to the Vendor in the Sale deed with respect to Sale of property is not sustainable. Consequently, there is no loss of revenue to Government.

Reply is not tenable, as the Government has relied on case laws which pertain to the classification/interpretation of documents whereas the audit observation points to a misrepresentation of facts that no consideration was involved when granting power to the agent, since, the flow of consideration from the Power Agent to the Principal was clearly evident from the recitals of the subsequent sale deed. However, this information was suppressed in the General Power of Attorney deed clearly indicating the intention to evade appropriate Stamp Duty and Registration Fees by the Principal.

Recommendation 3.2:

The Government should ensure that the Registering Officers examine the recitals of all such Power of Attorney documents and the subsequent sale deed to identify suppression of fact.

3.4.3 Non levy of stamp duty on properties transferred during the amalgamation/demerger of companies

The Government of Tamil Nadu vide its order G.O. Ms. No. 47, Commercial Taxes and Registration (J1) dated 19 February 2020, with effect on and from the 1 April 1956, notified that the duty chargeable in respect of instruments of transfer of property relating to scheme of amalgamation or reconstruction of companies as two *per cent* of the market value of the immovable property or 0.6 *per cent* of the aggregate of the market value of the shares, whichever is higher.

The Government of Tamil Nadu vide its order G.O. Ms. No. 29, Commercial Taxes and Registration (J1) dated 1 March 2019, reduced the fee payable ₹30,000 in respect of instruments of transfer of immovable property relating to amalgamation or reconstruction of companies.

Scrutiny of the instruments (March 2024) registered in Thiruvottiyur Sub-Registrar for the period 2022-23 revealed that a sale deed conveying 19.705 cents of land vide Document No.4130/2022 was executed by ITC Limited on 31 March 2022 in favour of VGN Homes Pvt. Ltd for ₹117.75 Crore duly registered on 13 May 2022 and Stamp Duty and Registration Fees were paid accordingly.

On further scrutiny of the document (March 2024), it was noticed that a scheme of arrangement was entered into between WIMCO Limited (Demerged company) and ITC Limited (Resulting company). As per the scheme of arrangement transfer of all the movables, immovable properties, outstanding loans, debt and liabilities to the resultant company had taken place without deed or instrument of conveyance as per 394 (2) of Companies Act, 1956. The scheme of arrangement was sanctioned by High Court at Calcutta vide its order dated 14 May 2014. The said order held that all the properties and liabilities of the demerged company related to its non-engineering business be transferred to the resulting company (vendor of this document) from the appointment date *viz*. 01 April 2013. Pursuant to the above order, ITC Limited has become the absolute owner of the property to the extent of 20.82 Acres in Ernavur Village, Thiruvottiyur Town.

The Registering Officer, however, registered this document without insisting on payment of stamp duty on the previous transaction of amalgamation/ demerger, although it is mandatory to levy stamp duty on transfer of property through amalgamation/demerger vide the Government Order cited. Failure of the Registering Officer to levy stamp duty on this piece of land transferred during amalgamation/demerger resulted in a loss of revenue of ₹2.72 crore as shown in **Appendix 3.3**.

In reply, GoTN stated (August 2025) that ₹1.69 crore has been collected, and entries have been made in the Index- II of the document so as to reflect the payment due in the encumbrance certificate. Further, Disciplinary action has also been initiated by the Department against the Registering Officer for the lapse.

Recommendation 3.3:

The Department should instruct the Registering Officers to check the documents resulting from amalgamation/demerger of companies and call for details of property located in Tamil Nadu which were transferred through amalgamation/ demerger and collect the requisite stamp duty.

3.4.4 Short collection of Registration Fees due to incorrect classification of instruments of sale agreement

As per Entry 1(l) under the Table of Fees prepared under Section 78 of the Registration Act, 1908, the registration fee shall be leviable on an agreement to sell or resell shall be on the advance or earnest money paid. According to the proviso to the above Entry, in the case of an agreement to sell where possession is handed over or is to be handed over, the fee leviable shall be on the intended sale consideration. As per the proviso of Entry 1(o), in case of cancellation of agreement to sell involving possession of the property, the fee is leviable on consideration as expressed in the original deed of agreement to sell.

