

FOURTEENTH KERALA LEGISLATIVE ASSEMBLY

**COMMITTEE
ON
PUBLIC ACCOUNTS
(2019-2021)**

SIXTIETH REPORT
(Presented on 4th July, 2019)



**SECRETARIAT OF THE KERALA LEGISLATURE
THIRUVANANTHAPURAM
2019**

FOURTEENTH KERALA LEGISLATIVE ASSEMBLY

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ON
PUBLIC ACCOUNTS
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SIXTIETH REPORT

On

**Paragraphs relating to Revenue & Power Departments
contained in the Report of the Comptroller and
Auditor General of India for the Financial year
ended 31st March 2013, 2014 & 2015
(Revenue Sector)**

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(2019-2021)**

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Smt. Manju Varghese, Joint Secretary

Shri R. Venugopal, Deputy Secretary

Smt. Chitra K. I., Under Secretary.

INTRODUCTION

I, the Chairman, Committee on Public Accounts, having been authorised by the Committee to present this Report, on their behalf present the Sixtieth Report on paragraphs relating to Taxes Department contained in the Report of the Comptroller and Auditor General of India for the year ended 31st March 2013, 2014 & 2015 (Revenue Sector).

The Report of the Comptroller and Auditor General of India for the year ended 31st March 2013, 2014 & 2015 (Revenue Sector) was laid on the Table of the House on 10th June 2014, 11th March 2015 and 24th February 2016 respectively.

The Committee considered and finalised this Report at the meeting held on 1st July, 2019.

The Committee place on records their appreciation of the assistance rendered to them by the Accountant General by the examination of the Audit Report.

Thiruvananthapuram,
1st July, 2019.

V. D. SATHEESAN,
Chairman,
Committee on Public Accounts.

REPORT
LAND REVENUE & BUILDING TAX (2013)

Tax administration

The Revenue Department is under the control of the Secretary at the Government level and the Land Revenue Commissioner is the head of the Department. The revenue collection of the Department includes collection of basic tax, plantation tax, lease rent and building tax. The Department realises arrears of public revenue under the Kerala Revenue Recovery Act with interest and cost of process prescribed.

Trend of receipts

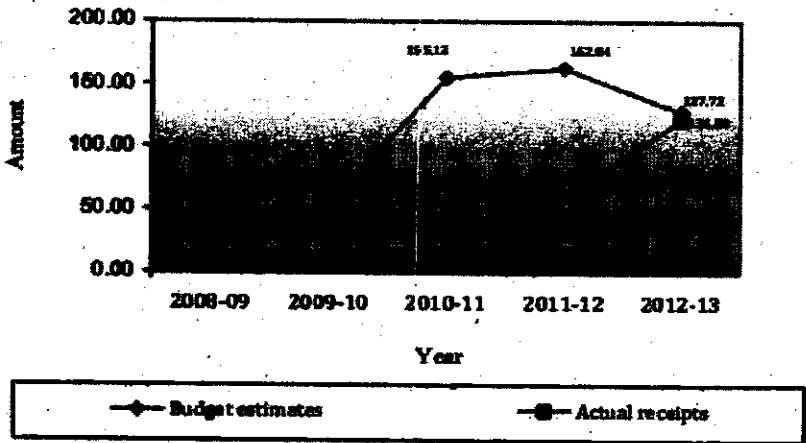
Actual Receipts from land revenue during the last five years (2008-09 to 2012-13) along with the budget estimates during the same period is exhibited in the following table and graph.

(₹ in crore)

Year	Budget estimates	Actual Receipts	Variation	Percentage of variation	Total tax receipts of the State	Percentage of actual receipts to total tax receipts	Percentage of growth over previous year
2008-09	84.13	47.56	(-) 36.57	(-) 43.47	15,990.18	0.30	0.74
2009-10	52.50	53.93	(+) 1.43	(+) 2.72	17,625.02	0.31	13.39
2010-11	155.13	55.97	(-) 99.16	(-) 63.92	21,721.69	0.26	3.78
2011-12	162.84	60.75	(-) 102.09	(-) 62.69	25,718.60	0.24	8.54
2012-13	127.72	121.58	(-) 6.14	(-) 4.81	30,076.61	0.40	100.13

Source: Finance Accounts of the relevant years

Budget estimates and actual receipts
(₹ in crore)



Variation of (-) 6.14 per cent was noticed between budget estimates and actual receipts for the year 2012-13. The Department stated that the variation was due to non-realisation of tax on account of stays issued by Court/Government, etc. Audit noticed that growth rate of Department was 100.13 per cent during the year, which was the highest for the last five years.

Arrears in assessment

Building tax and plantation tax assessment

The details though called for (July 2013) was not furnished by the Department (February 2014).

Impact of audit

During the last four years, audit observations relating to under assessment of building tax, short levy of lease rent, short realisation of collection charges, non-levy of luxury tax, etc. with revenue implication of ₹ 453.52 crore were pointed out in 350 paragraphs. Of these, the Department/Government accepted audit observations involving ₹ 28.90 crore and had since recovered ₹ 6.28 crore.

The details are shown in the following table:

(₹ in lakh)

Year	Paragraphs included in the LARs		Paragraphs accepted during the year		Recovery during the year	
	Number	Amount	Number	Amount	Number	Amount
2008-09	91	32,562	16	222.05	16	35.04
2009-10	104	1,722	34	86.55	33	59.34
2010-11	38	1,934	112	739.90	62	84.27
2011-12	117	9,134	225	1841.00	225	449.00
Total	350	45,352	387	2889.50	336	627.65

Out of 387 cases involving ₹ 28.90 crore accepted, the Department recovered ₹ 6.28 crore in 336 cases which was only 21.72 per cent of the accepted cases.

Working of Internal Audit Wing

The Internal Audit Wing (IAW) of the Land Revenue Commissionerate is supervised by the Senior Finance Officer under the control of the Commissioner of Land Revenue. The audit of Taluk offices, Revenue Divisional Offices and Revenue Recovery Offices, Offices of Vigilance Deputy Collectors and Central Stamp Depot are conducted in a period of two to three years. The IAW is manned by one senior superintendent, three junior superintendents and six clerks. Every year, about 23 units were taken up for audit which is not sufficient to cover 120 units even in five years. The Department stated that due to the shortage of staff and ceiling on TA, the sub units could not be audited in a year or two. The Department also stated that there is no regular training programme for the staff of IAW. During 2012-13, the IAW planned 32 units for internal audit which was covered during the year. During 2012-13, the Department had cleared only 567 paragraphs out of 23422 paragraphs which is only 2.42 per cent of the outstanding objections as against 2.1 per cent of the previous year. Thus, the functioning of IAW was not effective.

Audit recommends that the functioning of the IAW may be strengthened by deploying more staff if necessary so that all units could be audited over a reasonable period and targets fixed for timely clearance of outstanding paras.

Results of audit

The records of 51 units relating to land revenue and building tax were test checked during 2012-13 and under assessment of tax and other irregularities involving ₹45.95 crore were detected in 120 cases which fall under the following categories:

(₹ in crore)

Sl. No.	Categories	No. of cases	Amount
1	Under assessment and loss under building tax	79	4.48
2	Under assessment and loss under other items	41	41.47
	Total	120	45.95

The Department accepted under assessments and other deficiencies of ₹7.49 crore in 129 cases including one case involving ₹0.28 lakh pointed out in audit during the year 2012-13. The Department realised an amount of ₹1.98 crore in 151 cases inclusive of the case involving ₹0.28 lakh pointed out in audit during the year 2012-13.

A few illustrative audit observations involving ₹ 2.48 crore are discussed in the following paragraphs.

Non-compliance of provisions of Acts/Rules

The provisions of the KBT Act/Rules, RALMCO and KRR Rules require:-

- (i) levy of lease rent on land assigned to various persons at the prescribed rates;
- (ii) levy of collection charges on the amount recovered under RR Act and
- (iii) assessment of building tax and luxury tax at prescribed rates.

It was noticed that the Tahsildars did not observe some of the above provisions at the time of levying tax. This resulted in short levy of lease rent/building tax/collection charges of ₹ 2.48 crore as mentioned in the paragraphs.

Non-levy of building tax due to escape of buildings from assessment

Buildings were not assessed by the assessing authority though reported by Village Officers for assessment

(Taluk offices, Hosdurg, Kanayannur, Thiruvalla and Thiruvananthapuram)

Under the Kerala Building Tax Act, 1975 building tax shall be charged on every building the construction of which is completed on or after 10 February 1992 based on the plinth area of the buildings at the rates prescribed. As per the Kerala Building Tax (Plinth Area) 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 for assessment, together with extracts from building application register of the local authority within whose area the buildings included in the list are situated.

