

**CHAPTER IV**  
**LAND REVENUE AND BUILDING TAX**

**4.1. Results of Audit**

Test check of the records of the Offices of the Land Revenue Department conducted in audit during 2004-05 revealed short/non levy of tax, etc., amounting to Rs 4.84 crore in 95 cases which may broadly be categorised as under.

(In crore of rupees)

Sl. No.	Category	Number of cases	Amount
1	Short levy under building tax	68	0.97
2	Short levy under other items	27	3.87
	<b>Total</b>	<b>95</b>	<b>4.84</b>

During 2004-05, the Department accepted underassessment of Rs 1.05 crore involved in 30 cases of which 6 cases involving Rs 5.02 lakh were pointed out in audit during 2004-05 and the rest in earlier years. During the year, the Department recovered an amount of Rs 4.52 lakh in 26 cases.

A few illustrative cases involving Rs 2.22 crore are given in the following paragraphs.

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#### **4.2. Non/Short realisation of collection charges**

Under the Kerala Revenue Recovery (KRR) Rules, 1968, collection charges at the rate of five *per cent* of the arrears collected by the Government on behalf of any Government department/ notified institution are to be recovered from the defaulters.

Test check of records in 21 Offices<sup>♥</sup> between November 2003 and December 2004 revealed that, while recovering arrears of Rs 54.51 crore on behalf of various Government departments/notified institutions during the period from April 2001 to March 2004, the tahsildars did not realise the collection charges or realised it short from the defaulters. This resulted in non/short realisation of collection charges of Rs 2.07 crore.

After this was pointed out between November 2003 and December 2004, the Department stated that as per a Government clarification in September 1999, collection charges need not be realised on requisitions received from Government departments. Hence it was not collected. Reply is not tenable as the rules specifically provide for realisation of collection charges from defaulters of Government dues.

The matter was referred to the Government in April 2005. Government stated in November 2005 that direction to realise collection charge on all kinds of revenue recovery had been issued in August 2005.

#### **4.3. Non levy of luxury tax on residential buildings**

Under the Kerala Building Tax Act, 1975, luxury tax at the rate of Rs 2,000 *per annum* alongwith building tax is recoverable on every residential building having a plinth area of 278.7 Sq. metres or more and completed on or after 1 April 1999 in advance on or before 31 March every year.

In 12 taluk offices<sup>\*</sup> assessing authorities who assessed building tax failed to assess and demand luxury tax on 313 residential buildings having a plinth area exceeding 278.7 Sq. metres and completed in different years between April 1999 and March 2004. This resulted in non realisation of luxury tax of Rs 12.52 lakh.

After this was pointed out between December 2003 and November 2004, the department stated in November and December 2004 that Rs 0.40 lakh had been realised in 19 cases in Mannarkad Taluk and Rs 0.22 lakh demanded in Kanayannur Taluk. Further reply has not been received (December 2005).

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<sup>♥</sup> Taluk Offices: Adoor, Chengannur, Cherthala, Chirayinkeezh, Ernad, Hosdurg, Karthikappally, Kuttanad, Mukundapuram, Muvattupuzha, Thalappilly, Thaliparamba, Thiruvalla and Vythiri.

Tahsildar (RR): Aluva, Kanayannur, Kollam, Kottayam, Thrissur, Udumbanchola and Vadakara

<sup>\*</sup> Taluk offices: Adoor, Cherthala, Ernad, Hosdurg, Kanayannur, Kasargod, Kottarakkara, Kozhikode, Mannarkad, Palakkad, Thalappilly and Udumbanchola.

The matter was reported to Government in April 2005. Government stated in November 2005 that tax had been realised in 135 cases and that appeal or OP is pending in seven cases. Further report has not been received (December 2005).

#### **4.4. Underassessment of building tax**

Under the Kerala Building Tax Act, 1975, building tax based on plinth area, at the rate specified in the Act is leviable on every building, the construction of which is completed after 10 February 1992, having plinth area exceeding 100 Sq. metres in the case of residential buildings and 50 Sq. metres in the case of other buildings. Plinth area of appurtenant structures built for more convenient enjoyment of the main building shall be added to its plinth area for assessment of tax.

- In taluk offices Aluva, Kottayam and Vythiri, while finalising between July 2001 and March 2004 building tax assessment of two tourist resorts, buildings appurtenant to the main buildings were assessed as separate units instead of reckoning the resorts as a single unit by the assessing authorities and tax on another two buildings were assessed for area lesser than the actual plinth area of the completed portion. These resulted in short levy of building tax of Rs 2.48 lakh.

After this was pointed out between March and November 2004, the Department stated in December 2004 and January 2005 that action had been taken to revise the assessment at Vythiri and Aluva. Final reply has not been received (December 2005).

The matter was reported to Government in June 2005. Government stated in November 2005 that revised notice had been issued in three cases involving Rs 1.47 lakh out of which Rs 0.50 lakh had been realised in two cases. Further report has not been received (December 2005).