

CHATER III
STAMP DUTY AND REGISTRATION FEE

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3.1 Tax administration

The Registration Department administers the Indian Stamp Act, 1899 and the Registration Act, 1908 and the Rules made thereunder. The administration of the Department is vested with the Inspector General of Registration (IGR). There are 50 registration districts comprising 576 registration offices in the State. The levy and collection of stamp duty and registration fees are done by the registering authorities. The monitoring and control at the Government level is done by the Secretary, Commercial Taxes and Registration Department.

3.2 Internal audit

Internal audit is a vital component of internal controls to enable an organisation to assure itself that the prescribed systems are functioning reasonably well. The Department has a system of internal audit to ensure *cent per cent* audit of all the documents registered. There are 45 audit units, each headed by a Audit District Registrar (ADR) and assisted by an Assistant, Junior Assistant and a Typist. The periodicity of audit of all offices is on monthly basis. The Registration Manual (Part II) provides guidance for establishment and working of internal audit in the department. The Department has also prepared and published a Hand Book of Internal Audit (HBIA) for instant and simplified guidance.

From the data furnished by the Department, we found that as against 4,659 audits due for the period from 2014-15 to 2016-17, 2,933 audits were completed and balance of 1,726 audits (36 *per cent*) was in arrears as on 31 March 2017. Out of the pending audits, 747 (more than 40 *per cent*) relate to the period 2014-15. Within the five zones³⁸ which were covered for detailed study, we noticed that out of 2,350 monthly audits, 156 (seven *per cent*) remained uncovered.

The manual provides for audit of all units in a year and all documents of an auditee. As no sampling of documents for audit is required, the department has guided that programme of audit may be designed based on number of documents registered in the auditee.

The data sourced from the Policy Statement of the Department reveals that while the number of documents registered had depleted by almost 30 *per cent* over the ten-year period, revenue through registration of documents increased by 75 *per cent*. Thus, the planning for audit should take into consideration

³⁸ Chennai (South), Madurai (South), Trichy, Coimbatore and Tirunelveli

both the number of documents as well as revenue of the auditee unit, so as to be a scientific approach towards identifying the auditee units as well as allocation of manpower.

The IGR issued instructions in October 2011³⁹ that the ADR shall issue audit slips within 10 days from the date of completion of audit to the concerned Sub-Registrar (SR) and the SR shall furnish reply within 10 days from the date of audit slips. The instructions stipulated that final report incorporating replies and rejoinders should be issued within 30 days from the date of completion of audit. By a further circular issued in July 2015, the IGR instructed that slips shall be issued within the end of the month of audit. We, however, noticed in the five zones that 622 (82 *per cent*) out of 756 reports were issued belatedly; the period of delay ranging from six to 557 days. The Department attributed the reason for delayed issue of report to heavy workload as a result of 11 to 15 months' audit being taken up simultaneously.

Delay in issue of audit reports causes delay in pursuance of paras, thereby leading to delayed corrective measures being undertaken by the department.

The details furnished by the Department indicated that 22,598 paragraphs involving ₹ 96.31 crore were outstanding as on 31 March 2017. The number of outstanding paragraphs in the five zones was 4,669.

Part 7(2) of the manual prescribes a column for details of outstanding paras of previous reports and action taken by the auditee. We noticed that in all the reports, the column was left blank. The outstanding paras of earlier reports were therefore not being brought to the notice of the auditee during the current audit. The lack of methodical pursuance of old cases has resulted in piling up of outstanding paras.

We also observed that the independence of internal audit is compromised as the zonal District Inspector General of Registration to whom the District Registrar (Audit) reports, is also the administrative head of the zone. We therefore suggest that internal audit should be placed under an independent authority within the department who is not in charge of any division.

³⁹ As per Inspector General of Registration circular no.21 dated 27.10.2011

3.3 Results of audit

Test check of records of departmental offices conducted during the period from April 2016 to March 2017 revealed non/short levy of stamp duty and registration fee and other irregularities amounting to ₹ 972.32 crore in 670 cases, which broadly fall under the following categories:

Table 3.1

Sl. No.	Category	(₹ in crore)	
		No. of cases	Amount
1	Performance Audit on Assessment and levy of stamp duty and registration fee	1	924.67
2	Undervaluation of instruments	79	4.82
3	Misclassification of instruments	232	9.72
4	Incorrect grant of exemption	9	10.46
5	Excess/Incorrect allocation of Transfer Duty Surcharge	46	7.72
6	Others	303	14.93
	Total	670	972.32

During the course of the year 2016-17, the department accepted and recovered underassessment and other deficiencies amounting to ₹ 7.34 crore in 105 cases, out of which, ₹ 6 lakh involved in 4 cases was pointed out during the year and the rest in earlier years.

A Performance Audit on “Assessment and levy of stamp duty and registration fee” involving ₹ 924.67 crore is discussed below:

3.4 Performance Audit on Assessment and Levy of Stamp duty and Registration Fee

Highlights

The failure of the Department to evolve a system to monitor payment of stamp duty by brokerages resulted in short collection of stamp duty of ₹ 359.69 crore.

(Paragraph 3.4.8)

Omission to collect stamp duty in respect of bonds issued through depositories resulted in non-collection of stamp duty of ₹ 450.52 crore.

(Paragraph 3.4.9)

There was non-adherence to the guidelines of Central Valuation Committee in subsequent fixation of market guideline value.

(Paragraph 3.4.13)

Incorrect allowance of exemption in respect of issue of debentures resulted in non-levy of stamp duty of ₹ 24.34 crore.

(Paragraph 3.4.16)

In 19 registering offices, short collection of registration fee of ₹ 12.18 crore was noticed in respect of 51 instruments.

(Paragraph 3.4.17)

In 40 registering offices, misclassification of instruments by the registering authorities resulted in short collection stamp duty and registration fee of ₹ 8.50 crore.

(Paragraph 3.4.18)

Incorrect remission of transfer duty surcharge of ₹ 21.34 crore was noticed in 23,804 instruments processed under the Samadhan Scheme.

(Paragraph 3.4.20.1)

3.4.1 Introduction

The Registration Department is one of the major revenue earning Department of the State. The contribution of stamp duty and registration fee to the total tax revenue of the State during the last five-year period ranged between 10.63 and 11.19 *per cent*. The Registration Department is responsible for registration of immovable properties, marriages, firms, societies, chits, etc. Indian Stamp Act 1899 (IS Act), as amended by the Government of Tamil Nadu, from time to time provides for levy of stamp duty on various instruments. The rates of stamp duty, which are prescribed in Schedule I to IS Act, are adopted by the Government of Tamil Nadu with suitable amendments. Besides, registration fee is levied in accordance with the Registration Act, 1908.