The assessment records namely, building tax assessment register of four taluk offices, were cross verified (between May 2012 and January 2013) with the booking registers and collection registers of eleven¹ village offices and found that 169 buildings completed between October 2007 and March 2012 reported by Village Officers to the assessing authority for assessment were not assessed to building tax. This resulted in non-assessment of building tax of ₹1.23 crore.

After Audit pointed out the matter to the Department (between May 2012 and January 2013), the Department stated (August 2013) that ₹19.40 lakh had been realised in 19 cases. Further report has not been received (February 2014).

The matter was reported to Government in May 2013; their reply has not been received (February 2014).

- (Taluk office, Chittur)

The assessment records of taluk office, Chittur were cross verified (February 2012) with the booking registers and collection registers of 19² village offices and found that 57 buildings completed in 2009-10 and 2010-11 reported by Village Officer to the assessing authority for assessment were not assessed to building tax. Out of these, files relating to 39 cases were missing or misplaced in the taluk office. Non-assessment of building tax amounts to ₹ 8.02 lakh.

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- 1 Bella, Edapally North, Hosdurg, Kanhangad, Kavumbhagam, Kowdiar, Kuttapuzha, Sasthamangalam, Thiruvalla, Thycaud and Vanchiyur.
 - 2 Chittur, Elavanchery, Kairady, Koduvayur, Kollangode, Kozhinjampara, Kozhipathy, Muthalamada, Nalleppilly, Nelliampathy, Nenummara, Ozalapathy, Pallasana, Pattancherry, Perumatty, Thattamangalam, Vadavannur, Vallanghi and Vandithavalam.

After Audit pointed out the matter to the Department in February 2012, the Department stated (March 2013) that early action would be taken in pending cases and in the cases where files were missing Village Officers were directed to report the cases afresh. Further, the Department stated that the matter was investigated and bogus TR5 were noticed. Further report has not been received (February 2014).

The matter was reported to Government in May 2013; their reply has not been received (February 2014).

Non-realisation of luxury tax

Luxury tax was not assessed and not demanded though building tax was assessed

(14 Taluk offices³)

Under Section 5A of the KBT Act, 1975 luxury tax at the rate of ₹2,000 is leviable each year on all residential buildings completed on or after 1 April 1999, having a plinth area of 278.7 square metres or more. The Act further stipulates that luxury tax is to be paid in advance on or before 31 March every year. Under Section 19 of the Act, in case of default such amount shall be recoverable under the law relating to the recovery of arrears of public revenue due on land. Further, the arrears of tax shall attract interest at six per cent per annum from the date of default.

Audit scrutiny (between March 2012 and October 2012) of the luxury tax assessment register of 13 taluk offices, revealed that in 1515 cases, though the assessing authority levied luxury tax during a year, the assessee did not remit luxury tax during subsequent years as stipulated in the Act. In one office (Taluk Office, Mukundapuram), in 20 cases, luxury tax was not assessed. The assessing authority also did not take any action to realise the tax dues. Luxury tax not demanded in 1535 cases resulted in non-realisation of luxury tax and interest of ₹94.81 lakh from 1999-2000 to 2012-13.

After Audit pointed out the matter to the Department (between March 2012 and October 2012), the Department stated (August 2013) that ₹36.84 lakh had been realised in 906 cases. Further report has not been received (February 2014).

The matter was reported to Government in March 2013; their reply has not been received (February 2014).

³ Ambalapuzha, Cherthala, Ernad, Kanayannur, Koodangalkur, Kottarakkara, Kottayam, Kozhencherry, Mukundapuram, Nedumangad, Perinthalsanna, Thalassery, Tirurangadi and Thiruvalla.

- (Taluk office, Thrissur)

On a scrutiny (May 2012) of the luxury tax assessment records of taluk office, Thrissur it was found that in 124 cases, the assessee defaulted payment of luxury tax from 1999-2000 to 2010-11. Failure to take action under Section 19 in 124 cases resulted in non-realisation of luxury tax and interest of ₹17.87 lakh.

After Audit pointed out the matter to the Department in May 2012, the Department stated (August 2013) that ₹4.53 lakh had been realised in 53 cases. It was also stated that on reassessment, 28 cases were exempted from payment of luxury tax. Further report has not been received (February 2014).

The matter was reported to Government in May 2013; their reply has not been received (February 2014).

Non-realisation of fine and royalty

Fine and royalty were not demanded by the Department while booking cases for unauthorised removal of articles of value

(Taluk office: Thodupuzha)

Under the Kerala Land Conservancy Act 1957, whoever unauthorisedly destroys, removes or appropriates metal, laterite, lime shell or other notified articles of value from any land which is the property of Government, shall pay fine not exceeding fifty rupees and also compensation for damages at the rates prescribed by Government from time to time. Government as per Notification⁴ issued in August 1977 prescribed compensation payable for damages as ₹2.50 per metric tonne. Collector shall be the authority for imposing fine and realising the compensation prescribed under the Act. Rule 4 of the Kerala Minor Mineral Concession Rules, 1967 stipulates that while applying for quarrying permit the applicant shall pay royalty in advance for removal of mineral by him from the land from which he is permitted to quarry at the rate of ₹16 per metric tonne as specified in Schedule 1 of the Rules.

The Department of Mining and Geology grants quarrying permit to extract and remove from any specified land, any minor mineral not exceeding 10000 tonnes in quantity under one permit on payment of royalties in advance at the rates specified in Schedule 1 to the Kerala Minor Mineral Concession Rules, 1967. The royalty shall be remitted in the treasuries to the credit of the Department of Mining and Geology. Taluk Tahsildars are authorised under the Kerala Land Conservancy Act 1957, to exercise the

powers of Collector to impose fine and to realise payment towards compensation to damages on unauthorised destruction, removal, appropriation of metal, laterite, lime shell or other notified articles of value from any land which is the property of Government.

Cases are registered under the Land Conservancy Act/Rules in Taluk offices on detection of illegal mining during inspection by officers of Land Revenue Department. A scrutiny (January 2011) of records of land conservancy cases registered between 1992 and 2006 in Taluk office, Thodupuzha revealed that in eight cases fine and royalty were not demanded by the Department while booking cases for unauthorised removal of articles of value. This resulted in non-realisation of fine and royalty of ₹4.43 lakh.

After the matter was pointed out to the Department (January 2011), the Department stated (October 2013) that ₹29,024 had been remitted in three cases. Further report has not been received (February 2014).

The matter was reported to Government in May 2013; their reply has not been received (February 2014)

[Audit paragraphs 5.1 to 5.7.3 contained in the report of C&AG of India (Revenue Sector) for the year ended 31st March 2013]

Notes received from the Government on the above audit paragraphs are included as Appendix -II.

(1) The Committee opined that despite repeated reminders the RMT Statements on many audit paragraphs had not been received from the Revenue Department. The Committee expressed its dissatisfaction over it and directed the department to furnish all the pending details within stipulated time. The Committee criticised that many departments were not showing interest in furnishing the remedial measures taken reports within stipulated time.

(2) The Official from the Office of the Accountant General informed the Committee that out of eleven audit paragraphs, ten were related to Revenue Department and the remaining one to Power Department. Revenue Department had accepted nine audit paragraphs and realised the recovery amount in most cases.

(3) The Committee considered the audit paragraphs about Tax administration, Trend of receipts, Arrears in assessment and Impact of audit and approved the notes furnished by the department.

(4) While considering the audit paragraph about working of Internal Audit Wing the Committee perceives that due to ineffective functioning of the internal audit wing the Revenue department could clear only 567 paragraphs out of 23422 paragraphs which was a marginal 2.42 percent of the outstanding objections. The witness Joint Commissioner, Land Revenue deposed that insufficient number of staff in the internal audit wing and the T.A. ceiling fixed at 2550 per month averted the department from auditing all sub offices at least in a year or two. Despite repeated recommendations of PAC the department had neither been equipped with adequate staff nor waived the existing T.A. ceiling. Owing to this the audit officers were forced to restrict their operations to a single session lasting for 3 to 4 days. He further informed that the land tax and luxury tax figures reached upto ₹200 crore and ₹30 crore respectively and being a revenue generating department it had the potential to enhance the revenue income of the state to an extent of 20-50% more with the help of regular and effective inspections. The Committee further perceives that though Government had revised the T.A. ceiling by enhancing it upto 40% over and above the existing T.A. ceiling it had been operational only upto July 2013 and not been extended to a further period. The Additional Secretary, Finance Department informed that exemption of T.A. ceiling could be considered for individual departments on temporary and merit basis without leaving chances for similar claims from more departments. The Committee recommended that the Finance Department should provide a temporary enhancement of T.A. ceiling in favour of the revenue generating departments that would strengthen the internal control system of the department and more offices could be audited periodically.

