

Chapter-VI

Revenue Receipts

6.1 Trend of revenue receipts

6.1.1 The tax and non-tax revenue raised by the Government of Jammu and Kashmir during the year 2003-04, the State's share of divisible Union taxes and grants-in-aid received from the Government of India during the year and the corresponding figures for the preceding four years are given below:

Table 6.1

(Rupees in crore)

| | | 1999-2000 | 2000-01 | 2001-02 | 2002-2003 | 2003-04 |
|-------------------------------------------------|----------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| I-Revenue raised by the State Government | | | | | | |
| (a) | Tax revenue | 577.64 | 745.98 | 804.17 | 1,033.09 | 1,170.28 |
| (b) | Non-tax revenue | 405.28 | 444.29 | 462.62 | 865.21 | 632.54 |
| | Total | 982.92 | 1,190.27 | 1,266.79 | 1,898.30 | 1,802.82 |
| II-Receipts from Government of India | | | | | | |
| (a) | State's share of divisible Union taxes | 1,231.60 | 675.40 | 575.79 | 684.52 | 817.42 |
| (b) | Grants-in-aid | 3,299.07 | 3,794.49 | 4,646.63 | 4,965.35 | 5,591.43 |
| | Total | 4,530.67 | 4,469.89 | 5,222.42 | 5,649.87 | 6,408.85 |
| III | Total receipts of the State | 5,513.59 | 5,660.16 | 6,489.21 | 7,548.17 | 8,211.67 |
| IV | Percentage of I to III | 18 | 21 | 20 | 25 | 22 |

(a) The details of tax revenue raised during the year 2003-04 alongwith the figures for the preceding four years are given below:

Table 6.2

(Rupees in crore)

| S.No. | Head of Revenue | 1999-2000 | 2000-01 | 2001-02 | 2002-03 | 2003-04 | Percentage increase (+)/ decrease (-) in 2003-04 over 2002-03 |
|-------|----------------------------------------------------------|---------------|---------------|---------------|-----------------|---------------------|---------------------------------------------------------------|
| 1. | Sales Tax | 237.08 | 358.72 | 408.75 | 535.97 | 674.38 ^ψ | (+) 26 |
| 2. | State Excise | 274.30 | 298.06 | 165.00 | 222.51 | 204.83 | (-) 8 |
| 3. | Stamps and Registration Fee | 14.86 | 21.06 | 26.08 | 25.67 | 33.58 | (+) 31 |
| 4. | Taxes and Duties on Electricity | 16.38 | 12.74 | 20.67 | 25.66 | 32.67 | (+) 27 |
| 5. | Taxes on Vehicles | 21.91 | 23.32 | 28.18 | 33.66 | 38.43 | (+) 14 |
| 6. | Taxes on Goods and Passengers | 7.46 | 14.27 | 143.24 | 182.84 | 182.63 | - |
| 7. | Taxes on Immovable Property other than Agricultural Land | 0.74 | 1.29 | 1.85 | 1.03 | 0.29 | (-) 72 |
| 8. | Land Revenue | 1.81 | 3.90 | 8.14 | 2.80 | 3.18 | (+) 14 |
| 9. | Other Taxes and Duties on commodities and services | 3.10 | 12.62 | 2.26 | 2.95 | 0.29 | (-) 90 |
| | Total | 577.64 | 745.98 | 804.17 | 1,033.09 | 1,170.28 | (+) 13 |

(b) The details of the major non-tax revenue raised during the year 2003-04 alongwith the figures for the preceding four years are given below:

Table 6.3

(Rupees in crore)

| S.No. | Head of Revenue | 1999-2000 | 2000-01 | 2001-02 | 2002-03 | 2003-04 | Percentage increase (+)/ decrease (-) in 2003-04 over 2002-03 |
|-------|-------------------------------------------------|---------------|---------------|---------------|---------------------|---------------|---------------------------------------------------------------|
| 1. | Power | 218.55 | 238.72 | 232.02 | 606.61 ^φ | 368.22 | (-) 39 |
| 2. | Interest Receipts | 102.55 | 104.99 | 110.76 | 136.32 | 117.98 | (-) 13 |
| 3. | Forestry and Wild life | 33.86 | 57.22 | 44.13 | 49.28 | 56.35 | (+) 14 |
| 4. | Public Works | 6.81 | 8.39 | 8.28 | 9.23 | 10.13 | (+) 10 |
| 5. | Medical and Public Health | 3.27 | 4.73 | 7.77 | 7.84 | 8.38 | (+) 7 |
| 6. | Water Supply and Sanitation | 3.86 | 4.14 | 4.66 | 5.57 | 6.21 | (+) 11 |
| 7. | Police | 4.31 | 3.89 | 4.54 | 4.92 | 7.26 | (+) 48 |
| 8. | Non-ferrous Mining and Metallurgical Industries | 1.60 | 2.93 | 3.33 | 3.09 | 4.39 | (+) 42 |
| 9. | Crop Husbandry | 1.10 | 1.37 | 3.29 | 3.67 | 3.69 | - |
| 10. | Animal Husbandry | 2.48 | 2.74 | 2.77 | 2.92 | 3.61 | (+) 24 |
| 11. | Others | 26.89 | 15.17 | 41.07 | 35.76 | 46.32 | (+) 30 |
| | Total | 405.28 | 444.29 | 462.62 | 865.21 | 632.54 | (-) 27 |