3.4.2 Organisational set up

The Inspector General of Registration (IGR) is the administrative head of the Registration Department. At the Head Office, the IGR is assisted by four⁴⁰ Additional Inspectors General of Registration, one Deputy Inspector General of Registration, two Assistant Inspectors General of Registration and seven District Registrars (DR). For effective administration, the State is divided into nine Registration Zones, each zone comprising of four to nine registration districts. There are 50 Registration Districts and 576 Registering Offices in the State. The Registering Offices are headed by the DRs or Sub Registrars (SRs). The monitoring and control at Government level is done by the Secretary to Government, Commercial Taxes and Registration Department.

3.4.3 Audit objectives

The Performance Audit was conducted to ascertain whether-

- the Department had adequate system in place to ensure levy and collection of stamp duty and registration fee in accordance with the prescribed provisions of Acts and Rules;
- assessment and levy of stamp duty and registration including valuation and classification was appropriate;
- exemptions / concessions were allowed as per the Rules / provisions of the Act; and
- measures planned by the Department to improve citizen service delivery were implemented.

3.4.4 Scope and methodology

The Performance Audit was conducted between March 2017 and September 2017 covering the transactions relating to the period from 2011-12 to 2015-16. Fifty six⁴¹ out of 576 Registering Offices in the State, which contribute 42 *per cent* revenue were selected by stratified sampling. In addition to the above,

⁴⁰ Stamps and Registration, Guidelines, Intelligence and Chits),

⁴¹ Joint I SR, Chennai Central, Joint I SR, Chennai South, Joint I SR, Coimbatore, Joint I SR, Kumbakonam, Joint I SR, Madurai North, Joint I SR, Salem, Joint I SR, Thanjavur, Joint I SR, Tiruppur, Joint I SR, Trichy, Joint II SR, Chengalpet, Joint II SR, Chennai Central, Joint II SR, Coimbatore, Joint II SR, Cuddalore, Joint II SR, Krishnagiri, Joint II SR, Thiruvannamalai, Joint II SR, Tiruppur, Joint II SR, Virudhunagar, SR, Acharapakkam, SR, Adayar, SR, Alandur, SR, Ambattur, SR, Annanagar, SR, Ganapathy, SR, Gandhipuram, SR, Guduvancherry, SR, Hosur, SR, Jolarpet, SR, Kelamangalam, SR, Kundrathur, SR, Madukkur, SR, Manavalanagar, SR, Mylapore, SR, Neelangarai, SR, Padappai, SR, Pallavaram, SR, Pammal, SR, Periamet, SR, Periyanaickanpalayam, SR, Ponneri, SR, Puliyangudi, SR, Purasawakkam, SR, Redhills, SR, Royapuram, SR, Selaiyur, SR, Singanallur, SR, Sriperumbudur, SR, Sunkuvarchatram, SR, T.Nagar, SR, Tambaram, SR, Thiruvallur, SR, Thiruvottiyur, SR, Thondamuthur, SR, Tirupporur, SR, Uthukuli, SR, Velacherry, and SR, Woraiyur

nine⁴²DIGR offices and Sub-registries having jurisdictional area of State Industries Promotion Corporation of Tamil Nadu (SIPCOT) Industrial parks were also selected for Performance Audit. The files and records available in the office of IGR were also scrutinised. An entry conference was held with the Department in April 2017 during which the objectives, scope and methodology of audit were explained. The draft Performance Audit Report was forwarded to the Government in November 2017 and was discussed in the Exit Conference held in January 2018. The views expressed by the Government and Department during the Exit Conference have been taken into account and incorporated in the report.

3.4.5 Audit criteria

The criteria for audit was derived from the following:

- Indian Stamp Act, 1899
- Indian Stamp Rules, 1925
- The Registration Act, 1908
- The Tamil Nadu (Prevention of Undervaluation of Instruments) Rules, 1968
- The Tamil Nadu Stamp (Constitution of Valuation Committee for estimation, publication and revision of market value guidelines for Properties) Rules, 2010
- Various Notifications / orders / circulars issued by the Government / Department.

3.4.6 Acknowledgement

The Indian Audit and Accounts Department acknowledges the co-operation extended by the Zonal and field offices of the department in the conduct of the performance audit.

3.4.7 Trend of Revenue

The following table details the trend of revenue relating to Registration Department during 2011-12 to 2015-16.

⁴² Chennai, Coimbatore, Cuddalore, Madurai, Salem, Thanjavur, Tirunelveli, Trichy and Vellore

Table 3.2 - Trend of Revenue

(₹ in crore)

Year	Budget estimates	Actual receipts	Variation excess (+) / shortfall (-)	Percentage of variation	Total tax receipts of the State	Percentage of actual receipts vis-a-vis total tax receipts	No. of documents registered
2011-12	5,856.07	6,580.78	(+) 724.71	(+) 12.38	59,517.66	11.06	35,18,435
2012-13	8,466.94	7,645.40	(-) 821.54	(-) 9.70	71,254.27	10.73	26,90,351
2013-14	9,874.22	8,251.25	(-) 1,622.97	(-) 16.44	73,718.11	11.19	26,53,291
2014-15	10,470.18	8,362.33	(-) 2,107.85	(-) 20.13	78,656.54	10.63	25,73,931
2015-16	10,385.29	8,721.45	(-) 1,663.84	(-) 16.02	80,476.08	10.84	25,28,561

Source: Finance Accounts and Policy Notes of the Department

The above Table indicates that though there is a steady increase in revenue during the five-year period, the actual receipts was less than the budget estimates during the period from 2012-13 to 2015-16; the percentage of variation being as high as 20 *per cent* in the year 2014-15. The reasons attributed by the Department for shortfall in collection was gradual decrease in the number of documents registered during the said years.

Audit Findings

3.4.8 Lack of mechanism to ensure collection of stamp duty on contract notes

As per Article 5 (c) of Schedule I to IS Act, as applicable to the State of Tamil Nadu, agreement or memorandum of agreement entered into for sale or purchase of securities with stock brokers of recognised stock exchange are chargeable to stamp duty at the rate of fifteen paise for every ₹ 2,500 (0.006 *per cent*) or part thereof on the value of security at the time of purchase or sale, as the case may be.

The Government, with a view to ensuring full realisation of revenue due to the State in respect of these securities related transactions, appointed (April 2012) Bank of India Shareholding Limited. (BOISL), as agent for collecting stamp duty on securities related transactions from brokers. The duty payers are also permitted to pay the amount directly into the Government Treasury and remit the challan to the department.