(5) The Committee also recommends that the revenue department should strengthen the function of internal audit wing by deploying more staff if necessary so that all units could be audited over a reasonable period and targets be fixed for timely clearance of outstanding paras.

(6) The Committee considered the notes furnished by the Department regarding Results of Audit and Non-Compliance of provision of Acts/Rules.

(7) Regarding non assessment of building tax of 57 buildings in Chittur Taluk, the witness informed that, the building tax for 51 buildings had been realised and efforts were being made to realise the amount in the remaining cases.

(8) The Committee opined that even in the random inspections conducted by A.G. many cases of non assessment had been found out. The irresponsible attitude of the department officials led to many lapses on assessment of building tax and resulted in huge revenue loss every year. The Committee suggested that remittance of one time building tax had to be prescribed as a pre-condition for obtaining water/electricity connections as it was recommended by the A.G. in 2015. The Joint Commissioner, Land Revenue replied that instructions were already issued to the panchayats so as the water/electricity connection should be provided only after ensuring the remittance of one time building tax.

(9) The Committee recommended that lapses from the department officials on assessment of building tax should be taken seriously and the resultant revenue loss must be prevented effectively. Necessary directions should be given to KWA and KSEB for the issuance of Water/Electricity connection only on submitting proof of building tax remittance. The Revenue department should furnish a detailed report on the action taken with the copies of the orders and circulars issued in this regard.

(10) The Committee further directed the department to furnish a detailed report regularly on the action taken against the matter of fabricating bogus T.R.5 in the Taluk Office, Chittoor. [The department submitted the report regarding bogus TR5 and is included as Appendix -II.]

(11) While considering the audit para about non-realisation of luxury tax, the Committee demanded to furnish details regarding the present status of the orders for the collection of luxury tax for buildings of plinth area 4000-5000 sq.ft. and above. The Department agreed to do so.

(12) To a query about paragraph relating to Non-realisation of fine and royalty, Joint Commissioner answered that 8 cases were reported in this regard and as per the report of the Collector, an amount to be collected is 4.59 lakh in

11 cases. Out of which ₹1.54 lakh has been realised. Out of 8 pending cases one case is withheld on stay by the court. The Committee criticised the attitude of the department for not submitting the Remedial Measures Taken statement even after a lapse of four years and directed the department to furnish a detailed report on the audit paragraph at the earliest. The Joint Commissioner, Land Revenue Commissionerate agreed to do so.

Conclusion/Recommendations

(13) The Committee observes that many of the departments were not showing interest in furnishing the remedial measures taken statements within stipulated time. The Committee opines that in spite of repeated reminders the RMT statements on many audit paragraphs had not been received from Revenue Department till now. The Committee expresses its strong dissatisfaction over the irresponsible attitude of the department and urges the department to take effective steps to prevent such lapses in future.

(14) The Committee perceives that due to ineffective functioning of the internal audit wing the Revenue Department could clear only a marginal 2.42 percent of the outstanding objections. The internal audit wing of certain departments need to be equipped with adequate staff and the T.A. ceiling for the audit officials also be enhanced. The Committee recommends that the Finance Department should provide a temporary enhancement of T.A. ceiling on merit basis for one or two years in favour of the revenue generating departments that would strengthen the internal control system of the department and more offices could be audited periodically.

(15) The Committee also recommends that the Revenue department should strengthen the function of internal audit wing by deploying more staff if necessary so that all units could be audited over a reasonable period and targets be fixed for timely clearance of outstanding paras.

(16) The Committee directs the department that lapses from the department officials on assessment of building tax should be taken seriously and the resultant revenue loss must be prevented effectively.

(17) The Committee demands the department to furnish details regarding the present status of the orders for the collection of luxury tax for buildings of plinth area 4000-5000 sq.ft. and above.

LAND REVENUE AND ELECTRICITY DUTY

LAND REVENUE AND BUILDING TAX (2014)

Tax administration

The Revenue and Disaster Management (R&DM) Department is under the control of the Principal Secretary at the Government level and the Commissioner of Land Revenue is the head of the Department. The revenue collection of the Department includes collection of basic tax, building tax, lease rent and plantation tax. The Department realises arrears of public revenue under the Kerala Revenue Recovery Act, 1968 (KRR Act, 1968) with interest and cost of process prescribed.

Internal audit

The Internal Audit Wing (IAW) of the Department is supervised by the Senior Finance Officer under the control of the Commissioner of Land Revenue. The audit of Taluk offices, Revenue Divisional Offices and Revenue Recovery Offices, Offices of Vigilance Deputy Collectors and Central Stamp Depot is conducted once in a period of two to three years. The IAW is handled by one senior superintendent, three junior superintendents, one head clerk and six clerks. The Department stated that due to the shortage of staff and ceiling on travelling allowance, the sub units could not be audited in a year or two. The Department also stated that there is no regular training programme for the staff of IAW. During 2013-14, the IAW planned 42 units for internal audit which was covered during the year. During 2013-14, the Department had cleared only 52 paragraphs out of 20541 paragraphs which is only 0.25 per cent of the outstanding objections as against 2.42 per cent of the previous year. Thus, the functioning of IAW was not effective.

Results of audit

The records of 51 units relating to land revenue and building tax were test checked during 2013-14. Under-assessment of tax and other irregularities

involving ₹17.29 crore were detected in 147 cases which fall under the following categories as given in Table.

(₹ in crore)

Sl. No.	Categories	No. of cases	Amount
1	Under assessment and loss under building tax	86	3.62
2	Under assessment and loss under other items	61	13.67
	Total	147	17.29

During the course of the year, the Department accepted under-assessments and other deficiencies involving ₹4.60 crore in 96 cases. An amount of ₹3.19 crore was realised in 184 cases during the year. A few illustrative audit observations involving revenue of ₹1.50 crore are discussed in the following paragraphs.

Compliance Audit observations

Non-L levy of building tax

Buildings were not assessed to building tax by the assessing authority though reported by Village Officers for assessment.

As per Section 5(1) of the Kerala Building Tax Act, 1975, building tax shall be charged on every building the construction of which is completed on or after 10 February 1992 based on the plinth area of the buildings at the rates prescribed. As per Rule 3 of the Kerala Building Tax (Plinth Area) 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 building application register of the local authority within whose area the buildings included in the list are situated.

- (Seven Taluk offices⁵)

5 Devikulam, Kannur, Mulundapuram, Muvattupuzha, Ottappalam, Pathanapuram and Taliparamba

- Audit cross-verified the building tax assessment registers of seven Taluk offices with the booking registers and collection registers of 44 village offices⁶ and found that 167 buildings completed between April 2007 and March 2013 and reported by Village Officers to the assessing authority for assessment of building tax were not assessed to tax. This resulted in non-assessment of building tax of ₹ 51.77 lakh.

The matter was pointed out (between May 2012 and January 2014) to Department and reported to Government in March 2014. The Government stated (August 2014/October 2014) that ₹10.98 lakh had been recovered in 98 cases, exempted in four cases involving ₹9,900 and action is being taken to realise the amount in remaining cases. Further reply has not been received (October 2014).

- (Six Taluk offices⁷)

Audit collected the details of buildings completed from the local authorities which were cross-verified with the building tax assessment registers of six Taluk offices, the booking registers and collection registers of 13⁸ village offices and found that 192 buildings completed between April 2008 and March 2013 were either not reported by Village Officers to the assessing authority for assessment or though reported for assessment were not assessed to building tax by the assessing authority. This resulted in non-assessment of building tax on ₹31.09 lakh.

The matter was pointed out (between April 2013 and January 2014) to the Department and reported to Government in March 2014. The Government stated (October 2014) that ₹4.97 lakh had been recovered in 43 cases, 15 cases involving ₹1.38 lakh had been exempted and action is being taken to realise the amount in remaining cases. Further reply has not been received (October 2014).

