

CHAPTER V

OTHER TAX RECEIPTS

5.1 Results of audit

Test check of records of the offices of the State Excise and Registration departments conducted during the year 2005-06 revealed short demand of gallonage fee, non demand of interest, non/short realisation of revenue under stamp duty and registration fee etc., amounting to Rs 46.95 crore in 154 cases which may be categorised as under:

(in crore of rupees)

Sl. No.	Category	No. of cases	Amount
A. State excise			
1.	Short demand of gallonage fee	2	1.29
2.	Non demand of interest on delayed remittances	3	0.14
3.	Non/short demand of differential cost of establishment	12	0.11
4.	Other lapses	11	0.24
B. Stamp duty and registration fees			
1.	Undervaluation of documents	36	0.30
2.	Irregular remission	8	0.02
3.	Other lapses	82	44.85
	Total	154	46.95

During the year 2005-06 the department accepted under assessments etc., of Rs 40.62 lakh involved in 35 cases of which 13 cases involving Rs 6.03 lakh were pointed out during 2005-06 and rest in earlier years. At the instance of audit, the department recovered an amount of Rs 9.85 lakh in 28 cases of which eight cases involving Rs 3.39 lakh pertained to 2005-06.

In one case, the Excise Department recovered Rs 2.72 lakh in July 2006 in full after this was pointed out in audit.

Registration Department in June 2006 reversed an excess allocation of transfer duty of Rs 8.72 lakh made to a panchayat after this was pointed out in audit.

A few illustrative cases involving Rs 1.75 crore are given in the following paragraphs:

A. State excise

5.2 Short realisation of gallonage fee

Under the Foreign Liquor Rules, gallonage fee at the rate prescribed by Government is payable on the quantity of Indian made foreign liquor (IMFL) sold by FL 9 licensees[♦]. Gallonage fee for 2004-05 was Rs 3.20 per bulk litre (BL) of IMFL and beer.

Scrutiny of consumption statement in the office of the Circle Inspector of Excise at Kerala State Beverages Corporation Warehouse, Nedumangad revealed that the licensee sold 135.68 lakh BL of IMFL and beer during 2004-05. But the licensee paid gallonage fee of Rs 3.08 crore against due of Rs 4.34 crore. The department did not raise any demand for short payment of gallonage fee. This resulted in short levy of Rs 1.26 crore.

After this was pointed out in October 2005, the department accepted the audit observation; further reply has not been received (December 2006).

This was reported to Government in May 2006; reply has not been received (December 2006).

5.3 Short collection of cost of establishment

5.3.1 The Excise Commissioner, vide orders dated 1 June 1999 revised the rates of average cost of pay and allowances and contributions towards leave salary, pension and DCRG etc., recoverable on account of deputing excise supervisory staff for supervision of distilleries, Kerala State Beverages Corporation warehouses (KSBVWH) etc., with effect from 1 March 1997. The Commissioner of Excise clarified in August 2000 that recovery is to be based on the scale of pay of the incumbents working in the institutions.

Scrutiny of records of KSBCWH, Alappuzha and Attingal and Chicops distillery, Menonpara revealed that cost of establishment of two excise officials for the period between May 2002 and March 2003 was not recovered at KSBCWH, Alappuzha. In other two cases, the cost was recovered on the basis of the scale of pay of the sanctioned post instead of the scale of pay of the incumbents. These resulted in short collection of cost of establishment amounting to Rs 2.34 lakh relating to the period from May 2002 to March 2005.

This was pointed out to the department between August 2003 and October 2005 and reported to Government in June 2006. Government stated in October 2006 that Rs 2.15 lakh had been remitted from the bonded warehouses and Rs 0.12 lakh had been demanded from the distillery. Further report had not been received (December 2006).

5.3.2 Under Kerala Service Rules, combined rate of leave salary and pension contribution of Government servants on deputation to foreign service shall be

[♦] FL 9 licence – licence for possession and supply of foreign liquor in wholesale by bonded warehouse

25 *per cent* of the maximum of the scale of pay of the post from which deputation is sanctioned.

In three institutions^{*}, leave salary and pension contribution of excise officers posted on deputation were realised at 25 *per cent* of the average cost. This resulted in short recovery of leave salary and pension contribution amounting Rs 2.06 lakh relating to the period from April 2000 to March 2005.

After this was pointed out between July and October 2005, the department stated in January 2006 that Rs 1.36 lakh had been remitted in November 2005 from bonded warehouse at Palakkad. Further report has not been received (December 2006).

This was reported to Government in June 2006; reply has not been received (December 2006).

B. Stamp duty and registration fees

5.4 Short levy of stamp duty and registration fee

Under the Kerala Stamp Act, 1959, instruments on conveyance of property situated in panchayat, municipal and municipal corporation areas attracted stamp duty at Rs 2, Rs 3 and Rs 4 respectively for every Rs 100 or part thereof of the fair value of property or amount or value of such conveyance whichever is higher, during the period from 2 December 2003 to 31 March 2005. Surcharge on stamp duty under the Kerala Panchayat Raj Act, 1994 and Municipalities Act, 1994 was two *per cent* during the above period. Fair value under the Kerala Stamp (Fixation of Fair Value of Land) Rule, 1995 was in force from 5 January 2004 to 18 February 2004. Under Registration Act, 1908, fee for registration of instrument of conveyance is two *per cent* of value.

In 13 sub registry offices[▼], on 361 instruments of conveyance registered between 5 January 2004 and 18 February 2004, stamp duty and registration fee were levied on aggregate consideration of Rs 3.30 crore shown in the instruments instead of on fair value of Rs 8.29 crore worked out on the basis of fair value approved by the revenue divisional officers. This resulted in short levy of stamp duty, surcharge and registration fee of Rs 30.33 lakh.

The cases were reported to the department between April 2005 and March 2006; their reply has not been received (December 2006).

This was reported to Government in May 2006; their reply has not been received (December 2006).

^{*} Chicops distillery, Menonpara, Empee distillery, Kanjikode and KSBCWH, Palakkad

[▼] Enadimangalam, Kareelakulangara, Kodungalloor, Kondotty, Kuthuparamba, Mathamangalam, Mundoor, Nemom, Parappanangadi, Ponnani, Ranni, Sreekantapuram and Varkala

C. Entry tax

5.5 Non levy of entry tax

Kerala Tax on Entry of Goods into Local Areas Act, 1994, provides for levy of tax on entry into any local area of the State, for use or sale therein of any motor vehicle which is liable for registration in the State under the Motor Vehicles Act, 1988. The registration authority shall not register the vehicles, unless vehicle owners submit proof of payment of entry tax. Entry tax on motor vehicle is 13.8 *per cent* of purchase value during 2004-05.

In sub regional transport office, Thripunithura earth moving equipment (a vehicle) purchased from Bangalore in April 2004 by a firm in Kochi was granted registration in January 2005 without payment of entry tax. Reckoning value of Rs 17 lakh shown in insurance policy as purchase value, entry tax amounting to Rs 2.35 lakh was not levied.

This was pointed out to the department in September 2005; reply has not been received (December 2006).

The case was reported to Government in December 2005; reply has not been received (December 2006).