We noticed that the details pertaining to the turnover of the brokerages in Tamil Nadu, based on which the duty was remitted was not being maintained by the department. The Department did not devise a system to monitor the collection of stamp duty and therefore, could not ensure proper realisation of duty due to the Government.

We obtained the details of volume of securities related transactions entered into by brokerages in respect of clients situated in the State from the National

Stock Exchange (NSE), Bombay Stock Exchange (BSE) and the Multi Commodity Exchange (MCX). The turnover reported to the exchange during the period from 2011-12 to 2015-16 was ₹ 81.95 lakh crore involving payment of stamp duty of ₹ 491.72 crore. The details furnished by the Department, however, revealed that stamp duty of ₹ 132.03 crore was realised during the period from 2011-12 to 2015-16. This resulted in short collection of stamp duty of ₹ 359.69 crore.

During Exit Conference, Government stated that Association of National Exchange Members of India (ANMI) had filed writ petition against collection of stamp duty under Article 5 and the High Court of Madras had issued interim injunction in 2013, restraining the Regional Training Institute of the Registration Department from calculating stamp duty under Article 5 in respect of the members of the petitioner association, until next hearing.

The reply was not acceptable as the stay granted by Madras High Court was only in respect of members of ANMI, and brokerages who are not members of ANMI have to pay stamp duty under Article 5 (c) of the IS Act. The net amount of stamp duty payable by brokerages who are not members of ANMI, after deducting the amount paid by them worked out to ₹ 286.85 crore, which the department was not restrained from collecting. The Department did not institute measures to regularly obtain the turnover of brokerages from the stock exchanges to ensure proper realisation of revenue due to Government. We further observed that though the issue involved high revenue implication, no action was taken by the department to vacate the interim stay and therefore further hearing of the case did not take place since 2013.

3.4.9 Omission to collect stamp duty in respect of bonds issued through depositories

According to Section 8-A of the IS Act, notwithstanding anything contained in this Act or any other law for the time being in force, an issuer, by the issue of securities to one or more depositories, shall, in respect of such issue, be chargeable with duty on the total amount of security issued by it and such securities need not be stamped under Article 15 of the IS Act.

Details obtained by us from the National Securities Depository Limited (NSDL) revealed that bonds valuing ₹ 18,771.84 crore were issued in the State of Tamil Nadu during the period from 2011-12 to 2015-16. However, no stamp duty was levied in respect of such bonds. Applying the rate of ₹ 12 for every ₹ 500 or part thereof in excess of ₹ 1,000 prescribed under Article 15, the amount of non-levy works out to ₹ 450.52 crore.

Mention was also made in Para 3.2.10 of the Report of the Comptroller and Auditor General of India (Revenue Receipts), Government of Tamil Nadu for the year ended March 2006 on non-levy of stamp duty on the issue of bonds through depositories. The Public Accounts Committee, in its Report dated 17 June 2014 (154th Report / XIV Assembly) recommended that proper mechanism could be evolved for due payment of consolidated stamp duty in respect of such issue of bonds.

At the Exit Conference, the Additional Chief Secretary to Government instructed the Department to devise a system to plug the huge leakage of revenue.

Thus, the continued failure of the Department to evolve a suitable mechanism for proper realisation of stamp duty in respect of issue of bonds through depositories, despite the recommendations of PAC in this regard resulted in leakage of revenue due to Government.

3.4.10 Absence of system to reconcile e-payments

The Registration Department introduced e-payment system of remitting stamp duty and registration fee through banks with effect from January 2015. The facility was essentially meant to eradicate difficulties and complications in payment through demand drafts and cash. The system is designed such that the registering authority can ensure that the payment was credited to the accredited bank from the remitter's account before registering instruments. The system is beneficial both to the department and consumers; while the department is relieved of the risks of handling cash and the burden of remitting cash and drafts, the public are also benefitted by reduction of charges that the bank levy on issue of demand drafts. As of September 2017, ₹ 206.21 crore had been collected through e-payment mode.

While verifying the records maintained in the sub-registries, we noticed that no reconciliation was done in respect of e-payments. We ascertained from the office of the IGR that reconciliation of e-payments was not being undertaken. Without reconciliation of remittances credited into the accredited bank account and the Government account, it could not be ensured that all payments received on behalf of the department had actually been reflected in the treasury accounts. Identification of non-realisation and belated realisation of amounts is a necessary follow-up procedure that could be taken up with the banks for claim of interest as per bilateral agreements.

When we pointed out (October 2017) the lack of system to monitor realisation of e-payments into Government Account even after a lapse two years, Government agreed to look into the matter and offer its reply.

3.4.11 Belated realisation of amounts into Government Account

Reconciliation is a procedure by which a department ensures that all monies collected in the form of tax or duty and deposited by it in the bank as cash or demand drafts were realised into the Government account. The manual of the department insists on daily reconciliation of remittances with the accounts maintained in the Government treasury.

As per Article 9 of Tamil Nadu Financial Code Volume I, departmental controlling officer should obtain regular accounts and returns from his subordinates for the amounts realized by them and paid into the treasury. The controlling officer should reconcile any differences as early as possible.

During check of remittances in 25 Registering Offices, we found that the demand drafts deposited in banks were realised belatedly; the period of delay

ranging from five days to 92 days in respect of 1,064 demand drafts. However, the delay in realisation of demand drafts was not noticed either by the SR or by the controlling officer indicating that proper reconciliation of the department figures with that of the Treasury was not undertaken.

During Exit Conference, Government stated that it was planning to introduce *cent per cent* e-payment in near future. The Department, however, agreed with suggestion for establishing a module in the web based registration application for ensuring reconciliation of departmental figures with that of the treasury.

3.4.12 Incorrect system followed in respect of documents returned based on Court orders

As per Section 47 A (1) of IS Act, if the registering authority has reason to believe that the market value of the property has not been truly set forth in the instrument, he may, after registering such instrument, refer the same to the Collector for determination of the market value of such property and the proper duty payable thereon. District Revenue Officers (Stamps) and Special Duty Collectors (Stamps) have been nominated as Collector for the purpose of Section 47A.

During check of documents, we noticed in five⁴³ out of 56 offices that 13 documents which were referred to DRO (Stamps) under Section 47-A(1) for determination of true market value were returned to the parties based on the directions of the Honourable High Court of Madras with the condition that payment of deficit stamp duty would be made on the issue of order determining the true market value by the DRO (Stamps). The IGR issued instructions that a copy of the original document shall be forwarded back to the Collector for determination of valuation. Scrutiny of the reconciliation statement regarding documents pending for valuation with DRO (Stamps), however, revealed that these 13 documents were not included therein, though the final determination of market value was yet to be made. There was risk of the market value of the properties involved in these documents remaining undetermined and consequent non-realisation of the amount of deficit stamp duty.