6 Kannur II, Velloorkunnam, Marady, Kallorkad, Onakkur, Anchal, Alaymon, Edamalakkal, Punalur, Thenmala, Valakode, Kulathupuzha, Thalavoor, Piravanthoor, Pattambi, Mannakandom, Pattuvam, Chuzhall, Panniyoor, Kuttiyeri, Kurumathoor, Payyavoor, Kolachery, Kallyad, Malapattam, Ramantholi, Kooveri, Pariyaram, Madayikonam, Kallur, Mattathur, Kuruvilassery, East Chalakudy, West Chalakudy, Kodassery, Kallor Thekkum Mury, Kallor Vadakkum Mury, Kuttichira, Edathirih, Kadappassery, Trilur, Kakkulissery, Aloor and Manavalassery.

7 Devikulam, Kozhikode, Muvattupuzha, Pathanapuram, Thalassery and Vadakara.

8 Munnar, Poolakode, Thazhekode, Muvattupuzha, Velloorkunnam, Marady, Punalur, Valacode, Panyannur, Manathana, Kolayad, Vadakara and Nadaluthazha.

Non-realisation of Luxury tax and non-demand of interest

Luxury tax was not assessed and demanded though building tax was assessed. Further, interest was not levied though luxury tax was paid after the prescribed dates.

As per Section 5A of the Kerala Building Tax Act, 1975, Luxury tax at the rate of ₹2,000 is leviable each year on all residential buildings completed on or after 1 April 1999, having a plinth area of 278.7 square metres or more. The Act further stipulates that luxury tax is to be paid in advance on or before 31 March every year. As per Section 19 of the Act, in case of default, such amount shall be recoverable under the law relating to the recovery of arrears of public revenue due on land. Further, the arrears of tax shall attract interest at six per cent per annum from the date of default.

- (16 Taluk offices⁹)

Audit observed after scrutiny of luxury tax assessment records of 16 Taluk offices, that in 1392 cases, the assesseees did not pay luxury tax during the period 1999-2000 to 2012-13. Failure of Tahsildars of the Taluk Offices concerned to take action under Section 19 resulted in non-realisation of luxury tax and interest amounting to ₹63.78 lakh.

The matter was pointed out (between December 2012 and December 2013) to the Department and reported to Government in March 2014. The Government stated (August 2014) that in 738 cases, ₹23 lakh had been realised and action is being taken to recover the amount in the 632 cases and no reply has been furnished for the remaining cases. Further reply has not been received (October 2014).

- (Seven Taluk offices¹⁰)

As a result of scrutiny of luxury tax registers of seven Taluk offices, Audit found that in 642 cases, the assesseees paid luxury tax for the years 2002-03 to 2011-12 after the prescribed due dates. The delay in payment of tax ranged between 2 to 165 months. The assessing authority accepted the delayed payment of luxury tax without collecting the interest prescribed. The non levy of interest under Section 19 in the above 642 cases amounted to ₹ 3.04 lakh.

9 Changanassery, Kannur, Karthikappally, Kochi, Koyilandy, Mavelikkara, Meenachil, Ottappalam, Ranni, Palakkad, Thalappilly, Thalassery, Thaliparamba, Thiruvananthapuram, Vadakara and Vythiri

10 Kannur, Koyilandy, Kozhikode, Ranni, Thalappilly, Thiruvananthapuram and Vadakara

The matter was pointed out (between January and May 2013) to the Department and reported to Government in March 2014. The Government stated (August 2014) that ₹0.42 lakh had been realised in respect of 242 cases, 16 cases have been exempted from payment of interest and action is being taken to recover the amount from the remaining cases. Further report has not been received (October 2014).

Electricity Duty

Tax administration

The Kerala Electricity Duty Act, 1963 and Kerala State Electricity Surcharge (Levy and Collection) Act, 1989 and Rules made thereunder govern the levy of duty on the sale and consumption of electrical energy. Power Department is under the control of the Secretary (power) at the Government level and the Chief Electrical Inspector administers the Act with the assistance of Additional Chief Electrical Inspector, Deputy Chief Electrical Inspectors, Electrical Inspectors, Deputy Electrical Inspectors and Assistant Electrical Inspectors on technical matters in Headquarters office.

Internal audit

The details called for (June 2014) from the Department have not been received (October 2014).

Results of audit

Test check of the records of nine units in 2013-14 relating to the Power Department showed non/short levy of tax involving ₹51.93 lakh in five cases as given in Table.

(₹ in lakh)

Sl. No.	Categories	No. of cases	Amount
1	Non/short levy of tax	5	51.93

During the course of the year, the Department did not accept any cases of under assessment and other deficiencies which were pointed out in audit during the

year 2013-14. No amount was realised during the year 2013-14. An illustrative case involving ₹18.26 lakh is discussed in the following paragraph:

Compliance Audit observations

Short levy of electricity duty

Licenseses collected electricity duty only at 10 paise per unit of energy consumed from the low tension consumers instead of at 10 per cent of invoice price.

(Chief Electrical Inspectorate, Thiruvananthapuram)

As per the tariff of the Kerala State Electricity Regulatory Commission, supply of electrical energy at a voltage exceeding 33 KV under normal conditions is classified as Extra High Tension (EHT) consumer and supply at 33 KV and 22 KV or 11 KV is considered as High Tension (HT) consumer. As per schedule of the Kerala Electricity Duty Act 1963, electricity duty at 10 paise per unit is to be charged from industrial consumers taking supply of energy at 11 KV and above and in all other cases electricity duty at the rate of ten per cent of the price of energy indicated in the invoice including industrial consumers taking supply of energy at points below 11 KV. As per Section 8 of the Act any sum due on electricity duty, if not paid shall be deemed to be in arrears and interest not exceeding eighteen per cent per annum shall be payable on such sums. Thrissur Municipal Corporation and M/s. Kaiman Devan Hills Plantations Co. (P) Ltd (KDHP) are licenseses for distributing electric energy in their area of operation. Consumers licenseses are liable to collect and pay electricity duty stipulated under Section 5(1) of the Kerala Electricity Duty Act 1963.

Audit scrutiny of details of monthly remittance statements in the Chief Electrical Inspectorate, Thiruvananthapuram revealed that the above licenseses had collected electricity duty at 10 paise per unit of energy consumed instead of at the rate of 10 per cent of invoice price from low tension consumers for the period from July 2012 to March 2013. This resulted in short levy of electricity duty of ₹18.26 Lakh including interest as shown in Appendix III.

When the case was pointed out, the Department stated (February 2014) that inspection of accounts maintained by the licenseses had not been conducted and action would be initiated to realise the electricity duty short levied. Further report has not been received (October 2014).

The matter was reported to the Government in June 2014; their reply has not been received (October 2014).

(Audit paragraphs 5.1 to 5.9 contained in the report of C&AG of India (Revenue Sector) for the year ended 31st March 2014.)

Notes received from the Government on the above audit paragraphs included as Appendix II.

(17) The Committee considered the audit paragraphs relates to Tax Administration, Internal Audit, Results of Audit and approved the notes furnished by the Government.

(18) Considering the audit paragraph on Non-levy of building tax, the committee directed the department to take earnest efforts to realize the balance amount in the remaining cases.

(19) Considering the audit paragraph on Non- realisation of luxury tax the Committee enquired the department about the progress in collection of the balance amount and recommended the department to take urgent steps to realize the balance amount in the remaining cases.

(20) The Committee considered the audit paragraphs about Tax Administration, Internal Audit, Results of Audit and approved the replies furnished by the Departments.

(21) The Committee approved the reply furnished by the Department in regard to short levy of electricity duty.

Conclusion/Recommendations

(22) The Committee directs the department to take earnest efforts to realise the balance amount in the remaining cases that mentioned in the audit paragraph on non-levy of building tax and to furnish report.

(23) The Committee recommends that the department should take urgent steps to realise the balance amount in the remaining cases mentioned in the audit paragraph on non-realisation of luxury tax and to furnish report.

LAND REVENUE AND BUILDING TAX (2015)

Tax administration

The Revenue and Disaster Management (R&DM) Department is under the control of the Principal Secretary at the Government level with the Commissioner of Land Revenue as its head. The revenue collection of the Department includes collection of basic tax, building tax, lease rent and plantation tax. The Department realises arrears of public revenue under the Kerala Revenue Recovery Act, 1968 (KRR Act, 1968) with interest and cost of process prescribed.

Internal audit

The Internal Audit Wing (IAW) of the Office of the Commissioner of Land Revenue is supervised by a Senior Finance Officer under the Commissioner of Land Revenue. The audit of taluk offices, Revenue Divisional Offices and Revenue Recovery offices, Offices of Vigilance Deputy Collector and stamp depot is conducted in a period of two to three years and on random selection without conducting any risk analysis. During 2014-15, the wing planned and conducted audit of 24 units. Out of an overall outstanding of 22,765 paras, only 136 paras (0.59 per cent) were cleared. This clearly suggests that the Commissioner of Land Revenue failed to accord necessary attention to the observations of the IAW and ensure clearance of the paras by taking care the shortcomings/deficiencies.

