

CHAPTER-6: Other Tax Receipts

A. Land Revenue

6.1 Results of audit

Test check of land revenue records conducted in audit during the year 2001-02, revealed under-assessments and loss of revenue etc. amounting to Rs.55.25 crore in 5932 cases which broadly fall under the following categories:

(Rupees in crore)

S. No.	Category	Number of cases	Amount
1.	Non-recovery of premium and rent	3775	5.00
2.	Non-recovery of capitalised value of land	81	8.62
3.	Non-raising of demand of penalty in cases of trespass	602	3.19
4.	Other irregularities	1474	38.44
Total		5932	55.25

During the year 2001-02, the department accepted under-assessments etc. of Rs.4.10 crore involved in 900 cases of which 41 cases involving Rs. 1.13 crore had been pointed out in audit during 2001-02 and rest in earlier years. Further, the department recovered Rs. 1.40 crore in 530 cases during the year 2001-02 of which 98 cases involving Rs. 22.36 lakh related to the year 2001-02 and rest to the earlier years.

One case involving Rs. 10 lakh is given below:

6.2 Short recovery of premium

Under the order of Government vide circular dated 2 March 1987 the cost of agricultural land allotted to Central Government organisations and departments for the purpose of commercial use is to be charged at the market value. The market value for sale of land is approved by District Level Committee (DLC) of that area.

In Pokaran tehsil (Jaisalmer district), it was noticed (September 2001) that Government agricultural land measuring 5 bigha of village Pokaran was allotted on 19 May 2000 to a corporation for establishment of Petrol Pump on payment of cost of land of Rs. 5 lakh in place of prevalent commercial value

of land of Rs. 15 lakh (Rs. 3 lakh per bigha as per rates prescribed by the DLC). The under valuation of land resulted in short recovery of Rs. 10 lakh.

On this being pointed out (November 2001) in audit, the department stated (July 2002) that the matter had been referred (June 2002) by the Collector, Jaisalmer to the Government for guidance. Further action would be taken as per decisions taken by the Government.

Government to whom the mater was reported (November 2001) stated (August 2002) that the matter was under examination.

B. Lands And Buildings Tax

6.3 Results of audit

Test check of records in the Lands and Buildings Tax offices, conducted in audit during the year 2001-2002, revealed under-assessments of tax amounting to Rs.8.52 crore in 82 cases, which broadly fell under the following categories:

(Rupees in crore)

Sl. No.	Category	Number of cases	Amount
1.	Short levy due to under-valuation of properties	24	0.85
2.	Short levy due to mistakes in assessments	47	1.66
3.	Other irregularities	11	6.01
Total		82	8.52

During the year 2001-2002, the department accepted under-assessments *etc.*, of Rs.63.45 lakh in 46 cases of which one case involving Rs. 0.78 lakh had been pointed out in audit during 2001-2002 and rest in earlier years, of this Rs.7.03 lakh in 8 cases had been recovered. A few illustrative cases involving Rs. 0.82 crore highlighting important audit observations are given in the following paragraphs:

6.4 Short levy of tax due to assessment made in separate units

(i) Under the Rajasthan Lands and Buildings Tax Act, 1964, there shall be levied and collected with effect from 1 April 1973 an annual tax on land or building or both separately as units. The Director, Land and Building Tax

issued instructions vide circular dated 13 February 2001, that land and building purchased in more than one registered sale deed should not be accepted as separate units until they are separated by meets and bounds.

In Sriganganagar, it was noticed (September 2001) that a commercial property consisting of land (Rs. 6.87 crore) and building (Rs. 62.23 lakh) valued at Rs.7.49 crore as per DLC rates for land and Basic Schedule rates for building was, however, valued incorrectly at Rs. 60.71 lakh by applying the rates mentioned in the sale deeds (March 1998) on which property was purchased. Accordingly the tax was to be assessed at Rs. 34.21 lakh instead of Rs. 1.73 lakh, which resulted in short levy of tax of Rs. 32.48 lakh from 1998-99 to 2000-01. Moreover, it was assessed by treating property as 4 units instead of a singly unit.

On this being pointed out (October 2001), the department stated (August 2002) that matter had been opened for re-assessment.

The matter was reported to Government (May 2002); their reply has not been received (August 2002).