During Exit Conference, Government agreed to look into the matter and stated that suitable action would be taken. Further report was awaited (January 2018).

3.4.13 Determination of market value

Section 47-AA of the IS Act introduced with effect from June 2010 empowers the State Government to constitute a Valuation Committee under the Chairmanship of the Inspector General of Registration for estimation, publication and revision of market value guidelines of properties in the State and for constitution of sub-committees in each district by the Valuation

⁴³ Joint I SR, Chennai Central, Joint II SR, Chennai Central, SR, Tirupurur, SR, Gandhipuram and SR, Annanagar

Committee. The Valuation Committee is the authority for formulation of policy, methodology and administration of market value guidelines in the State.

3.4.13.1 Non-adherence of the guidelines of Central Valuation Committee in subsequent fixation of market guideline value

The guideline values for various survey numbers and streets were fixed by the Valuation Committee based on certain prescribed parameters and these values were declared as market values of the properties with effect from April 2012. The IGR issued instructions in September 2011 that higher market guideline value should be adopted for higher category classification and descending values should be adopted for lower category classification. That is, the value assigned to Residential Class II (RC II) shall be lower than that of Residential Class I (RC I), the value fixed for Commercial Class (CC) III shall be lesser than that of CC II and so on. The assignment of class to areas was based on various factors such as proximity to important facilities, infrastructure, etc. The Registering Officers were empowered to fix these guideline values subsequently in cases where the existing rates did not reflect actual market value of the survey number or street and required revision.

- Our scrutiny of Guidelines register in 16⁴⁴ Registering Offices revealed that subsequent fixation of market value guidelines for properties did not conform to the instructions issued by the IGR in September 2011. The value assigned to CC IV was higher than that of CC I and value assigned to RCII was higher than that of RC I. While fixing market value guidelines for lower category classification, suitable upgradation of market value guidelines for higher category classification was not done. Thus, properties situated in higher category areas were subjected to levy of stamp duty at lower values when compared to the newly fixed market value guidelines of lower category areas. Even the adoption of newly assigned value of lower category of properties in respect of 675 instruments of conveyance registered between April 2012 and March 2016, would have fetched additional stamp duty and registration fee of ₹ 6.34 crore.

Similarly, we also noticed that higher category had been assigned to areas while new fixations were undertaken, but the values were fixed at the rates corresponding to lower categories in nine cases. The adoption of lower values resulted in short levy of stamp duty and registration fee of ₹ 11.86 lakh.

- The Central Valuation Committee clarified in 2011 that any consideration, being 100 *per cent* more than the existing market value guideline and quoted as consideration in less than five instruments, should alone be ignored as fancy market value and not reckoned by the RO for revision or fixation of market value guidelines.

On a scrutiny of the guideline register in SR, Tiruporur, we noticed that while assessing the market value guidelines of an area, which was converted from an

⁴⁴ Joint II SR, Chennai Central, Joint II SR, Cuddalore, SR, Hosur, SR, Acharapakkam, SR, Alandur, SR, Anna Nagar, SR, Selaiyur, SR, Gandhipuram, SR, Guduvancheri, SR, Jolarpet, SR, Kelamangalam, SR, Neelangarai, SR, Puliangudi, SR, Purasawakkam, SR, Tambaram and SR, Thiruvottiur

agricultural area into an integrated township, and part of which conveyed through 14 instruments on the same day, the RO fixed the rate of ₹ 3,000 per sqft adopting the highest rate then prevailing in the village in which the property was situated. All these 14 instruments quoted different values for undivided shares (UDS) within the same township, viz., from ₹ 3,567 to ₹ 7,437 per sqft. Ignoring four values that were 100 *per cent* more than the existing highest market value guideline of ₹ 3,000 sqft, the lowest rate expressed as consideration in the next five instruments of descending values was ₹ 5,434 per sqft. Instead of adopting this rate, the RO adopted the market value guideline of ₹ 3,000, which was even lesser than the least consideration expressed in any of the 14 instruments. Justifying the fixation, the RO had stated that the value of ₹ 3000 per sqft was fixed since the highest value of ₹ 7,437 was adopted in only one instrument and therefore it was a fancy value as per CVC clarification. There was, however, no justification offered for non-adoption of values expressed in at least five instruments. The flawed fixation procedure adopted by the RO helped the executants of subsequent instruments to adopt ₹ 3,000 per sqft as cost of UDS, that resulted in lower realisation of stamp duty and registration fee of ₹ 13.76 crore in respect of 1,252 instruments.

During Exit Conference, Government agreed to look into the matter and stated that suitable action would be taken. Further report was awaited (January 2018).

3.4.14 Assessment of documents without inquiry

Section 27 of the IS Act mandates that persons executing an instrument shall disclose all facts that influence valuation of the instrument for the purpose of stamp duty. We noticed in the following cases that neither the executants disclosed the information which are vital for assessment nor the RO called for the same before assessing the instrument.

3.4.14.1 Incorrect adoption of rate of stamp duty in respect of instruments of Deposit of title deeds

As per Article 6(1)(a) of the IS Act, instrument of Deposit of title deeds (DOTD) for securing the repayment of money advanced shall attract maximum stamp duty of ₹ 25,000 and maximum registration fee of ₹ 5,000 where the loan or debt is repayable on demand or beyond three months from the date of the instrument. Where the loan or debt is repayable within three months from the date of such instrument, the rate of stamp duty is ₹ 2.50 for every ₹ 1,000 or part thereof of the value of the loan or debt. Thus, the tenure of repayment of loan or debt determines the rate of stamp duty chargeable on such instrument.

During check of documents, we found that in all the ROs, the instrument of DOTD did not contain a clause specifying the period of repayment of loan or whether the loan was repayable on demand. However, the ROs, instead of ascertaining the tenure of repayment of loan, levied stamp duty of maximum of ₹ 25,000 in respect of these instruments.

We further found that in 30 cases in 16⁴⁵ Registering Offices, the loans were cleared within three months and corresponding receipt deeds were executed. The failure of the ROs to insist upon period of repayment being mentioned in the instruments of DOTD and adoption of concessional rate without ascertaining the period of repayment of loan resulted in short realisation of stamp duty and registration fee of ₹ 2.98 crore.

During Exit Conference, Government agreed to look into the matter and stated that suitable action would be taken. Further report was awaited (January 2018).

