

CHAPTER - 5 : STAMP DUTY AND REGISTRATION FEES

5.1 Results of Audit

Test check of the relevant records of District Registrars and sub-Registrars conducted in audit during 2001-2002 revealed, short-levy of stamp duty and registration fees amounting to Rs. 25.24 crore in 347 cases which broadly fall under the following categories:

(Rupees in crore)

Sl.No.	Categories	Number of cases	Amount
1	Short levy of stamp duty and Registration fees due to under valuation of properties	175	2.02
2	Short levy of stamp duty due to misclassification of documents	88	0.75
3	Non-realisation of stamp duty	28	21.14
4	Other irregularities	56	1.33
	Total	347	25.24

A few illustrative cases highlighting important observations involving Rs. 21.36 crore are mentioned in the following paragraphs:

5.2 Short-levy of Stamp Duty and Registration Fees due to undervaluation of property

Under Indian Stamp Act, 1899 (as amended in its application to Uttar Pradesh) stamp duty on a deed of conveyance is chargeable on the market value of the agricultural land or on the value of consideration set forth therein, whichever is higher. Further, on a deed of conveyance pertaining to the land other than agricultural land, stamp duty is chargeable at the rate per square metre of that area on the date of execution as fixed by the collector.

During audit of 14 Sub-Registrar Offices, it was noticed (between May 2000 and December 2001) that 20 deeds of conveyance relating to non-agricultural land pertaining to the period August 1999 to September 2001 were registered for a consideration of Rs. 49.91 lakh at agricultural rates instead of Rs. 2.81 crore at non-agricultural rates fixed by the collector. The adoption of lower valuation of land resulted in short levy of stamp duty and registration fees amounting to Rs. 22.29 lakh.

On this being pointed out in audit, the Sub Registrar accepted (From June 2000 to November 2001) the underassessment in seven cases and stated that the matter would be referred to the Collector for proper valuation.

The cases were reported to the department and the Government (between August 2001 and March 2002); their replies have not been received (December 2002).

5.3 Non-realisation of stamp duty

Under the U.P. Excise licences (Tender cum Auction) Rules 1991, in case the licensing authority has accepted the bid for allotment of licences for sale of country / foreign liquor, an advance security shall be paid by the bidder for performance of the contract in the prescribed manner. Every bidder in whose favour the licence is settled shall also execute an agreement in conformity with the terms of licence on a stamp paper of the requisite value. In the Government notification dated 12 April 1999, it has been made clear that these documents fall under the category of mortgage deeds and are chargeable to stamp duty accordingly.

Scrutiny of records of 28[^] District Excise Officers revealed (between August 2000 to October 2001) that on acceptance of bid for a licence to sell country / foreign liquor / bhang, the licensees deposited a security of Rs. 171.50 crore in cash for due performance of the contract during the years 1998-99, 1999-2000 and 2000-2001 and executed counterpart agreements. However, stamp duty amounting to Rs. 21.14 crore on the amount of security deposited in cash treating these agreements as mortgage deeds were neither levied nor realised resulting in non-realisation of stamp duty amounting to Rs. 21.14 crore.

On this being pointed out in audit, (between June 2000 to October 2001), District Excise Officers stated (April 1998 to March 2001) that necessary action would be initiated on receipt of instructions from the Excise Commissioner.

The matter was reported to the department and Government (between May 2001 and April 2002). The Government vide reply (September 2001) directed concerned Collectors to collect the relevant documents from District Excise officers and file a suit against concerned defaulters. Further, report in this connection is awaited (December 2002).

[^] District Excise Officers - Aurraya, Azamgarh, Aligarh, Bahraich, Barabanki, Bijnore, Chitrukut, Etawah (2), Etah (2), Fatehpur, Farukhabad, Ghaziabad, Gorakhpur, Hathras, Kannauj, Kanpur Dehat, Kanpur City, Muzaffar Nagar, Mirzapur, Moradabad, Pilibhit, Pratapgarh, Rae Bareilly, Sant Kabir Nagar, Saharanpur, Sant Ravi Das Nagar.