

CHAPTER III: OTHER TAXES AND DUTIES

3.1 Tax administration

The levy and collection of Stamp Duty & Registration fees is administered by Additional Chief Secretary, Excise, Registration, Taxation and Stamps (ERTS) at the Department level. At the Directorate level, the Inspector General of Stamps & Registration monitors the functioning of the Department. Further, there are District Registrars/Sub-Registrars at the district level for levy and collection of Stamp Duty & Registration fees. Levy of other taxes is administered by the Commissioner of Taxes (in addition to sales tax). The components of other taxes are as follows:

- Taxes and Duties on Electricity
- Taxes on Goods and Passengers
- Other Taxes and Duties on Commodities and Services¹

Other taxes are also monitored by the Additional Chief Secretary, Excise, Registration, Taxation and Stamps (ERTS) at the Department level.

3.2 Impact of audit reports

During the last five years (including the current year's report), we have pointed out non/short levy, non/short realisation *etc.*, with revenue implication of ₹ 13.22 crore in 15 paragraphs. The Department accepted three paragraphs having a money value of ₹ 3.76 crore. No replies were furnished by the Department/Government in respect of any of the other paragraphs and no recovery was intimated. The details are shown in the following table:

Table 1

(₹ in crore)

Year of Audit Report	Paragraphs included		Paragraphs accepted		Amount recovered	
	No.	Amount	No.	Amount	No.	Amount
2008-09	5	4.53	2	2.92	-	-
2009-10	4	5.18	-	-	-	-
2010-11	3	1.76	-	-	-	-
2011-12	1	0.84	1	0.84	-	-
2012-13	2	0.91	-	-	-	-
Total	15	13.22	3	3.76	-	-

It is a matter of concern that the Department has failed to act on any of the audit observations featured in the Audit Reports.

It is recommended that the Department may take immediate steps to effect recovery at least in respect of the accepted cases.

3.3 Results of Audit

Test check of the assessment cases and other records of three units relating to the Stamps & Registration Department² during the year 2012-13

¹ Includes Luxury Tax and Amusement and Betting Tax.

revealed non-realisation of stamp duty amounting to ₹ 0.53 crore in three cases. During the year, the Department failed to respond to any of the irregularities brought to its notice. No recovery in respect of any of the cases was intimated.

Two audit observations³ involving ₹ 0.91 crore are mentioned in the paragraphs.

3.4 Non-realisation of stamp duty-District Registrar, Shillong

Non-registration of a lease agreement with the District Registrar resulted in non-realisation of stamp duty of ₹ 0.46 crore.

Under the Indian Stamp Act, 1899, 'lease' means a lease of an immovable property and includes undertaking in writing to cultivate, occupy or pay or deliver rent for the immovable property. Clause 35(a) (v) of the Indian Stamps (Meghalaya Amendment) Act, 1993 lays down that stamp duty on lease for a term exceeding ten years but not exceeding twenty years shall be calculated at the rate of ₹ 99 per ₹ 1,000 of twice the average annual rent reserved.

It was seen from the records of the Superintendent of Taxes, Shillong in September 2013 that a lease agreement was executed between M/s Marbaniang Enterprise (lessor) and M/s Reliance Trends (lessee) in September 2011 under which the lessor transferred a commercial building measuring 22,338 square feet for a period of 12 years at a monthly lease rent of ₹ 0.15 crore, subject to an escalation of 15 *per cent* every thirty six months. Thus, the average annual lease rent for the purpose of stamp duty worked out to ₹ 2.32 crore for which stamp duty of ₹ 0.46 crore was leviable. Cross-check with the records of the District Registrar, East Khasi Hills district, Shillong, (September 2013) however, revealed that the aforesaid lease agreement was not registered, which thereby led to evasion of stamp duty of ₹ 0.46 crore.

The case was reported to the Excise, Registration, Taxation & Stamps Department, GOM in October 2013; reply was awaited (December 2013).

3.5 Evasion of electricity duty – ST, Jowai

Two cement manufacturing companies evaded electricity duty of ₹ 0.45 crore on which penalty not exceeding ₹ 1.80 crore was also leviable.

Under Section 3 (i) of the Assam Electricity Duty Act, 1964 (as adopted by Meghalaya), electricity duty is payable at the rate of six paise per unit of energy generated by a person for his own use or consumption. Under Section 8 of the Act *ibid*, if any licensee generating energy for his own use evades payment of duty, he shall pay by way of penalty, a sum not

² All units under other taxes are covered during audit of Sales Tax.

³ One from Stamps & Registration and one from Other Taxes.

exceeding four times the amount of duty assessed in addition to the duty payable.

The GOM through a notification in December 2010 exempted the industrial units from payment of electricity duty to the extent specified below, provided such energy is exclusively consumed for industrial production:

Table 2

Units consumed	Exemption granted	Duty payable
(i) for the first 15000 units	One paise per unit	Five paise per unit
(ii) for the next 25000 units	One and a half paise per unit	Four and a half paise per unit
(iii) for the next of the units	Three paise per unit	Three paise per unit

It was seen in June 2013 that two⁴ cement manufacturing companies generated and consumed 14.89 crore units of electricity between December 2010 and March 2013 but they did not pay the admissible electricity duty. The ST however failed to initiate any action to realise duty from these companies. This resulted in non-payment of electricity duty of ₹ 44.69 lakh⁵. For non-payment of duty, penalty not exceeding ₹ 1.79 crore was also leviable.

The case was reported to the ERTS Department, GOM in July 2013; reply was awaited (December 2013).

⁴ M/s Meghalaya Cement Ltd. And M/s Adhunik Cement Ltd.

⁵

Units consumed	Duty payable (in ₹)
1 st 15000 units	750
2 nd 25000 units	1125
Remaining 148880868 units	4466426
Total	4468301