3.4.14.2 Non-verification of compliance to the provisions of Income Tax Act

The Finance Act 2013-14 introduced Section 194-1A for deduction of tax at source (TDS) on the values of transactions of immovable property, other than an agricultural land. According to this Section, tax of one *per cent* is required to be deducted where the value of transfer of any immovable property is ₹ 50 lakh or more. The tax so deducted is required to be paid by the purchaser of the immovable property quoting his PAN within 7 days (from 1 June 2016, the time was increased to 30 days) from the end of the month in which the consideration amount was paid.

During check of records in 55 Registering Offices, we noticed that the details of deduction of tax was not available in 918 instruments of conveyance involving transfer of immovable properties valued at ₹ 50 lakh or more and the entire consideration passed on to the vendors. The compliance to the statutory provisions of the Income Tax Act was not verified by the ROs while registering these instruments. The payment of TDS by the purchaser over and above the consideration mentioned in the instruments would also be subject to levy of stamp duty as part of total consideration involved in the transfer of immovable properties.

During Exit Conference, Government agreed to look into the matter and stated that suitable action would be taken. Further report was awaited (January 2018).

3.4.14.3 Incorrect valuation of deeds of construction agreement

According to Section 5(i) of the IS Act, construction agreements for multi-storey units shall be chargeable with stamp duty and registration fee of one *per cent* each on the value of construction.

During test check of documents in SR, Tiruporur, we noticed that in respect of three instruments involving agreements on joint development of owners' property and construction of multi-storey building registered in April 2014, the total cost of construction was not disclosed but only the advance amount

⁴⁵ DR, Chennai Central, DR, Chennai South, DR, Coimbatore, DR, Madurai North, DR, Trichy, Joint II SR, Chennai Central, Joint II SR, Cuddalore, Joint II SR, Virudunagar, SR, Adyar, SR, Anna Nagar, SR, Ganapathy, SR, Hosur, SR, Kumbakonam, SR, Puliangudi, SR, Royapuram and SR, Singanallur

was mentioned. The RO, instead of classifying the instruments as construction agreements, treated the same as miscellaneous joint development agreements and levied registration fee alone on the advance amount. The misclassification resulted in short collection of stamp duty and registration fee of ₹ 89.22 lakh.

During Exit Conference, Government agreed to look into the matter and stated that suitable action would be taken. Further report was awaited (January 2018).

Compliance Deficiencies

3.4.15 Short collection of stamp duty and registration fee due to undervaluation of property

As per Article 23 of Schedule I to the IS Act, conveyance of immovable property attracts levy of stamp duty at the rate of seven *per cent* including surcharge on the market value of property. Section 47AA of the IS Act provides that the guideline values fixed by the empowered committee shall be the minimum market value of the property. In addition, under the Registration Act, 1908, registration fee is leviable at the rate of one *per cent* on the market value of the property. Section 47-A(1) of the IS Act provides that, if the RO has reason to believe that the market value of the property conveyed has not been truly set forth in the instrument, he may after registering such instrument, refer the same to the Collector⁴⁶ for determination of market value of property and the proper duty payable thereon..

3.4.15.1 Failure to adopt guideline rates

Test check of records in twenty two⁴⁷ Registering Offices revealed that though the value of properties set forth in 66 instruments of conveyance was less than the value as per the 'Guidelines Register', the ROs, after registering the instruments, failed to refer the same to the Special Deputy Collector (Stamps)/ District Revenue Officer (Stamps) for determination of correct market value. Thus, there was undervaluation of property and consequential short levy of stamp duty and registration fee of ₹ 4.43 crore.

After we pointed this out, the Joint I SR, Madurai reported collection of ₹ 50,000 in May 2016. The SR, Sunguvarchatiram stated that five instruments were referred to DRO (Stamps) under Section 47A(1) of the IS Act. Reply in respect of the remaining cases was awaited (January 2018).

⁴⁶ The District Revenue Officer (Stamps) and Special Deputy Collector (Stamps) are 'Collector' for the purpose of Section 47-A of the IS Act.

⁴⁷ DR, Chennai North, Joint I SR, Madurai North, Joint I SR, Thanjavur, Joint II SR, Tiruvannamalai, SR, Arasaradi, SR, Avadi, SR, Guduvanchery, SR, Gummidipoondi, SR, Hosur, SR, Kundrathur, SR, Manavalanagar, SR, Pallavaram, SR, Pammal, SR, Periyannayanpalayam, SR, Ponneri, SR, Redhills, SR, Royapuram, SR, Sattur, SR, Sunguvarchatiram, SR, Surampatti, SR, Tirupurur and SR, Tiruvallore.

3.4.15.2 Failure to disclose correct particulars in the instruments

As per Section 27 of the IS Act, the consideration, market value and all other facts and circumstances affecting chargeability of any instrument with duty or the amount of duty with which it is chargeable shall be fully and truly set forth in the instrument.

During check of documents in eight⁴⁸ Registering Offices, while verifying the recitals of the documents and their parent deeds, we noticed that there was misclassification of nature / location of land, suppression of floors in buildings conveyed and splitting up of property, which the ROs failed to notice. This resulted in short collection of stamp duty and registration fee of ₹ 3.36 crore.

After we pointed this out, the Joint II SR, Tirunelveli stated that lands conveyed in the original document was agricultural land, which could have been swiftly converted into house sites the same day as the layout was unapproved and gift deeds were also not executed and registered. The reply was not acceptable as more than sixteen acres of land could not have been converted into house sites and conveyed within three to four hours. The SR, Adyar replied (May 2017) that the vendor cannot be compelled to pay stamp duty and registration fee in respect of floors which were not conveyed. The reply was not acceptable as the entire undivided share of land had been conveyed by the vendor. The instrument of conveyance had indicated built-up area of building as 2.30 lakh sqft, whereas the built-up area determined by the Assistant Executive Engineer, after inspection of premises was 3.16 lakh sqft. Reply in respect of the other cases was awaited (January 2018).

3.4.15.3 Undervaluation of buildings

The IGR issued instructions in March 2001 that where the value of building quoted in an instrument is ₹ 25 lakh or more, the same should be referred to Assistant Executive Engineer (AEE) of the Registration Department for determination of value of the building. The valuation fixed by the valuation officer is binding on the registering authority for the purpose of levy of stamp duty.

During test check (August 2017) of documents in Joint I SR, Coimbatore and SR, Woraiyur, we noticed that the ROs failed to consider the value of building determined by AEE for levy of stamp duty and registration fee. This resulted in short collection of ₹ 5.80 lakh in two cases.

During Exit Conference, Government agreed to look into the matter and stated that suitable action would be taken. Further report was awaited (January 2018).