Audit scrutiny of records (between May 2023 and March 2024) for the period 2022-23 revealed that an agreement of sale for 8 acres situated in Town Survey No. 156/1 of Perambur village was registered vide Document No. 4954 of 2022 dated 30 June 2022 in Sub-Registrar Purasawalkam and an agreement of sale was cancelled for 1.27 acres situated in Survey Nos. 122/1 and 122/2 of Kolathuvancheri village vide Document No. 5809 of 2022 dated 22 April 2022 in Sub-Registrar Joint I, Chennai South. Further scrutiny of the recitals of the documents revealed that the seller had handed over the physical possession of the property to the intended buyer.

As possession has been given to the buyer, the document should have been classified as an agreement/cancellation of agreement with possession. As per the provisos, Registration Fee at one *per cent* should have been collected on the intended consideration of ₹170.50 crore whereas, the Sub-Registrars had collected a Registration Fee of ₹10 lakh only, classifying the documents as an agreement of sale/cancellation without possession. This resulted in a short collection of Registration Fee of ₹1.60 crore as shown in **Appendix 3.4.**

In reply, the GoTN accepted the Audit observation and stated (between February and April 2025) that the District Registrar has been requested to initiate action to recover the deficit fee under Section 80(A) of the Registration Act, 1908.

Recommendation 3.4:

The Government should include a separate category of instrument as sale agreement with possession in Star 2.0 portal[7] and levy registration fee as per Registration Act, 1908.

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7 Star 2.0 portal (Simplified and Transparent Administration of Registration), developed by the Tamil Nadu Commercial Taxes Department (CTD), is an integrated platform for property registrations.

3.4.5 Undervaluation of property due to incorrect adoption of guideline value

As per Article 23 of Schedule I to the Indian Stamp Act, 1899, conveyance of immovable property attracts levy of Stamp Duty at the rate of seven *per cent* including surcharge at two *per cent* and Registration Fee is leviable at the rate of four *per cent* as per the Table of Fees prepared under Section 78 of the Registration Act, 1908 on the market value of property.

During verification of records (August 2023) for the period 2019-20 to 2022-23 in Sub-Registrar, Sangagiri, Audit noticed that through Document number 883/2020 dated 27 May 2020, land measuring one acre 55.5 cents situated in Survey number 31/2D6, Sankari Village was conveyed for a consideration of ₹1.15 Crore with its East boundary shown as Pallipalayam Road. As there was no guideline value fixed for pallipalayam road, the document was registered by adopting a guideline value of ₹167 per sq. ft. applicable to Muniappam palayam as declared by the executant in the recitals.

It was also noticed from the Village map of Sangagiri village that the said piece of land was situated alongside the Erode-Sankagiri Road. However, Muniappam palayam declared by the executant was not situated in the vicinity of the Erode-Sankagiri Road.

The guideline value for Sankagiri road is ₹804 per Sq. ft. Hence the value for 67,735.8 sq. ft (1.555 Acre) works out to ₹5.45 Crore. Therefore, the incorrect adoption of the guideline value applicable to Muniappam Palayam has resulted in short collection of Stamp Duty and Registration Fee of ₹47.21 Lakh as detailed in the **Appendix 3.5**.

In reply, GoTN accepted (August 2025) the audit observation and stated that Sub-Registrar Sangagiri has referred the document under Section 47(A)(3) of the Indian Stamp Act, 1899, to the Special Deputy Collector (Stamps), Salem to determine the correct market value of the property as per instruction of District Registrar.

Recommendation 3.5:

Government should instruct Registering Officers to adopt the guideline value based on the properties' proximity to roads or streets that have assigned values, by reckoning the correct boundaries of such properties.

3.4.6 Incorrect classification of instruments

As per Section 5 of Indian Stamp Act, 1899, any instrument comprising or relating to several distinct matters shall be chargeable with the aggregate amount of the duties with which separate instruments, each comprising or relating to one of such matters, would be chargeable under this Act. According to Article 61 of Schedule I to the Indian Stamp Act, maximum Stamp Duty of ₹40 is leviable in the case of surrender of lease. As per Article 58(a)(ii) of Schedule I to the Indian Stamp Act, in the case of settlement of immovable property between non-family members, Stamp Duty at the rate of seven *per cent* is leviable on the market value of the property. According to Article 1(p) of the Table of Fees under Section 78 of the Registration Act, value of the improvements during surrender of lease shall be assessed to Registration Fee.