The increase/decrease in major non-tax revenue collections was due to reasons noted against each head of revenue below:

^ψ Includes service tax of Rs. 72.23 lakh

^φ Includes previous years' credits of Rs. 317.60 crore adjusted during 2002-03

| | |
|--------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|
| Power | Receipts during 2002-03 were more due to adjustment of Rs. 317.60 crore and hence decrease during 2003-04. |
| Interest Receipts | The decrease was mainly due to non-realisation of interest from investment of cash balances. |
| Forestry and Wild Life | Increase was mainly due to increase in sale of timber and receipts from Social and Farm Forestries. |
| Public Works | The increase was due to more realisation of revenue on account of rents. |
| Water Supply and Sanitation | The increase was due to realisation of additional receipts on account of fees, fines, services and service fees and from sewerage schemes. |
| Non-ferrous Mining and Metallurgical industries | The increase was due to more realisation of mineral concession fees, rents and royalties. |
| Animal Husbandry | The increase was due to more receipts from “Sheep and Wool Development” and “Other Live Stock Development” schemes. |

6.1.2 Variations between budget estimates and actuals

The variations between the budget estimates and actuals of revenue receipts for the year 2003-04 in respect of the principal heads of tax and non-tax revenue are given below:

Table 6.4

(Rupees in crore)

| Head of Revenue | Budget estimates | Actuals | Variations excess (+) or shortfall (-) | Percentage of variation |
|---------------------------------|------------------|---------|----------------------------------------|-------------------------|
| Tax Revenue | | | | |
| Sales Tax | 568.46 | 674.38 | (+) 105.92 | 19 |
| State Excise | 240.48 | 204.83 | (-) 35.65 | 15 |
| Stamps and Registration Fee | 26.80 | 33.58 | (+) 6.78 | 25 |
| Taxes on Goods and Passengers | 206.97 | 182.63 | (-) 24.34 | 12 |
| Taxes and Duties on Electricity | 45.00 | 32.67 | (-) 12.33 | 27 |
| Taxes on vehicles | 34.25 | 38.43 | (+) 4.18 | 12 |
| Non-tax Revenue | | | | |
| Interest receipts | 127.93 | 117.98 | (-) 9.95 | 8 |
| Forestry and Wild Life | 72.71 | 56.35 | (-) 16.36 | 23 |
| Medical and Public Health | 8.71 | 8.38 | (-) 0.33 | 4 |
| Power | 72.00 | 368.22 | (+) 296.22 | 411 |

The reasons for variation between budget estimates and actual receipts though called for, had not been received (October 2004).

6.1.3 Analysis of collection

Break-up of total collection at pre-assessment stage and after regular assessment of sales tax and motor spirit tax for the year 2003-04 and the corresponding figures for the preceding two years, in respect of which information was furnished by the Department, was as follows:

Table 6.5 (Rupees in crore)

| Head of Revenue | Year | Amount collected at pre-assessment stage | Amount collected after regular assessment (additional demand) | Penalties for delay in payment of taxes and duties | Amount refunded | Net collection | Percentage of column 3 to 7 |
|------------------|---------|------------------------------------------|---------------------------------------------------------------|----------------------------------------------------|-----------------|----------------|-----------------------------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| Sales Tax | 2001-02 | 292.49 | 4.49 | 0.23 | Nil | 297.21 | 98 |
| | 2002-03 | 341.65 | 8.06 | 0.07 | * | 349.78 | 98 |
| | 2003-04 | 399.45 | 7.54 | 0.14 | * | 407.13 | 98 |
| Motor Spirit Tax | 2001-02 | 104.75 | 0.08 | Nil | Nil | 104.83 | 100 |
| | 2002-03 | 121.28 | * | Nil | Nil | 121.28 | 100 |
| | 2003-04 | 138.81 | 0.01 | - | - | 138.82 | 100 |

It will be seen that between 98 and 100 *per cent* of sales tax and motor spirit tax collections were made at pre-assessment stage during the period 2001-02 to 2003-04.