Results of audit

The records of 49 units out of total 107 units relating to land revenue and building tax were test checked during 2014-15. Under-assessment of tax and other irregularities involving ₹55.21 crore were detected in 210 cases which fall under the following categories as given in Table:

(₹ in crore)

Sl. No.	Categories	No. of cases	Amount
1	Under assessment and loss under building tax	171	12.07
2	Under assessment and loss under other items	39	43.14
	Total	210	55.21

During the course of the year, the Department accepted under-assessments and other deficiencies involving ₹0.87 crore in 67 cases; of which four cases having monetary value of ₹ 49.09 lakh were pointed out in audit during 2014-15. An amount of ₹2.17 crore was realised in 158 cases during the year; of which, four cases involving ₹5.06 lakh pertained to 2014-15. The Department replied that the non/short realisation of dues were due to the pendency of Court cases and appeals.

A few illustrative audit observations involving ₹5.99 crore are mentioned in the following paragraphs:

Non-assessment of building tax

The completion of buildings were either not reported by Village Officers or the buildings were not assessed to building tax by the assessing authority though reported by Village Officers for assessment.

As per Section 5(1) of the Kerala Building Tax Act, 1975 (KBT Act, 1975), building tax shall be charged on every building the construction of which is completed on or after 10 February 1992 based on the plinth area of the buildings at the rates prescribed. Section 7(1) of the KBT Act, 1975 stipulates that the owner of every building the construction of which is completed or to which major repair or improvement is made on or after 10 February 1992 shall furnish to the assessing authority a return in the prescribed form along with a copy of the plan approved by the local authority or such other authorities as may be specified by the Government in this behalf. As per Rule 3 of the Kerala Building Tax (Plinth Area) 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 building application register of the local authority within whose area the buildings included in the list are situated. As per Section 7(3) of the KBT Act, 1975 if the assessing authority is of opinion that any person is liable to furnish a return under subsection (1), it may serve a notice upon that person requiring him to furnish within such period a return in the prescribed form. If any person fails to make a return in response to any notice issued under subsection 3 of Section 7, the assessing authority shall assess the amount payable by the person as building tax to the best of its judgement.

Cases which were not reported by Village Officers

- 20 Taluk Offices¹¹

Audit collected the details of buildings completed from the local authorities which were cross-verified with the building tax assessment registers of 20 Taluk Offices, the booking registers and collection registers of 48 village offices. Audit found that 563 buildings, completed between January 2007 and March 2014 and a building completed in 1993 were not reported to the Tahsildars for assessment. Root cause for non-identification of the new buildings completed was non filing of return by the building owners as envisaged in the Act. Though a penalty clause had been envisaged in the Act, this was not being enforced. The Village Officers also failed to forward the monthly list of completed buildings to Tahsildars. Non-reporting of the completion of the buildings by the building owners and failure of the Village Officers to send the list of completed buildings to Tahsildars resulted in non-identification of the buildings completed for assessment. This resulted in non-assessment of buildings and consequent non levy of tax of ₹ 2.24 crore.

Audit found that four Taluk Offices having maximum cases of non levy of building tax where the village officers had not reported the buildings for assessment noticed as given below:

- Taluk Office, Kottayam – 112 cases; ₹ 27.78 lakh.
- Taluk Office, Kozhikode – 85 cases; ₹ 70.57 lakh.
- Taluk Office, Chengannur – 55 cases; ₹ 8.29 lakh.
- Taluk Office, Chirayinkeezhu – 52 cases; ₹ 9.68 lakh.

The Government stated (July 2015) that ₹46.41 lakh had been recovered in 62 cases, two cases involving ₹3.92 lakh had been exempted and action was being taken to realise the balance amount. Justification for exemption and details of realisation in remaining cases had not been received (January 2016).

Thus, it is felt that in the case of new buildings, Government may consider issuing directions to the Kerala Water Authority/Kerala State Electricity Board Limited to ensure that water/electricity supply connections are given to buildings for which building tax assessments have been completed.

¹¹ Aluva, Ambalapuzha, Chengannur, Cherthala, Chirayinkeezhu, Chittur, Ernad, Kanayannur, Kasargod, Kodungallur, Kottayam, Kozhencherry, Kozhikode, Mananthavady, Mannarkkad, Palakkad, Sultan Bathery, Tirur, Tirurangadi and Uthumanchola.

Cases which were reported by Village Officers

- 14 Taluk Offices ¹²

Audit cross-verified the building tax assessment registers of 14 Taluk Offices with the booking registers and collection registers of 156 village offices and found that 986 buildings completed during 2011-2014 were reported by Village Officers to the Tahsildars for assessment. The Tahsildars failed to levy and assess tax even on the buildings the completion of which were reported by the Village Officers. Inaction on the part of the Tahsildars to assess the buildings resulted in non-levy of building tax of ₹ 2.26 crore.

Audit found that short levy of building tax involving ₹1.60 crore was noticed maximum in the following Taluk Offices.

- Taluk Office, Palakkad --295 cases; ₹ 60.04 lakh.
- Taluk Office, Kozhikode – 124 cases; ₹45.45 lakh.
- Taluk Office, Tirur – 198 cases; ₹ 29.41 lakh.
- Taluk Office, Kanayannur--23 cases; ₹ 25.07 lakh.

The Government stated (July 2015) that ₹35.93 lakh had been recovered in 295 cases, four cases involving ₹65,475 had been exempted and action was being taken to realise the balance amount. Justification for exemption and details of realisation in balance cases had not been received (January 2016).

Audit found that failure of the Village Officers to send the list of buildings coupled with the failure of Tahsildars to assess these buildings, the completion of which were reported by Village Officers resulted in the failure of prescribed mechanism of identification of buildings to be assessed to tax. Audit found that survey system prevailed in the Department was inadequate to identify the new buildings for assessment of tax.

Audit noticed that the Government was taking action only after defects/deficiencies were being pointed by Audit. As such, Government needs to put in place necessary system to take care of all such cases in a timely manner.

¹² Ambalapuzha, Chengannur, Kanayannur, Kodungallur, Kothamangalam, Kottarakkara, Kozhbenchery, Kozhikode, Mukundapuram, Nedumangad, Palakkad, Peerumade, Tirur, and Tirurangadi

Non-realisation of luxury tax and non-demand of interest

Luxury tax was not assessed and demanded though building tax was assessed. Further, interest was not levied though luxury tax was paid after the prescribed dates.

As per Section 5A of the KBT Act, 1975, a luxury tax is leviable at the rate of ₹2,000 per annum on all residential buildings completed on or after 1 April 1999, having a plinth area of 278.7 square metres or more. The rate was revised to ₹4,000 per annum from 1 April 2014. As per the KBT Act, 1975 luxury tax is to be paid in advance on or before 31 March every year. As per Section 19 of the KBT Act, 1975 in case of default, such amount shall be recoverable under the law relating to the recovery of arrears of public revenue due on land. Further, the arrears of tax shall attract interest at six per cent per annum from the date of default.

- 17 Taluk Offices¹³

As per the luxury tax assessment records maintained in 17 Taluk Offices, the assessee either did not pay luxury tax or paid the tax partially during the period 1999-2000 to 2014-15 in 2,597 cases. Audit found that the building owners had not paid the luxury tax in advance in above cases and the assessing officers were not reviewing the building tax register containing the details of building tax assessments to ensure that the luxury tax due was paid by the owners of buildings regularly. The absence of such a system led to failure of Tahsildars concerned to take action under Section 19 resulting in non-realisation of luxury tax and interest amounting to ₹1.24 crore.

Audit observed that maximum cases where luxury tax was either not levied or levied short were noticed in Taluk Offices, Kanayannur and Kodungallur involving ₹38 lakh.

The Government stated (October 2015) the luxury tax of ₹46.29 lakh was realised in 1309 cases, 17 cases with money value ₹1.46 lakh was exempted and

¹³ Aluva, Ambalapuzha, Cherthala, Kanayannur, Kasargod, Kodungallur, Kollam, Kottarakkara, Kottayam, Kozhencherry, Kozhikode, Mallappally, Mannarkad, Nedumangad, Palakkad, Thiruvalla and Udumbanchola.

27 cases with ₹1.86 lakh were appeal/Court cases pending disposal. Justification for granting exemption had not been furnished by the Government. Further report had not been received (January 2016).