⁴⁸ Joint I SR, Thanjavur, Joint I SR, Tiruppur, Joint II SR, Chengalpet, Joint II SR, Tiruvannamalai, Joint II SR, Tirunelveli, SR, Adyar, SR Purasawakkam and SR, Tiruppur

3.4.16 Non-collection of stamp duty

As per Article 27 of Schedule I to the IS Act, stamp duty at the rate of 0.05 *per cent* per year of the face value of debenture, subject to the maximum of 0.25 *per cent* or ₹ 25 lakh, whichever is lower, has to be collected for the debentures issued. Stamp duty is exempted in case a debenture is issued by an incorporated company or other body corporate in terms of a registered mortgage deed duly stamped in respect of the full amount of debentures to be issued thereunder, where by the company or body borrowing makes over, in whole or in part, their property to trustees for the benefit of the debenture holders.

During test check of documents in 18⁴⁹ Registering Offices, we noticed from 133 deeds of debenture trust registered between March 2012 and March 2016 that companies mortgaged immovable properties in favour of trustee companies to secure re-payment of ₹ 35,191 crore mobilised by issue of secured Non-Convertible Debentures. These deeds were classified under Article 40(b) of the IS Act as mortgage without possession and stamp duty and registration fee of ₹ 39.50 lakh was collected. It was mentioned in the schedules to the deeds that the debentures were exempted from payment of stamp duty under proviso to Article 27.

As no part of the properties mortgaged had been “made over” to the Trustees for the benefit of the debenture holders, the mortgagors had not met the condition stipulated to claim exemption from levy of stamp duty. However, no stamp duty was collected under Article 27 for issue of debentures. The omission to collect the stamp duty under Article 27 at the rate of 0.05 *per cent* per year subject to a maximum of ₹ 25 lakh for each document, on the total face value of the debentures of ₹ 40,357 crore resulted in non-collection of stamp duty of ₹ 24.34 crore.

After we pointed this out, the Government replied (February 2015 and April 2016) that as per the Transfer of Property Act, 1882, creation of charge to secure repayment of money does not require transfer of physical possession of properties to the Trustees. The Government further stated that as per judicial decision⁵⁰, the principal instrument, which attracted stamp duty was the deed of trust and mortgage and the debentures to be issued at a later date were exempted under Article 27 of the IS Act.

The reply was not acceptable for the following reasons:

Article 27 of the IS Act exempts the debentures issued by an incorporated company only in cases, where the company makes over, in whole or in part, their property to trustees for the benefit of the debenture holders. The phrase

⁴⁹ DR, Chennai(Central), DR, Chennai(South), DR, Coimbatore, Joint II SR, Saidapet, SR, Adyar, SR, Alandur, SR, Ambattur, SR, Avadi, SR, Guduvanchery, SR, Neelangarai, SR Pallavaram, SR, Periamet, SR, Purasawakkam, SR, Radhapuram SR, Sriperumpudur, SR, Thallakulam, SR, Tiruvottiyur and SR, Tuticorin Melur

⁵⁰ The Chief Controlling Revenue Authority vs. The Madras Refineries Limited – AIR 1974 Mad (362) (1974)

‘makes over’ means⁵¹ to transfer the title or possession of property. In these cases, the possession of properties was not handed over to the Debenture Trustees. The issue of making over of whole or part of the property was not the subject matter of issue in the judicial decision referred to in the reply of the Government. We further observed that in a case pertaining to SR, Ambattur, ₹ 21 lakh was collected in February 2015.

During Exit Conference, the Government stated that opinion of the Advocate General would be obtained and the case would be examined to ascertain whether there is any loss of revenue to Government.

3.4.17 Short collection of registration fee

As per clause (l) of Article 1 of the Table of Fees under Section 78 of the Registration Act, 1908, the registration fee on agreement to sell or resell shall be leviable on the intended sale consideration, where possession is handed over or is agreed to be handed over. As per proviso to clause (o), in the case of cancellation of deed of agreement to sell which involves handing over of the possession of property, registration fee is leviable on the consideration expressed in the original deed of agreement to sell.

As per clause (p) of Table of Fees, in the case of Transfer of lease or Surrender of lease, registration fee shall be levied on the amount of consideration including the value of improvement, if any, set forth in such documents, and when no consideration or value of improvement is expressed, the fee chargeable on the original lease shall be realised.

During check of records in 19⁵² Registering Offices, we noticed short collection of registration fee of ₹ 12.18 crore in respect of 51 instruments registered between April 2011 and March 2016. This was due to failure to consider the entire amount of advance for levy of registration fee, incorrect treatment of agreements involving handing over possession of properties as not involving transfer of properties and failure to levy registration fee on the amount refunded by SIPCOT on surrender of leases.

During Exit Conference, Government agreed to look into the matter and stated that suitable action would be taken. Further report was awaited (January 2018).

⁵¹ As per Collins English Dictionary

⁵² DR, Chennai Central, DR, Chennai South, DR, Tiruppur, SR, Ambattur, SR, Gangaikondan, SR, Gummidipoondi, SR, Kundrathur, SR, Manavalanagar, SR, Manamadurai, SR, Nilakottai, SR, Padappai, SR, Perundurai, SR, Pochampalli, SR, Purasawakkam, SR, Sriperumbudur, SR, Sunguvarchathiram, SR, Tiruporur, SR, Tiruvallore and SR, Uthangarai

3.4.18 Misclassification of documents

Section 3 of the IS Act provides that instruments shall be chargeable with duty of the amount indicated in Schedule I as the proper duty thereof. The various types of instruments and the amount of stamp duty applicable in respect of such instruments are listed in Schedule I to the IS Act. The ROs, while registering an instrument should ensure proper collection of stamp duty at the rate applicable to such instrument.

During check of records in 40⁵³ Registering Offices, we noticed that in instruments registered between April 2011 and March 2016, proper stamp duty was not collected by the ROs due to misclassification of instruments. Similar irregularities of misclassification relating to partition, release, power of attorney and lease deeds have been included in Audit Reports of the past eight years. The Department has not taken any corrective action in this regard. This resulted in short collection of stamp duty and registration fee of ₹ 8.50 crore; the details of which are mentioned in **Annexure 4**.

3.4.19 Non / short collection of stamp duty in respect of lease deed

According to Article 35 (b) of the IS Act, lease of immovable property for a period between 30 years and 99 years attracts a stamp duty of four rupees for every ₹ 100 or part thereof of the amount of rent, fine, premium, or advance, if any, payable.