During the scrutiny of records for the period 2022-23 in four Sub-Registrar offices[8] (between April 2023 and March 2024), Audit noted that lease of vacant lands were surrendered/cancelled through four instruments registered between July 2021 and March 2023. The Registering Officers had referred these instruments to the Assistant Executive Engineer (AEE) to ascertain if any improvements were made to the originally leased out properties. The AEE, during field inspection, has determined the value of improvements at ₹4.88 crore. Based on these reports, the Registering Officers collected a Registration Fee of ₹4.88 Lakh, being one *per cent* of the value of the improvements.

Since only vacant land was initially leased out, and while on surrender, buildings were also transferred to the lessor, there has been a transfer of immovable properties in these transactions. The transactions involved surrender of lease along with transfer of immovable properties. Therefore, the transactions ought to have been classified as instruments of Surrender of lease-cum-Settlement and levied as per Section 5 of the Indian Stamp Act. However, the Registering Officer, had collected only ₹12,810 as stamp duty as against ₹34.13 Lakh applicable for these instruments. The misclassification of instruments thus resulted in a short collection of stamp duty and Registration Fees of ₹34 Lakh as detailed in **Appendix 3.6**.

In reply, GoTN, cited (September 2025) two court decisions to support its point that the buildings that exist after surrender of lease do not belong to the lessor. In the first decision, Supreme Court held that where the lessees had right to remove the building, such contract however, did not transfer the ownership of the building to the lessor when the lease subsisted. In the second decision, the Court held that constructions put up on the leased land with the permission of the lessor do not belong to the lessor.

The reply is not tenable, as in first court case the judgment quoted by the Government clearly states that contract, does not transfer the ownership of the building to the lessor when the lease was in force. In the second court case an individual built a dharmshala, temple and shops on Government land with the permission of the Government and there was no lease agreement between the two parties. However, in the above paragraph Audit noticed from the recitals that a vacant land leased out by the lessor was surrendered back with improvements at the time of surrender of lease. Audit's contention is that on termination of a lease the improvements made by the lessee on the vacant land would eventually get transferred to the lessor. This transfer provides ownership to the lessor for the improvements thus made and such documents should have been classified as Surrender of lease-cum-Settlement deeds.

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8 Joint-1 Krishnagiri, Joint-1 Palani, Singanallur and Vadavalli.

3.4.7 Short collection of Stamp Duty and Registration Fee due to non-adoption of true market value

As per Article 23 of Schedule 1 to the Indian Stamp Act, 1899, conveyance of immovable property attracts stamp duty at the rate of five *per cent.* Besides, Surcharge at two *per cent* and as per Article 1(a) of Table of Fees prepared under Section 78 of Indian Registration Act, 1908 Registration Fee at the rate of four *per cent* is also leviable on the market value of the property. As per the provisions of Section 27 of the Indian Stamp Act, the consideration (if any) and the market value and all other facts and circumstances affecting the chargeability of any instrument with duty, or the amount of the duty with which it is chargeable, shall be fully and truly set forth therein. As per Section 47 (A) of Indian Stamp Act, 1899, if the registering officer while registering any instrument of conveyance believes that the market value of the property has not been truly set forth in the document, he may, after registering such instrument refer the same to the Collector for determination of market value of such property and duty payable thereon.

(i) During the verification of records (August 2023) for the period 2022-23 at Sub-Registry, Sunguvarchatram, Audit noticed that one acre and 18.5 cents of agricultural land in Mambakkam village was conveyed for ₹70 Lakh through Document No. 1727/2022 (18 April 2022). The purchaser then sold the same property for ₹1.99 Crore through Document No.1797/2022 (21 April 2022) within three days of purchase.

Extract of sequence of transaction

Document No.	Date	Property conveyed	Transaction between	Consideration (₹)	Stamp duty& fee paid (₹ in lakh)
1727/ 2022	18-04-2022	One Acre and 18.5 Cents	Gautam Trade & Commerce limited and Mrs. Latha to Serene Township Promoters LLP	70,00,000	7.70
1797/ 2022	21-04- 2022	Same as above	Serene Township Promoters LLP to Dominant Skyscrapers Private Limited	1,99,64,000	21.96

(ii) During the verification of records (December 2023) for the period 2022-23 at Sub-Registry, Ambattur, Audit noticed that 0.111 acre of developed plot in Ambattur village was conveyed by M/s Tamil Nadu Small Industries Development Corporation Limited (TANSIDCO) for ₹2.78 crore through Document No. 9361/2022 dated 04 July 2022. Subsequently the plot was again conveyed for ₹1.63 Crore through the Document No. 9416/2022 dated 05 July 2022.