- 11 Taluk Offices¹⁴

On a scrutiny (between March 2014 and January 2015) of the luxury tax registers of 11 Taluk Offices, Audit found that in 1464 cases, the assesseees paid luxury tax for the years 1999-2000 to 2013-14 after the prescribed due dates. The delay in payment ranged between one to 179 months. The Tahsildars accepted the delayed payments of luxury tax without collecting the interest prescribed. Omission on the part of the Tahsildars to realise interest under Section 19 amounted to ₹4.93 lakh in above 1464 cases.

Audit observed that maximum cases of non levy of interest on luxury tax were noticed in Taluk Offices Kasargod, Kanayannur and Palakkad involving ₹3.70 lakh.

The Government stated (July 2015) that ₹26,400 had been recovered in 189 cases and two cases involving ₹890 were pending for disposal of appeal and action was being taken to realise the balance amount. Further report had not been received (January 2016).

On this being pointed out (September 2015) Principal Secretary to Government Revenue Department stated (September 2015) that District Collectors had been directed to ensure that appropriate action will be taken for collection of building tax and to take disciplinary action in case of non compliance.

PAC (2006-2008) in their 68th Report had commented on the lapses and irregularities in the assessment and collection of building tax supplemented by procedural drawbacks. The Committee had also noted that when irregularities were pointed out by Audit or otherwise, the Department issued circulars directing the sub-offices not to repeat such irregularities, but no follow up was taken by the Department and the irregularities were being repeated. The Committee

¹⁴ Ambalapuzha, Cherthala, Chirayinkeezhu, Kanayannur, Kasargode, Kozhikode, Mallappally, Mannarkkad, Palakkad, Perumade and Udumbanchola.

recommended that along with issuing circulars, the Department should ensure with the use of a capable internal audit system, whether the circular directions were being carried out. In response to the recommendation of PAC, the Department stated that the internal audit wing of the Department had been strengthened in such a way as to go through each and every nook and corner of building tax assessment files and it had also been made sure that the inspections were being made at regular intervals. Despite the assurance made by the Department to the PAC, the irregularities were persisting and these systemic issues had resulted in considerable leakage of revenue.

Though, every year the Audit points out large number of such cases in which either luxury tax was not collected or interest was not levied in cases of delayed payments of luxury tax, Government had not evolved an effective system to detect such cases and make good the short/non collection of tax/interest.

Non collection of cess on building tax

Cess on buildings with plinth area of 4,000 square feet and above was not demanded and collected.

- 31 Taluk Offices¹⁵

As per Section 5(1) of the KBT Act, 1975, building tax shall be charged on every building the construction of which is completed on or after 10th February 1992 based on the plinth area of the buildings at the rates prescribed. As per the Kerala Finance Act 2011, a cess at the rate of two per cent on the building tax shall be levied for residential buildings having a plinth area of 4,000 square feet and above, completed after 19 July 2011. As per Section 19 of the KBT Act, 1975 in case of default, such amount shall be recoverable under the law relating to the recovery of arrears of public revenue due on land. Further, the arrears of cess shall attract interest at six per cent per annum from the date of default.

15 Aluva, Ambalapuzha, Chengannur, Cherthala, Chirayinkeezhu, Ernad, Kanayannoor, Kasargod, Kochi, Kollam, Kottarakkara, Kottayam, Kozhencherry, Kozhikode, Kunnathunad, Mallappally, Mananthavady, Mammakkad, Mukundapuram, Ottappalam, Palakkad, Perinthalmanna, Ponnani, Sulthan Bathery, Thalassery, Thaliparamba, Thiruvalla, Thrissur, Tirur, Tirurangadi and Vaikom.

In 31 Taluk offices, though building tax of ₹3.37 crore was collected in 870 buildings having plinth area of 4,000 sq.ft. and above, completed between 20 July 2011 and March 2014, the Tahsildars did not demand cess for such buildings. Failure of Tahsildars of the Taluk offices concerned to demand cess in 870 cases resulted in non-realisation of cess of ₹ 6.73 lakh besides interest.

Audit found that non-levy of cess on building tax was noticed maximum in Taluk Offices, Kanayannur and Thrissur involving ₹2.25 lakh. Further, it was found that though the details of residential buildings having a plinth area of 4,000 sq. feet and above were available in the building tax assessment register of the Taluk Offices the Department had not evolved an effective system to identify such cases reviewing the entries in the register regularly and for raising demand timely. Inaction on the part of Tahsildars resulted in non demand of cess in above cases.

The Government stated (July 2015) that ₹ 99,199 had been realised in 191 cases, 49 cases involving ₹71,260 had been exempted and action was being taken to realise the amount in balance cases. Justification for exemption granted and details of realisation in remaining cases had not been received (January 2016).

Short levy of tax due to short assessment of plinth area

Assessing authority failed to assess the extended plinth area of the building.

- Taluk Office, Mananthavady

As per Section 5(4) of the Kerala Building Tax Act, 1975, where the plinth area of the building, the construction of which is completed after 10th February 2002 is subsequently increased by new extensions or major repair or improvement, building tax shall be computed on the total plinth area of the building including that of the new extension or repair or improvement and credit shall be given to the tax already levied and collected, if any, in respect of the building before such extension, or repair or improvement. Section 7(1) of the Act stipulates that the owner of the building the construction of which is completed to which major repair or improvement is made on or after the appointed day shall furnish to the assessing authority

a return in the prescribed form within the prescribed period along with a copy of the plan approved by the local authority.

In Taluk Office, Mananthavady, the assessments of newly constructed/extended areas¹⁶ were not made in three cases¹⁷ during 2012-2014 and hence tax was not demanded. Audit found that though the details of constructions/extensions were available in building tax assessment records, same was not utilized by the Tahsildar while completing the assessment. Hence Audit requested for joint verification. On such a joint physical verification (March 2015) of the premises by Audit and village officer, it was found that plinth area of 1,145.51 sq.m. was omitted for assessment. Failure of the Tahsildar, Mananthavady to take action resulted in non-levy of building tax of ₹13.21 lakh¹⁸ as shown below in foot note. There was no prescribed mechanism in the Rules for recheck of the assessments made by a Tahsildar by a superior officer, except in case of a dispute.

On the matter being pointed out by Audit (March 2015), the Tahsildar, Mananthavady stated (June 2015) that on re-examination, new extensions/construction were found in all three cases and demand notices had been issued to realise the balance tax.

Government stated (September 2015) that in one case the assessee had remitted ₹ 54,000 and in the remaining two cases, the assessee had filed writ petitions against the assessment orders of Tahsildar. The Hon'ble High Court of Kerala had set aside (August 2015) the assessment orders of the Tahsildar and directed to re-inspect the building and issue fresh assessment orders within three months. Further it was stated (January 2016) that in another case the assessment was completed and demanded ₹34,755 including fine. In the third case, no amount had been demanded since the area computed previously was seen wrong.

(Audit paragraphs 5.1 to 5.7 contained in the report of C & AG of India (Revenue Sector) for the year ended 31st March 2015)

Notes received from the Government on the above audit paragraphs are included as Appendix II.

16 304.62 sq.m, 762.80 sq.m, 78.09 sq.m.

17 Shri Ambilikunnam Ahammed, Shri K. Noushad, Shri Rasheed.

18 ₹ 2.91 lakh, ₹7.51 lakh, ₹ 2.76 lakh

(24) The Committee considered the Audit paragraphs about Tax Administration, Internal Audit, Results of Audit, Non-assessment of building tax, Cases which were not reported by village officers, Cases which were reported by village officers, Non-realisation of luxury tax and non-demand of interest, Non-collection of cess on building tax, Short-levy of tax due to short assessment of plinth area. The Joint Commissioner, Land Revenue Commissionerate informed the committee that a special drive would be conducted in the next month to finalise the pending files and there had been a substantial increase in the collection of building tax nowadays. He also added that an amount of ₹ 128.29 crore had been realised in 2015-16 and this had been increased to 160.51 crore and 199.72 crore in 2016-17 and 2017-18 respectively. To a query about flats the Commissioner replied that the flats were being examined with special care.

(25) The Committee opined that proper and regular inspections would lead to a good result and would halt the revenue loss significantly. The Committee enquired the department about the steps taken to clear the pending audit objections and insisted that a detailed report should be furnished in this regard.

(26) The Committee suggested that the Revenue Department could have followed the methods adopted by the Taxes Department to clear out the audit objections.