➤ During check of records in SR, Sunguvarchatiram and SR, Tiruporur, we noticed that, in the instruments involving leasing of properties by SIPCOT, capital cost was collected by SIPCOT towards providing infrastructure for supply of water. Fifty *per cent* of the charges were collected upfront in the lease deeds and the remaining fifty *per cent* was agreed to be collected along with charges for actual quantity of water supplied on annuity basis. This amount was not included in the consideration for lease for the purpose of calculation of stamp duty. This resulted in short collection of an amount of ₹ 29.31 lakh.

➤ We noticed in SR, Tiruporur during August 2017, that a lease deed executed between SIPCOT and a lessee was registered as modified lease deed incorporating the change of name and address of the lessee. The term of lease agreed to in the deed was different from the original deed. The RO, instead of levying stamp duty at four *per cent* on the lease amount of ₹ 73.81 crore,

⁵³ DR, Chengalpat, DR, Chennai North, DR, Chennai South, DR, Tiruppur, DR, Trichy, Joint II SR, Arakkonam, Joint II SR Chengalpat, Joint II SR, Coimbatore, SR, Ambattur, SR, Annanagar, SR, Ayothiappattinam, SR, Bhavani, SR, Ganapathy, SR, Gandhipuram, SR, Gummidipoondi, SR, Hosur, SR, Kinathukadavu, SR, Kodambakkam, SR, Kundrathur, SR, Madhavaram, SR, Madhukarai, SR, Manavalanagar, SR, Mettupalayam, SR, Mylapore, SR, Neelangarai, SR, Othakadai, SR, Palladam, SR, Pammal, SR, Paramakkudi, SR, Periamet, SR, Perundurai, SR, Pollachi, SR, Purasawakkam, SR, Sriperumbudur, SR, Sunguvarchathiram, SR, T Nagar, SR, Tiruparankundram, SR, Tiruvottiyur, SR, Virugambakkam and SR, Wallaja Nagar

treated the instrument as supplementary deed and collected stamp duty of ₹ 100. This resulted in non-collection of stamp duty of ₹ 2.95 crore.

During Exit Conference, Government agreed to look into the matter and stated that suitable action would be taken. Further report was awaited (January 2018).

3.4.20 Transfer Duty Surcharge

As per Section 175 of the Tamil Nadu Panchayat Act, 1994 and Section 94 of the Tamil Nadu Urban Local Bodies Act, 1998, a duty, in the form of a surcharge on the duty imposed by the Indian Stamp Act shall be levied and collected on the instruments of sale, exchange, gift, mortgage with possession and lease in perpetuity at such rate as may be fixed by the Government, not exceeding five *per cent* on the market value of the property set forth in the instrument. The rate of surcharge has been fixed at two *per cent* with effect from 21 November 2003. The surcharge so collected is subsequently allocated to the concerned Director of Municipal Administration / Town Panchayats.

3.4.20.1 Incorrect remission of transfer duty surcharge

- The Government of Tamil Nadu granted⁵⁴ (October 2011) remission of one-third of difference of duty chargeable on the value of properties as proposed by the RO and the duty already paid in respect of instruments pending for determination of market value under Sections 47A(1), 47A(3), 47A(5), 47A(10) and 19B(4) of the IS Act (Samadhan Scheme). The scheme was in operation for three months from the date of issue of Notification. During scrutiny of records in nine⁵⁵ offices of DIGR, we noticed that in respect of 23,804 instruments which were accepted and processed under the Samadhan Scheme, the remission of one-third of duty was also extended to transfer duty surcharge (TDS). As the levy of stamp duty and surcharge are governed by different Acts, the remission of surcharge of ₹ 21.34 crore was not in order.

- By a Notification issued in December 2003, remission of 50 *per cent* of stamp duty was granted in respect of instruments involving gift of properties to Societies and Charitable Trusts, which are approved for exemption/concession of tax under Section 80G of the Income Tax Act. By an Order issued in January 2009, Government allowed remission of 50 *per cent* of stamp duty and registration fee payable on the instruments executed by Tamil Nadu Small Industries Development Corporation (SIDCO).

During check of documents in four⁵⁶ Registering Offices, we noticed that in respect of six instruments involving gift of properties to Trusts, remission of

⁵⁴ G.O. Ms. No.132, Commercial Taxes and Registration (J1) Department dated 31 October 2011

⁵⁵ Chennai, Coimbatore, Cuddalore, Madurai, Salem, Thanjavur, Trichy, Tirunelveli and Vellore

⁵⁶ Joint I SR, Coimbatore, SR, Madhukarai, SR, Tiruporur and SR, Velachery

50 per cent of stamp duty was erroneously extended to surcharge also. Similarly, while registering (between April 2013 and February 2015) 29 instruments of conveyance involving allotment of land by SIDCO, the ROs had collected 50 per cent of stamp duty and registration fee. Since the notification provides only for remission of stamp duty, the extension of the same to TDS was not in order. This resulted in short collection of transfer duty surcharge of ₹ 9.78 lakh.

After we pointed this out, the Department stated (June 2016) that since surcharge had to be collected only on the part on which stamp duty was levied, the remission allowed was in order.

The reply was not acceptable as the levy of stamp duty and surcharge were governed by different Statutes. Though surcharge in the form of duty was leviable, it was levied on the market value of property and not on the stamp duty levied under the Indian Stamp Act. The remission allowed in respect of TDS, in the absence of separate notification was, therefore, not in order.

3.4.20.2 Incorrect / Excess allocation of transfer duty surcharge

We observed from the periodical quarterly returns of TDS and registers in eight⁵⁷ Registering Offices that ₹ 10.76 crore was allocated to local bodies towards TDS as against ₹ 4.39 crore due for allocation. This resulted in excess allocation of ₹ 6.37 crore.

After we pointed this out, SR, Cheyyur and SR, Purasawakkam replied that excess allocation of ₹ 68.53 lakh was adjusted in the allocation made for the subsequent quarters. Reply in respect of remaining cases was awaited (January 2018).

During Exit Conference, Government agreed to look into the matter and stated that suitable action would be taken. Further report was awaited (January 2018).

3.4.21 Incorrect allowance of exemption

As per Government Order issued in December 2003, fifty per cent stamp duty concession is applicable only in cases where the Donee Society or Trust is approved under section 80 G of Income Tax Act 1961. As per Government Order issued in September 1986, instruments of gifts or settlement in favour of Hindu/Muslim institutions coming under Hindu Religious and Charitable Endowment Act and Wakfs, attract stamp duty and registration fee of ₹ 100.

During verification of records in Joint-I SR, Coimbatore, we found that while in one case, an institution run by a trust was granted 50 per cent exemption of stamp duty, in the other case, the rate of stamp duty after granting 50 per cent exemption was incorrectly calculated as 3.5 per cent instead of four per cent.