Extract of sequence of transaction

Document No.	Date	Property conveyed	Transaction between	Consideration (₹)	Stamp duty& fee paid (₹ in lakh)
9361/ 2022	04-07-2022	0.111 Acre	TANSIDCO to Sridevi Industries	2,78,36,500	15.32
9416 /2022	05-07-2022	Same as above	Sridevi Industries to Shri Pavithra Auto Product Private Limited	1,62,68,500	17.91

The market value as ascertained from the above sale deeds (i.e. 9361/2022 (Sub-Registrar, Ambattur) and 1797/2022 (Sub-Registrar, Sunguvarchatram) was not adopted in the subsequent documents (i.e. 9416/2022 and 1727/2022) presented for registration. Since the value of land cannot vary widely within a few days, it is evident that the market value was not truly set forth in the documents. The Registering Officer failed to correlate the wide variation in the market value adopted in the two instruments registered on subsequent days and failed to initiate action under section 47(A) of Indian Stamp Act, 1899, to determine the market value of the property. The failure on the part of Registering Officer to assess the true market value resulted in short collection of ₹26.96 Lakh as worked out in the **Appendix 3.7**.

In reply, GoTN stated (January 2025) that the District Registrars, had been requested to initiate action under Section 47(A)(3) of the Indian Stamp Act, 1899 so as to determine correct market value of the properties conveyed.

Recommendation 3.6:

The Government should ensure that the Registering Officers identify wide fluctuation in market valuations in a short period of time and probe if there is any suppression of market value in instruments to evade stamp duty.

3.4.8 Short payment of Stamp Duty and Registration Fee due to suppression of value of building

As per Article 23 of Schedule 1 to the Indian Stamp Act, 1899, conveyance of immovable property attracts stamp duty at the rate of five *per cent* besides Surcharge at two *per cent* and as per Article 1(a) of Table of Fees prepared under Section 78 of Indian Registration Act, 1908 Registration Fee at the rate of four *per cent* are leviable on the market value of the property. As per the provisions of Section 27 of the Indian Stamp Act, the consideration (if any) and the market value and all other facts and circumstances affecting the chargeability of any instrument with duty, or the amount of the duty with which it is chargeable, shall be fully and truly set forth therein.

During the verification of records (February and March 2024) for the period 2022-23 at Sub-Registry, Neelankarai, Audit noticed 27,125 sq. feet of barren land was purchased for ₹10.90 crore through Document No. 10842/2022 dated 16 September 2022. The purchaser then sold the same land along with a building for ₹12.50 crore (Value of land ₹10.90 crore and value of building ₹1.60 crore) through Document No. 1231/2023 dated 2 February 2023 within five months of purchase.

The document was referred to AEE (Public Works Department) to ascertain the correctness of value of the building and AEE valued the building at ₹1.57 crore (February 2023). The executant had declared the age of the building as three years in Annexure-1A[9]. The AEE, who is technically qualified valuer, also confirmed the age of the building as three years. The property was conveyed within five months of purchase and the fact of existence of the building was suppressed by the executant in the recitals, at the time of purchase vide Document No.10842/2022. Failure of the Registering Officer to correlate information between purchase and sale documents of same property resulted in short collection of Stamp Duty and Registration Fee of ₹17.55 Lakh as shown in **Appendix 3.8**.

In reply, GoTN stated (September 2025) that the District Registrar, had been requested to instruct the Sub-Registrar to initiate legal action and make entries in Index- II of the document so as to reflect the payment due in the encumbrance certificate.

Recommendation 3.7:

The Government should ensure that the Registering Officers identify changes in property conveyed within a short period of time and probe to ascertain if there is any suppression of information in the instruments to evade stamp duty.

9 Annexure 1A is self declaration given by the executant furnishing the market value of the property and building thereon to arrive at the document value.