6.1.4 Cost of collection

The figures for gross collection in respect of major revenue receipts, expenditure incurred on collection and the percentage of such expenditure to gross collection during the years 2001-02, 2002-03 and 2003-04, alongwith the relevant all India average percentage of expenditure on collection to gross collection for 2002-03 were as follows:

Table 6.6 (Rupees in crore)

| Head of Revenue | Year | Collection | Expenditure on collection of revenue | Percentage of expenditure on collection | All India Average percentage for the year 2002-03 |
|-----------------------------|---------|------------|--------------------------------------|-----------------------------------------|---------------------------------------------------|
| Sales Tax | 2001-02 | 408.75 | 9.54 | 2 | - |
| | 2002-03 | 535.97 | 10.24 | 2 | 1.18 |
| | 2003-04 | 674.38 | 10.60 | 2 | - |
| Taxes on vehicles | 2001-02 | 28.18 | 2.19 | 8 | - |
| | 2002-03 | 33.66 | 2.26 | 7 | 2.86 |
| | 2003-04 | 38.43 | 2.30 | 6 | - |
| State Excise | 2001-02 | 165.00 | 7.92 | 5 | - |
| | 2002-03 | 222.52 | 14.69 | 7 | 2.92 |
| | 2003-04 | 204.83 | 12.01 | 6 | - |
| Stamps and Registration fee | 2001-02 | 26.08 | 3.08 | 12 | - |
| | 2002-03 | 25.67 | 2.25 | 9 | 3.46 |
| | 2003-04 | 33.58 | 2.36 | 7 | - |

* Negligible

Percentage of cost of collection of sales tax, taxes on vehicles, state excise and stamps and registration fee was higher than the all India average cost of collection.

6.1.5 Collection of Sales Tax per assessee

The comparative position of sales tax collections per assessee during the period from 1999-2000 to 2003-04 was as under:

Table 6.7 (Rupees in lakh)

| Year | No. of assesses | Sales tax revenue | Revenue per assessee |
|-----------|-----------------|-------------------|----------------------|
| 1999-2000 | 22,303 | 23,708.40 | 1.06 |
| 2000-01 | 22,103 | 35,871.96 | 1.62 |
| 2001-02 | 20,842 | 40,874.84 | 1.96 |
| 2002-03 | 21,028 | 53,597.20 | 2.55 |
| 2003-04 | 20,953 | 67,365.48 | 3.21 |

The collection of sales tax per assessee varied between Rs. 1.06 lakh and Rs. 3.21 lakh during the period from 1999-2000 to 2003-04.

6.1.6 Analysis of Arrears of Revenue

The arrears of revenue as on 31 March 2004 in respect of some principal heads of revenue in respect of which information was furnished by the Department amounted to Rs. 1,453.85 crore of which Rs. 763.35 crore were outstanding for more than five years as detailed in the table given below:

Table 6.8 (Rupees in crore)

| S. No. | Head of Revenue | Amount outstanding as on 31 March 2004 | Amount outstanding for more than five years as on 31 March 2004 | Remarks |
|--------|---------------------------------|----------------------------------------|-----------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. | Sales Tax | 743.41 | 490.20 | Out of total arrears of Rs. 743.41 crore, recovery of Rs. 37.40 crore and Rs. 31.73 crore had been stayed by the courts and appellate authority respectively. Arrears of Rs. 149.36 crore were proposed to be written-off. The position of recovery of balance amount of Rs. 524.92 crore was not intimated (October 2004). |
| 2. | State Excise | 22.84 | 18.34 | Recovery of arrears of Rs. 16.77 crore had been stayed by the courts. |
| 3. | Motor Vehicle Tax | 8.36 | 8.33 | Reasons for non-recovery not intimated (October 2004). |
| 4. | Irrigation and Flood Control | 3.33 | 2.64 | Recovery of arrears of Rs. 1.05 lakh had been stayed by the courts. |
| 5. | Taxes and duties on electricity | 671.43 | 242.47 | Reasons for non-recovery not intimated (October 2004). |
| 6. | Public Works (R&B) | 4.48 | 1.37 | Reasons for non-recovery not intimated (October 2004). |
| | Total: | 1,453.85 | 763.35 | |

The arrears outstanding for more than five years constituted 53 per cent of total arrears.