(27) To a query about the fund of Disaster Management authority, The Joint Commissioner Land Revenue Commissionerate informed the Committee that the Accountant General had conducted a performance audit. A report on this had been laid on the table of the State Legislature on 6th March, 2017 and this report made a detailed analysis on the allocation as well as the expenditure against this. The Senior Audit Officer further informed the Committee that the performance report of the State Disaster Management Authority was prepared every year but the same was not happened to be laid on the table of the House.

Conclusion/Recommendation

(28) The Committee opines that proper and regular inspections would lead to a good result and would halt the revenue loss significantly. The Committee recommends that urgent steps should be taken by the department to clear the pending audit objections and insists that a detailed report should be furnished in this regard.

(29) The Committee suggests that the Revenue Department should follow the methods adopted by the Taxes Department to clear out the audit objections and to furnish detailed report on the actions taken on this line.

Thiruvananthapuram,
1st July 2019.

V. D. SATHEESAN,
Chairman,
Committee on Public Accounts.

APPENDIX-I
SUMMARY OF MAIN CONCLUSION/RECOMMENDATIONS

Sl. No.	Para No.	Department Concerned	Conclusions/ Recommendations
1	2	3	4
1	13	Revenue Department	The Committee observes that many of the departments were not showing interest in furnishing the remedial measures taken statements within stipulated time. The Committee opines that in spite of repeated reminders the RMT statements on many audit paragraphs had not been received from Revenue Department till now. The Committee expresses its strong dissatisfaction over the irresponsible attitude of the department and urges the department to take effective steps to prevent such lapses in future.
2	14	Revenue Department	The Committee perceives that due to ineffective functioning of the internal audit wing the Revenue Department could clear only a marginal 2.42 per cent of the outstanding objections. The internal audit wing of certain departments need to be equipped with adequate staff and the TA ceiling for the audit officials also be enhanced. The Committee recommends that the Finance Department should provide a temporary enhancement of TA ceiling on merit basis for one or two years in favour of the revenue generating departments that would strengthen the internal control system of the department and more offices could be audited periodically.

1	2	3	4
3	15	Revenue Department	The Committee also recommends that the Revenue department should strengthen the function of internal audit wing by deploying more staff if necessary so that all units could be audited over a reasonable period and targets be fixed for timely clearance of outstanding paras.
4	16	Revenue Department	The Committee directs the department that lapses from the department officials on assessment of building tax should be taken seriously and the resultant revenue loss must be prevented effectively.
5	17	Revenue Department	The Committee demands the department to furnish details regarding the present status of the orders for the collection of luxury tax for buildings of plinth area 4000-5000 sq.ft. and above.
6	22	Revenue Department	The Committee directs the departments to take earnest efforts to realise the balance amount in the remaining cases that mentioned in the audit paragraph on non-levy of building tax and to furnish report.
7	23	Revenue Department	The Committee recommends that the department should take urgent steps to realise the balance amount in the remaining cases mentioned in the audit paragraph on non-realisation of luxury tax and to furnish report.

1	2	3	4
8	28	Revenue Department	The Committee opines that proper and regular inspections would lead to a good result and would halt the revenue loss significantly. The Committee recommends that urgent steps should be taken by the department to clear the pending audit objections and insists that a detailed report should be furnished in this regard.
9	29	Revenue Department	The Committee suggests that the Revenue Department should follow the methods adopted by the Taxes Department to clear out the audit objections and to furnish detailed report on the actions taken on this line.

Appendix-II

Notes furnished by Government

ACTION TAKEN REPORT ON PARAS 5.1 TO 5.7.2 OF THE C&AG REPORT FOR THE YEAR ENDED 31.03.2013
CHAPTER-V LAND REVENUE AND BUILDING TAX

<p>5.1 Tax administration</p> <p>The Revenue Department is under the control of the Secretary at the Government level and the Land Revenue Commissioner is the head of the Department. The revenue collection of the Department includes collection of basic tax, plantation tax, lease rent and building tax. The Department realizes arrears of public revenue under the Kerala Revenue Recovery Act with interest and cost of process prescribed.</p>								No remarks.																																																
<p>5.2 Trend of receipts</p> <p>Actual receipts of land revenue during the last 5 years (2008-09 to 2012-13) along with the budget estimates during the same period is exhibited in the following table and graph.</p> <p>Rs. in crore</p> <table border="1"> <thead> <tr> <th>year</th> <th>Budget estimate</th> <th>Actual receipts</th> <th>variation</th> <th>% of variation</th> <th>Total tax receipts of state</th> <th>% of actual receipts to the total tax receipts</th> <th>% of growth over previous year</th> </tr> </thead> <tbody> <tr> <td>2008-09</td> <td>84.13</td> <td>47.56</td> <td>(-) 36.57</td> <td>(-) 43.47</td> <td>15990.13</td> <td>0.3</td> <td>0.74</td> </tr> <tr> <td>2009-10</td> <td>52.5</td> <td>53.93</td> <td>(+) 1.43</td> <td>(+) 2.72</td> <td>17625.02</td> <td>0.31</td> <td>13.39</td> </tr> <tr> <td>2010-11</td> <td>155.13</td> <td>55.97</td> <td>(-) 99.16</td> <td>(-) 63.92</td> <td>21721.69</td> <td>0.26</td> <td>3.78</td> </tr> <tr> <td>2011-12</td> <td>162.84</td> <td>60.76</td> <td>(-) 102.09</td> <td>(-) 62.69</td> <td>25718.6</td> <td>0.24</td> <td>8.54</td> </tr> <tr> <td>2012-13</td> <td>127.72</td> <td>121.58</td> <td>(-) 6.14</td> <td>(-) 4.81</td> <td>30076.61</td> <td>0.4</td> <td>100.11</td> </tr> </tbody> </table>									year	Budget estimate	Actual receipts	variation	% of variation	Total tax receipts of state	% of actual receipts to the total tax receipts	% of growth over previous year	2008-09	84.13	47.56	(-) 36.57	(-) 43.47	15990.13	0.3	0.74	2009-10	52.5	53.93	(+) 1.43	(+) 2.72	17625.02	0.31	13.39	2010-11	155.13	55.97	(-) 99.16	(-) 63.92	21721.69	0.26	3.78	2011-12	162.84	60.76	(-) 102.09	(-) 62.69	25718.6	0.24	8.54	2012-13	127.72	121.58	(-) 6.14	(-) 4.81	30076.61	0.4	100.11
year	Budget estimate	Actual receipts	variation	% of variation	Total tax receipts of state	% of actual receipts to the total tax receipts	% of growth over previous year																																																	
2008-09	84.13	47.56	(-) 36.57	(-) 43.47	15990.13	0.3	0.74																																																	
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2012-13	127.72	121.58	(-) 6.14	(-) 4.81	30076.61	0.4	100.11																																																	

5.3 Arrears in assessment**Building Tax assessment**

The details though called for (July 2013 was not furnished by the department (Feb.2014).

The details of building tax assessment called for by the Accountant General is enclosed separately.

5.4 Impact of audit**Revenue Impact**

During the last four years, audit observations relating to under assessment of building tax, short levy of lease rent, short realization of collection charges, non-levy of luxury tax etc, with revenue implication of Rs.453.52 crore were pointed out in 350 paragraphs. Of these, the Department/Government accepted audit observations involving Rs.28.90 crore and had since recovered Rs.6.28 crore.

The details are shown in the following table:

Rupees in crore

Year	Paragraphs included in the LAR		Paragraphs accepted during the year		Amount recovered during the year	
	No.	Amount	No.	Amount	No.	Amount
2008-09	91	32562	16	222.05	16	35.04
2009-10	104	1722	34	86.55	33	59.34
2010-11	38	1934	112	739.9	62	84.27
2011-12	117	9134	225	1841	225	449
Total	350	45352	387	2889.5	336	627.65

Out of 387 cases involving Rs.28.90 crores accepted, the department recovered Rs.6.28 crore in 336 cases which was only 21.72 per cent of the accepted cases.

The latest position of collection of Building Tax levied, lease rent, luxury Tax and collection charges is watched through the monthly review meeting at district level and through the quarterly review meeting at the Commissionerate level.

Out of Rs.28.90 crore mentioned in the audit para, Rs.13.23 crore has since been recovered. Rs. 5.95 crore has been exempted. For Rs.9.36 crore, court cases are pending disposal. In this way, action regarding 19.18 crores of rupees has already been completed, which comes to above 66% of the accepted departmental figures. Collection procedures for realizing the amount under the consideration of the court could only be initiated strictly in accordance with the directives of hon'ble High Court of Kerala. Earnest efforts are being made to realize the balance amount of Rs.0.36 crore.