(ii) Under the Rajasthan Lands and Buildings Tax Act, 1964, tax at the prescribed rates, on the market value of land and building or both is levied separately as single units. It has been held* by the Board of Revenue that where land, building or both are owned by co-owners, the co-owners are held as owners of such property and tax shall be assessed and levied by treating such land, building or both as owned by all the co-owners and not by taking notional share of each owner separately.

In Jodhpur, it was noticed (October 2001) that a property comprising land and building was purchased in joint co-ownership through three sale deeds in 1978. Subsequently the building was demolished in 1986-87 and a commercial complex was constructed in its place. The rebuilt complex consisted of three blocks which were interlinked and connected with three bridges from basement to third floor. However, the assessing authority for charging of tax, assessed (November 1999) the said complex as two units right from 1986-87 to 2000-2001 instead of treating it as a single unit. Irregular action of the assessing authority resulted in short levy of tax aggregating to Rs. 11.20 lakh for the period 1997-98 to 2000-01.

On this being pointed out (October 2001) in audit, the department stated (August 2002) that matter had been opened for re-assessment.

The matter was reported to Government (May 2002); their reply has not been received (August 2002).

* 1985 RRD 558-Ramesh Chandra Heda V/s Assistant Director Land and Building Tax Ajmer (RRDB).

6.5 Short levy of tax due to undervaluation of property

Under Section 4 of the Rajasthan Lands and Buildings Tax Act, 1964 tax shall be levied on market value of Land and Building either separately or on both units. The Director, Land and Building Tax Department Rajasthan, Jaipur ordered (February 1991) that the rates of land as prescribed by DLC would be applicable for valuation of land with effect from 1 April 1991.

In Jaipur, it was noticed (November/December 2001) that a piece of land measuring 1310 square metre value of Rs. 16.48 lakh was auctioned on 25 February 1994 at the rate of Rs. 1258 per square metre and possession thereof taken on 29 April 1995. Thereafter, the Assessing Authority while assessing market value of land and building, levied tax on the basis of these rates instead of DLC rates, which resulted in short levy of tax of Rs. 8.30 lakh.

On this being pointed out (March 2002) in audit, the department stated (August 2002) that matter was under consideration, further progress in this regard would be intimated shortly.

The matter was reported to Government (May 2002); their reply has not been received (August 2002)

6.6 Short levy of tax due to incorrect valuation of land

Under the Rajasthan Lands and Buildings Tax Act, 1964, and Rules made thereunder, the assessing authority may at any time amend the order of assessment of market value and determination of tax in respect of any land or building where it appears that land/building has escaped assessment or has wrongly or incorrectly been assessed or the use of such land or building has been changed or converted from residential to commercial.

In Jaipur while finalising the assessments of commercial complex the value of the land and building was incorrectly assessed as Rs. 5.21 crore instead of Rs.5.88 crore. Consequently a tax of Rs. 17.42 lakh was leviable for the period 1997-98 to 1999-2000 instead of Rs. 2.87 lakh levied by the assessing officer. Further, for the year 2000-01, the dealer was liable to pay a tax of Rs. 4.47 lakh instead of Rs. 0.94 lakh paid by him. This resulted in short recovery of tax of Rs. 18.08 lakh.

The omission was pointed out to the department and reported to Government (March 2002); their replies have not been received (August 2002).

6.7 Non-levy of tax of land on lease

The proviso of Section 2(10) of the Rajasthan Lands and Buildings Tax Act, 1964 as amended with effect from 31 July 1998 provided that in case of land or building held on lease for a term of not less than twenty years, the lessee shall be deemed to be the owner of land or building under the Act.

In Jaipur, it was noticed (November/December 2001) that the land and building of a residential house of 4 units was leased out to a hotel for twenty five years in February 1991. This property valued at Rs. 5.34 crore for 1999-2000 and Rs. 5.66 crore for 2000-2001 was liable to be taxed at Rs. 15.24 lakh treating the entire hotel as a single unit as per the lease agreement. However, the property was incorrectly assessed as 4 individual units and a tax of Rs. 3.69 lakh was levied. This resulted in short realisation of Rs. 11.55 lakh.

On this being pointed out (March 2002) in audit, the department stated (July 2002) that compliance in this matter had been called for from assessing authority and that further progress would be intimated shortly.

The matter was reported to Government (May 2002); their reply has not been received (August 2002).