

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 during 2007-08 revealed underassessments of tax and loss of revenue amounting to Rs. 3.30 crore in 113 cases which fall under the following categories:

(Rupees in crore)			
Sl. No.	Category	No. of cases	Amount
1.	Underassessment and loss under building tax	76	1.05
2.	Underassessment and loss under other items	37	2.25
Total		113	3.30

During the year 2007-08, the department accepted underassessments of Rs. 3.65 crore involved in 83 cases out of which 33 cases involving Rs. 2.55 crore were pointed out during 2007-08 and the balance to the earlier years. The department recovered Rs. 1.02 crore in 50 cases pointed out in the earlier years.

A few illustrative cases involving Rs. 2.49 crore are mentioned in the succeeding paragraphs.

4.2 Non/short levy of collection charges

Under the Kerala Revenue Recovery Rules, 1968, collection charges at the rate of five *per cent* of the arrears not exceeding Rs. 5 lakh and at the rate of 7.5 *per cent* of the arrears exceeding Rs. 5 lakh collected on behalf of any Government department/notified institutions are to be recovered from the defaulters.

During scrutiny of the records in five taluk offices¹ and one Tahsildar (Revenue Recovery) Office between July 2007 and February 2008 it was noticed that collection charges amounting to Rs. 1.67 crore were either not realised/realised short from the defaulters while recovering the arrears amounting to Rs. 50.49 crore during the period from April 2005 to March 2007.

After the cases were pointed out between July 2007 and February 2008, the concerned tahsildars stated that effective steps would be taken to realise the amount. A report on recovery has not been received (December 2008).

The matter was reported to the Government in April 2008; their reply has not been received (December 2008).

4.3 Non-levy of luxury tax/interest

4.3.1 Under section 5A of the Kerala Building Tax Act, 1975 (KBT Act) as amended by Act 23 of 1999, luxury tax at the rate of Rs. 2,000 is leviable each year on all residential buildings having a plinth area of 278.7 square metre or more and completed on or after 1 April 1999. The luxury tax assessed shall be paid in advance on or before 31 March every year. Section 19 of the Act provides for levy of interest at the rate of six *per cent* per annum for belated payment of luxury tax.

4.3.1.1 During test check of the records in 19 taluk offices² between November 2006 and January 2008, it was noticed that luxury tax was not demanded/realised on 1,734 residential buildings of plinth area exceeding 278.7 square metre and completed between April 2002 and March 2007. This resulted in non-realisation of luxury tax of Rs. 68.45 lakh.

After the cases were pointed out between November 2006 and February 2008, the department stated between December 2006 and April 2008 that Rs. 8.70 lakh has been recovered and action was being taken to realise the balance amount. A report on recovery of balance amount has not been received (December 2008).

The matter was reported to the Government in April 2008; their reply has not been received (December 2008).

¹ Taluk Offices : Changanassery, Devikulom, Mallappally, Ottappalam & Peerumedu, Tahsildar (RR) Office : Kanayannur

² Taluk Offices: Changanassery, Chittur, Devikulom, Kannur, Karthikappally, Kottayam, Kochi, Kozhikode, Kunnathur, Kuttanad, Mavelikkara, Meenachil, Nedumangad, Neyyattinkara, Ottappalam, Thalappally, Thalassery, Thalipparambu and Thiruvananthapuram.

4.3.1.2 During test check of the records in five taluk offices³ between December 2006 and January 2008 it was noticed that interest was not demanded/recovered in 559 cases of belated payment of luxury tax for the period from 2002-03 to 2006-07. This resulted in non-levy of interest of Rs. 2.34 lakh.

After the cases were pointed out between December 2006 and January 2008, four tahsildars⁴ stated between January 2007 and January 2008 that action would be taken to realise the interest. The Tahsildar, Thiruvananthapuram stated that the assessee would be liable to pay interest only if tax was not paid within the due date. However, the due date was not specified. The reply is incorrect as the question of due date does not arise, in view of the provisions in the Act on payment of luxury tax in advance.

The case was reported to the Government in April 2008; their reply has not been received (December 2008).

4.4 Non-assessment of building tax

Under the KBT Rules 1992, every village officer shall transmit to the assessing authority, within five days of the expiry of each month a monthly list of buildings liable to assessment, together with extracts from the building application register of the local authority within whose area the buildings included in the list are situated.

Cross verification of the records of one village office under Chittur taluk and two village offices under Ponnani taluk with the records of the respective municipalities in January 2008 revealed that 60 buildings completed between July 2003 and December 2006 escaped assessment as the details of buildings to be assessed were not furnished by the village officers concerned to the assessing authorities. This resulted in non-assessment of building tax of Rs. 7.48 lakh, calculated at the prescribed rates on the basis of plinth area.

After the cases were pointed out in January 2008, the Tahsildar, Chittur stated that the cases would be assessed at the earliest and the Tahsildar, Ponnani stated that the cases would be examined. Further report has not been received (December 2008).

The matter was reported to the Government in April 2008; their reply has not been received (December 2008).

4.5 Short levy of building tax

Under the KBT Act, building tax based on the plinth area at the rate specified in the schedule to the Act is leviable on every building, the construction of which is completed on or after 10 February 1992 and the plinth area of which exceeded 100 square metre in the case of residential buildings and 50 square metre in the case of other buildings. Plinth area of structures appurtenant to the building for more beneficial enjoyment of the main building should be added to the plinth area for assessment. Garages and structures used for storage of firewood in residential building are exempted from assessment.

³ Taluk Offices: Chittur, Ottappalam, Thalappally, Thalassery and Thiruvananthapuram.

⁴ Tahsildars : Chittur, Ottappalam, Thalappally and Thalassery

During scrutiny of the records in revenue divisional office, Thrissur, it was noticed in December 2006 that while disposing an appeal in August 2005 the Revenue Divisional Officer incorrectly exempted plinth area of 2,177.56 square metre which related to the administrative building and car porch of a non-residential building. This resulted in short levy of building tax of Rs. 3.91 lakh.

After the case was pointed out in December 2006, the department stated in September 2007 that necessary rectification orders have been issued and details of recovery will be intimated. A report on recovery has not been received (December 2008).

The matter was reported to the Government in April 2008; their reply has not been received (December 2008).