6.1.7 Arrears in Assessment

The details of cases pending assessment at the beginning of the year 2003-04, cases becoming due for assessment during the year, cases disposed off during the year and number of cases pending finalisation at the end of the year 2003-04, as furnished by the Sales Tax Department in respect of sales tax and tax on works contracts were as follows:

Table 6.9

| S. No. | Name of tax | Opening balance | New cases due for assessment during 2003-04 | Total assessment due | Cases disposed off during the year 2003-04 | Balance at the end of the year | Percentage of column 6 to 5 |
|--------|------------------------|-----------------|---------------------------------------------|----------------------|--------------------------------------------|--------------------------------|-----------------------------|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| 1. | Sales Tax | 41,854 | 12,241 | 54,095 | 27,387 | 26,708 | 51 |
| 2. | Tax on works contracts | 322 | 347 | 669 | 193 | 476 | 29 |
| | Total | 42,176 | 12,588 | 54,764 | 27,580 | 27,184 | 50 |

There was no substantial reduction in arrears of assessment during the year 2003-04.

6.1.8 Evasion of Tax

The details of cases of evasion of tax detected by State Sales Tax and Excise Departments, cases finalised and the demands for additional tax raised as reported by the Departments are given below:

Table 6.10

| S.No. | Name of tax/duty | Cases pending as on 31 March 2003 | Cases detected during 2003-04 | Total | No. of cases in which assessment/investigations completed and additional demand including penalty etc. raised | | No. of cases pending finalisation as on 31 March 2004 |
|-------|------------------|-----------------------------------|-------------------------------|--------|---------------------------------------------------------------------------------------------------------------|--------------------------|-------------------------------------------------------|
| | | | | | No. of cases | Amount (Rupees in crore) | |
| 1. | Sales Tax | 7,152 | 82,548 | 89,700 | 38,578 | 725.82 | 51,122 |
| 2. | State Excise | 1 | 130 | 131 | 130 | 7.80 | 1 |

The progress of recovery of the amount was not intimated (October 2004).

6.1.9 Write off and waiver of revenue

During the year 2003-04, demands of Rs. 12.54 crore (520 cases) relating to sales tax were written off by the Department as irrecoverable due to rectification, appeal effect and amnesty.

6.1.10 Refunds

The number of refund cases pending at the beginning of the year 2003-04, claims received during the year, refunds allowed during the year and the cases pending at the close of year 2003-04, as reported by the Sales tax Department are given below:

Table 6.11

(Rupees in lakh)

| S.No. | | Sales Tax | |
|-------|---------------------------------------------------------|--------------|--------|
| | | No. of cases | Amount |
| 1. | Claims outstanding at the beginning of the year 2003-04 | 4 | 4.60 |
| 2. | Claims received during the year | 12 | 16.65 |
| 3. | Refund made during the year | 13 | 18.76 |
| 4. | Balance outstanding at the end of the year 2003-04 | 3 | 2.49 |

Reasons for non-settlement of remaining three cases were not intimated (October 2004).

6.1.11 Results of Audit

Test-check of records of sales tax, land revenue, state excise, motor vehicles tax, stamps and registration fee, electricity duty, forest receipts and other non-tax receipts conducted during the year 2003-04 revealed underassessment/short levy/loss of revenue amounting to Rs. 21.13 crore in 89 cases. During the course of the year the departments accepted short levy/loss of revenue to the tune of Rs. 3.55 crore in 23 cases and recovered Rs. 1.02 crore. No replies were received in remaining cases.

This chapter (Revenue Receipts) of the Audit Report contains four paragraphs bringing out non-levy/short levy of taxes, duties, interest and penalties, etc. aggregating Rs. 44.92 lakh. The Department/ Government accepted audit observations involving Rs. 42.86 lakh. Progress of recovery was awaited (October 2004).

6.1.12 Response of the Departments to Draft Audit Paragraphs

Draft paragraphs are forwarded to the Principal Secretary/Secretary of the concerned Administrative Department seeking confirmation of facts and figures and his comments thereon within a period of six weeks. However, out of four draft paragraphs forwarded to concerned departments during January 2004 to

October 2004 (detailed in *Appendix-26*) no reply was received from the Government/Departments (October 2004).