Similarly, during scrutiny of documents in SR, Periamet and SR, Ponneri, we noticed that exemption was granted to two institutions even while there was no

⁵⁷ DR, Chennai North, SR, Ambattur, SR, Cheyyur, SR, Gummidipoondi, SR, Kunderathur, SR, Purasawakkam, SR, Sattur and SR, Srivilliputtur

declaration on the part of the donees that the institutions were governed by the Wakf board. This resulted in short collection of stamp duty of ₹ 76.19 lakh.

- By a Notification issued in November 1997, instruments involving gift or settlement of land for public purpose in favour of Government or any local authority were granted exemption from levy of stamp duty.

During check of records in SR, Ambattur and SR, Purasawakkam, we noticed in respect of instruments involving gift of property to Tamil Nadu Generation and Distribution Corporation Limited (TANGEDCO), the ROs levied nominal stamp duty of ₹ 100. As TANGEDCO is neither a Government Department nor a Local Authority, the exemption allowed was not in order. The incorrect grant of exemption resulted in non-levy of stamp duty and registration fee of ₹ 56.60 lakh.

During Exit Conference, Government agreed to look into the matter and stated that suitable action would be taken. Further report was awaited (January 2018).

Citizen Services

3.4.22 Collection of fees for failed service

The Government of Tamil Nadu announced, through policy Note during 2013-14, that the process of registration of documents would be recorded through IP camera to bring in transparency in the transactions conducted in sub-registries. The Government also issued orders to provide the recorded proceedings through compact discs (CD) to the people connected with the transactions on payment of ₹ 50 per document.

We found in all the offices that no stock register was maintained for procurement and supply of CDs. In thirty four Registering Offices, we noticed that the registering authorities collected ₹ 50 for 6.77 lakh documents registered but issued CDs only for 2.69 lakh documents. The failure to issue CDs after collection of requisite fee resulted in excess collection of ₹ 2.04 crore.

During Exit Conference, Government agreed to look into the matter and stated that suitable action would be taken. Further report was awaited (January 2018).

Others

3.4.23 Registration of documents on a holiday just before revision of rates

Rule 4 of the Registration Rules provides that a document presented for registration, or a sealed cover purporting to contain, a will presented for deposit under section 42 or a power of attorney, presented for attestation under section 33 shall not be accepted on an authorised holiday, except in a special emergency. When a Sub-Registrar accepts a document or attests a power of

attorney on such a day he shall immediately make a report to the Registrar explaining the circumstances.

During verification of records in nine offices of DIGR, we noticed that in 40 Sub-Registries, 746 instruments were registered on 31 March 2012, being a Saturday. In SR, Thingalur, 151 instruments were registered on 31 March 2012, whereas the total number of documents registered in the office during the entire year was 4,285. The reasons for registering the instruments on a holiday were not furnished to audit. Incidentally, revised guideline rates, with manifold rise when compared to the previous rates, came into effect from 1 April 2012 in the whole of the State. The registration of these 746 instruments of conveyance on the next working day would have fetched additional amount of ₹ 5.12 crore based on the revised guideline values notified by the Government.

The absence of reason for having undertaken registration on a holiday, when the Rules provides for the same only in the contingency of the existence of special emergency raises a strong doubt that the same was adopted only to avoid payment of higher amount of stamp duty.

During Exit Conference, Government agreed to look into the matter and stated that suitable action would be taken. Further report was awaited (January 2018).

3.4.24 E-authentication of guideline register

The Valuation Committee decided (November 2013) to introduce e-authentication of guideline value registers, whereby each and every page of the guideline value register will be digitally signed by DIGR and also each and every page of the digitally signed guideline register would be barcoded to ensure that the same cannot be tampered by SRs. Such an exercise would also ensure that guideline values present in the register are the same as the guideline value present on department website.

We, however, noticed that the above procedure was not adhered to, and the guideline value registers were neither digitally signed by the DIGR nor they were barcoded. This was not pointed out before hosting of values in website. In SR, Annanagar, we noticed that in respect of two cases, there was discrepancy in values and classification of properties between the guideline register maintained in the Office and that uploaded in the website. Since the objective of hosting the details in website is to make known to the public the classification of the properties and value thereof for payment of stamp duty, strict adherence to the prescribed procedures should be enforced to avoid such discrepancies.

During Exit Conference, Government agreed to look into the matter and stated that suitable action would be taken. Further report was awaited (January 2018).

3.4.25 Non-implementation of Web-based software

Presently, the documents are being scanned and preserved as separate modules in the sub-registries. The documents cannot be viewed through internet and therefore documents registered in one sub-registry cannot be accessed by the DIGR, IGR or other sub-registries. Therefore, a copy of the scanned documents is being sent to the IGR. As the CDs can be easily lost or damaged, the disaster management mechanism is not in place. With a view to overcome these deficiencies, the Government sanctioned ₹ 117.34 crore for the development of comprehensive web based software in 2012. Once the project is implemented, documents and encumbrance certificates can be viewed through web which will be of great advantage to public. However, the implementation of the project is being delayed. The reasons for the delay could not be ascertained since the records and details of the project were not furnished.

During Exit Conference, Government stated that online registration in all the Sub-registries would be commenced by the end of January 2018.

3.4.26 Conclusion

There is an urgent need for augmentation of revenue by effectively implementing the existing provisions and also prescribing rates of duty where there is absence of rates. The instructions issued by the Valuation Committee was not followed in fixation of market value guidelines of properties. Effective system for monitoring of payments being credited into Government account is yet to be devised. There have been widespread errors in implementing grant of exemptions and remissions, classification of instruments, and necessary inquiries have not been made by ROs before registration of documents. Certain irregularities such as excess allocation of surcharge continue to persist despite being pointed out continuously.

3.4.27 Recommendations

The Government / Department may initiate measures for

- establishing a mechanism with other external agencies like Depositories, Exchanges, SIPCOT, Income Tax Department, *etc* to ensure proper collection of stamp duty and thereby augmenting the revenue of the State.
- ensuring strict compliance to the guidelines governing determination of market value guidelines and revision of such guidelines, wherever necessary, to reflect the current market value of properties.
- ensuring strict adherence by the ROs to the conditions governing grant of exemption / remission of stamp duty and registration fee.

- ensuring strict compliance with the provisions of the Acts and judicial decisions in proper classification of instruments and realisation of stamp duty and registration fee.
- ensuring proper reconciliation of the department figures with that of the Treasury figures to ensure early realisation of revenue.