6.1.13 Follow up on Audit Reports - summarised position

Status of reviews/paragraphs of Revenue Receipts Chapter pending discussion in the Public Accounts Committee as on 31 March 2004 was as under:

Table 6.12

| Period of Audit Reports | Total number of reviews and paragraphs that appeared in Revenue Receipts Chapter of Audit Report | | No. of reviews and paragraphs pending discussion | |
|-------------------------|--------------------------------------------------------------------------------------------------|------------|--------------------------------------------------|------------------|
| | Reviews | Paragraphs | Reviews | Paragraphs |
| 1990-1991 | - | 5 | - | 5 |
| 1991-1992 | - | 8 | - | 8 |
| 1992-1993 | 1 | 5 | 1 | 5 |
| 1993-1994 | 5 | 2 | 5 | 2 |
| 1994-1995 | 1 | 14 | 1 | 14 |
| 1995-1996 | 4 | 9 | 4 | 9 |
| 1996-1997 | 2 | 4 | 2 | 4 |
| 1997-1998 | - | 9 | - | 7+2 [♥] |
| 1998-1999 | 1 | 11 | 1 | 11 |
| 1999-2000 | - | 7 | - | 6+1 [♥] |
| 2000-2001 | 1 | 7 | 1 | 6+1 [♥] |
| 2001-2002 | 1 | 8 | 1 | 8 |
| Total | 16 | 89 | 16 | 89 |

[♥] Partly discussed

Audit Paragraphs

Finance Department (Sales Tax)

6.2 Concealment of turnover

The Assessing Authority failed to detect concealment of purchases which resulted in short levy of tax, interest and penalty aggregating Rs. 24.72 lakh.

6.2.1 The Jammu and Kashmir General Sales Tax Act (J&K GST Act), 1962 and rules made thereunder, provide that every dealer shall submit a true and correct return of his turnover in such a manner as may be prescribed under the Act. Further, if a person (dealer) who has, without any cause, failed to furnish the correct return of turnover or has concealed the particulars of his turnover, the Assessing Authority shall direct that person to pay in addition to the tax payable by him, an amount by way of penalty not less than the amount of tax evaded. The dealer is also liable to pay interest at prescribed rates on tax due from the date it was payable to the date of actual payment.

Audit-check of records of Sales Tax Circle 'I', Anantnag revealed (September 2000) that two dealers had not accounted for inter-State purchases of Rs. 42.99 lakh in their purchase statements during the assessment years 1995-96 and 1996-97. The Assessing Authority while assessing the dealers to tax in October 1999 and February 2000 failed to detect the concealment which resulted in short levy of tax, interest and penalty aggregating Rs. 15.84^α lakh.

After this was pointed out in audit in September 2000, the Assessing Authority re-assessed the dealers in April 2003 and April 2004 and raised additional demands of Rs. 13.78^β lakh against the dealers. Assessing Authority stated in June 2004 that the penalty could not be imposed on the dealer as he had gone for appeal and the file was lying with Deputy Commissioner (Appeals). The demands raised were reported to Deputy Commissioner (Recovery) but progress of recovery was awaited (October 2004).

6.2.2 Test-check (January 2003) of the records of Sales Tax Circle 'L', Jammu revealed that a dealer dealing in electronic goods had concealed purchases of Rs. 22.02 lakh due to wrong totalling of the stock receipts in his Trading Account for the years 1998-99 and 1999-2000. The Assessing Authority while assessing the dealer (July 2001 and January 2002) failed to detect the concealment which

^α Medicine dealer: Tax: Rs. 0.97 lakh, penalty: Rs. 0.97 lakh and interest up to April 2003: Rs. 2.32 lakh; *Kiryana*/Confectionery dealer: Tax: Rs. 2.59 lakh, penalty: Rs. 2.59 lakh, interest up to April 2003: Rs. 6.40 lakh

^β Tax: Rs. 3.56 lakh, penalty: Rs. 0.97 lakh, interest: Rs. 9.25 lakh

resulted in short levy of tax, interest and penalty (minimum) aggregating Rs. 8.88[▲] lakh.

After this was pointed out in audit (January 2003 and March 2004), Assessing Authority re-assessed (March 2004) the dealer and raised an additional demand of Rs. 12.60^{*} lakh. Further progress of recovery was awaited (October 2004).

The matter was referred to Government/Department in January/October 2004; reply had not been received (October 2004).

6.3 Incorrect grant of exemption

The Assessing Authority failed to detect concealment of purchases and allowed incorrect exemption which resulted in short levy of tax, interest and penalty aggregating Rs. 2.72 lakh.

Section 5 and 5 (B) of the J&K GST Act read with Government notifications issued from time to time provide that a manufacturer operating Small Scale Industrial (SSI) unit in the State and registered with the Industries Department shall be exempted from payment of sales tax on goods manufactured and sold by him either in the course of inter-State trade or locally subject to certain conditions which *inter-alia* included that the unit holder does not conceal his turnover.

Test-check of records of Sales Tax Circle 'I', Srinagar in September 2000 revealed that an SSI unit had concealed inter-State purchases of Rs. 1.29 lakh[≠] in his purchase statement during the years 1996-97 and 1997-98. The Assessing Authority while assessing the unit in March 1999, failed to detect the concealment and allowed sales tax exemption resulting in non-recovery of tax, penalty and interest aggregating Rs. 2.72[▼] lakh.

After this was pointed out, the Assessing Authority re-assessed the dealer in September 2002 and March 2004 and raised an additional demand of Rs. 2.72 lakh. Further progress of recovery was awaited (October 2004).

The matter was referred to Government/Department in April 2004; reply had not been received (October 2004).

[▲] 1998-99: Tax: Rs. 57473; Interest: Rs. 85347; Penalty: Rs. 57473; 1999-2000: Tax: Rs. 218939; Interest: Rs. 249590; Penalty: Rs. 218939

^{*} 1998-99: Tax: Rs. 57473; Interest: Rs. 106899; Penalty: Rs. 114946; 1999-2000: Tax: Rs. 218939; Interest: Rs. 325126; Penalty: Rs. 436786

[≠] 1996-97: Two bills Rs. 71804, 1997-98: One bill Rs. 56759

[▼] Tax: Rs. 83786; Interest up to November 2003: Rs. 177758; Penalty: Rs. 10797

6.4 Concealment of turnover

The Assessing Authority failed to detect concealment of purchases resulting in short levy of tax of Rs. 2.62 lakh and loss of revenue of Rs. 0.41 lakh.

The J&K GST Act also provides that no order of assessment or the re-assessment shall be made after the expiry of eight years from the end of the year or one year from the end of the year in which the notice is served, whichever is later.

Test-check of records of Sales Tax Circle 'B', Srinagar in July 2001 revealed that a dealer had not accounted for inter-State purchase of Rs. 31.20 lakh for the years from 1990-91 to 1994-95 in his returns filed under Amnesty scheme. While finalising assessment, the Assessing Authority failed to detect (September 1999) the concealment resulting in short levy of tax of Rs. 2.62 lakh.

After this was pointed out in July 2001, the Assessing Authority re-assessed the dealer in March 2002 and March 2004 and raised additional demand of Rs. 3.21[♦] lakh for the years 1993-94 and 1994-95. Demands for the years from 1990-91 to 1992-93 were barred by limitation which resulted in loss of revenue of Rs. 0.41^{*} lakh. Progress of recovery of additional demand was awaited (October 2004).

The matter was referred to Government/Department in April 2004; reply had not been received (October 2004).

Law Department

6.5 Short levy of stamp duty

The Registering Officers recovered stamp duty of Rs. 14.86 lakh short due to application of lower rates.

Under the Jammu and Kashmir Stamp Act, 1977 *Svt* (1920 AD), stamp duty on every instrument of conveyance of immovable property situated within the Municipality is chargeable at three times the prescribed rate. Stamp Duty in the areas falling under Town Area or Notified Area is chargeable at double the rate. The rates of stamp duty were revised by the Government with effect from 3 April 2000.

Test-check (June and September 2003) of the records of the District and Sub-Registrar, Budgam (Kashmir) revealed that in 65 cases of conveyance of immovable property registered during the period between April 2000 and

[♦] 1993-94 (Tax: Rs. 44100; penalty: Rs. 44100 and interest: Rs. 130095); 1994-95: (Tax: Rs. 19687; penalty: Rs. 19687 and interest: Rs. 63195)

^{*} 1990-91 to 1992-93: Tax : Rs. 8733; Penalty: Rs. 8733; Interest: Rs. 23321

September 2001, stamp duty was levied at pre-revised rates resulting in short levy of stamp duty of Rs. 14.86 lakh.

This was pointed out in audit in June and September 2003. The Registering Officers stated (June 2004) that the reason for non-application of revised rates was due to non-receipt of revision order in time and the matter had been taken up with the District Collector, Budgam for appropriate action. Further action in the matter was awaited (October 2004).

The matter was referred to Government/Department in February 2004; reply had not been received (October 2004).