5.5 Working of Internal Audit Wing

The Internal Audit Wing (IAW) of the Land Revenue Commissionerate is supervised by the Senior Finance Officer under the control of the

The Internal Audit Wing is not in a position to audit all sub offices in a year or two due to the insufficient number

Commissioner of Land Revenue. The audit of Taluk Offices, Revenue Divisional Offices and Revenue Recovery Offices, office of Vigilance Deputy Collectors and Central Stamp Depot are conducted in a period of two to three years. The IAW is manned by one senior superintendent, three junior Superintendents and six clerks. Every year about 23 units were taken up for audit which is not sufficient to cover 120 units even in five years. The Department stated that due to shortage of staff and ceiling on TA, the sub-units could not be audited in a year or two. The department also stated that there is no regular training programme for the staff of IAW. During 2012-13 the IAW planned 32 units for internal audit which was covered during the year. During 2012-13 the department had cleared only 567 paragraphs out of 23422 paragraphs which is only 2.42 percent of the outstanding objections as against 2.1 per cent of the previous year. Thus the functioning of IAW was not effective.

Audit recommends that the functioning of the IAW may be strengthened by deploying more staff if necessary so that all units could be audited over a reasonable period and targets fixed for timely clearance of outstanding paragraphs.

of staff in the Internal Audit Wing.

In this connection, it is informed that three general inspection units headed by Senior Superintendents under the control of Assistant Commissioner (DM) are also functioning in the CLR. These General Inspection units had inspected forty five sub offices such as Collectorates, Taluk Offices, RDO Offices, LA offices, etc., during the financial year 2011-12. Thus altogether 68 offices had been audited/inspected by the internal audit/Inspection Wing in the CLR during 2011-12. As per GO (MS) No.413/12, Fin. Dated, 24.07.12 Government have enhanced the T.A ceiling limit and fixed revised ceiling up to 40% over and above the existing T.A ceiling in order to strengthen the Internal Audit Wing.

This order was operational only up to 7/2013 and it was not extended further. So the previous practice of inspecting/conducting internal audit of 2 offices only per month is being followed. In order to strengthen the internal control system, more offices have to be audited periodically for which the T.A ceiling now in force has to be lifted.

Regarding the disposal of audit observations, periodical/ internal audit committee meetings are being conducted at the district level for the speedy settlement of Audit Objections, and thereby, considerable progress could be achieved in the speedy and on the spot settlement of the audit observations raised by the Internal Audit Wing.

5.6 Result of Audit

The records of 51 units relating to land revenue and building tax were test checked during 2012-13 and underassessment of tax and other irregularities involving Rs. 45.95 crore were detected in 120 cases which fall under the following categories:

Rs. in crore

Sl.No	Categories	No.of cases	Amount
1	Underassessment and loss	79	4.48

Para 5.6 relates to the Results of Audit conducted by the AG during the year 2012-13 in various Revenue Offices in the state.

The underassessment and loss under building tax and under assessment and loss under other items amounting to Rs.45.95 crore mentioned in this para were included in the Inspection Report relating to Revenue Offices in the state

	under building tax		
2	Underassessment and loss under other items	41	41.47
	Total	120	45.95

The Department accepted underassessment and other deficiencies of Rs.7.49 crore in 129 cases including 1 case involving Rs.0.28 lakh pointed out in audit during the year 2012-13. The Department realised an amount of Rs.1.98 crore in 151 cases inclusive of the case involving Rs.0.28 lakh pointed out in audit during the year, 2012-13.

A few illustrative audit observations involving Rs.2.48 crore are discussed in the following paragraphs.

issued by the AG earlier. On the basis of the observation in the Inspection Report, strenuous efforts have been made by the concerned authority to made good for the short levy/loss. The department is furnishing reply to the Accountant General in respect of the case which are being pursued by the Accountant General through the concerned Local Audit Report. The present position of the items included in the para is furnished below:

The present position of under assessment and loss under building tax (Rs.4.48 crore) and under assessment and loss under other items (Rs.41.47 crore) is furnished in the statement below:

Building Tax

Short levy pointed out in the audit	Amount realised	Amount exempted	Court case/appeal pending disposal	Balance
4.48 crore	1.04	0.86	0.72	1.86

Other items

Short levy pointed out in the audit	Amount realised	Amount exempted	Court case/appeal pending disposal	Balance
41.47	1.32	0.31	6.54	33.3

5.7 Non-compliance of provisions of Act/Rules

The provisions of the Kerala Building Tax Act/Rules, RALMCO and KRR Rules require:-

- i) levy of lease rent on land assigned to various persons at the prescribed rates;
- ii) levy of collection charges on the amount recovered under RR Act and
- iii) assessment of building tax and luxury tax at prescribed rates.

It was noticed that the Tahsildars did not observe some of the above provisions at the time of levying tax. This resulted in short levy of lease rent/

Strict instructions have been issued to all Tahsildars to comply with the provisions of the KBT Act/Rules, RALMCO and KRR Rules at the time of levying tax.

building tax/collection charges of Rs.2.48 crore as mentioned in the paragraphs 5.7.1 to 5.7.3

5.7.1 Non levy of Building tax due to escape of buildings from assessment

Buildings were not assessed by the assessing authority though reported by village officers for assessment.

(Taluk Office, Hosdurg, Kanayannur, Thiruvalla, Thiruvananthapuram.)

Under the Kerala Building Tax Act 1975, building tax shall be charged on every building the construction of which is completed on or after 10th feb. 1992 based on the Plinth area of the buildings at the rate prescribed. As per the Kerala Building Tax (Plinth area) Rules, 1992 every village officer shall transmit to the assessing authority, within 5 days of the expiry of each month, a monthly list of buildings liable for assessment, together with extract from building application register of the local authority within whose area the buildings included in the list are situated.

The assessment records namely, building tax assessment register of 4 taluk offices were cross verified (between May 2012 and Jan.2013) with the booking registers and collection registers of 11 village offices and found that 169 buildings completed between Oct.2007 and March 2012 reported by village officers to the assessing authority for assessment were not assessed to the building tax. This resulted in non-assessment of building tax of Rs.1.23 crore.

After audit pointed out the matter to the Department (between May 2012 and January 2013) the Department stated (Aug.2013) that Rs.19.40 lakh had been realized in 19 cases. Further report has not been received (Feb.2014)

The matter was reported to the Government in May 2013; their reply has not been received (Feb.2014)

Taluk Office (Chittur)

The assessment records of Taluk Office, Chittoor were cross verified (Feb.2012) with the booking registers and collection registers of 19 village offices and found that 57 buildings completed in 2009-10 and 2010-11 reported by village officer to the assessing authority for assessment were not

AG has pointed out in the report that non levy of Building Tax of Rs.1.23 crore in 169 cases. But the the concerned Tahsildars have reported that the actual amount to be collected is Rs.1,19,41,400/- in 171 cases. Out of which Rs.62,21,631/- in 69 cases has since been realized. Rs. 15,600/- has been exempted. Thus, action regrading more than half of the accepted amount has since completed. One case involving Rs.61500/- is pending with the court for disposal. Steps have been taken to collect the balance amount.

In the case of Taluk office, Chittur, AG has pointed out that non assessment of building tax is of Rs.8.02 lakh in 57

assessed to building tax. Out of these, files are relating to 39 cases were missing or misplaced in the Taluk office. Non assessment of building tax amounts to Rs.8.02 lakh.

1. Bella, Edappally North, Hosdurg, Kanhangad, Kavumbhagam, Kawadiar, Kuttappuzha, Sassthamangalam, Thiruvalla, Thyaud and Vanchiyur.

2. Chittur, Elavanchery, Kairady, Koduvayur, Kollengode, Kozhinhampara, Kozhipathy, Muthalamada, Nalleppilly, Nelliampathy, Nemmara, Ozhalappathy, Pallassana, Pattanchery, Perumatti, Thathamangalam, Vadavannur, Vallangi and Vandithavalam.

After audit pointed out the matter to the Department in February 2012, the Department stated (March 2013) that early action would be taken in pending cases and in the cases where files were missing. Village Officers were directed to report the cases afresh. Further, the department stated that the matter was investigated and bogus TR5 were noticed. Further report has not been received (Feb.2014).

The matter was reported to the Government in May 2013; their reply has not been received (Feb.2014)

5.7.2 Non-realisation of luxury tax

Luxury tax was not assessed and not demanded though building tax was assessed.

(14 Taluk offices)

Under Section 5A of the Kerala Building Tax Act, 1975 luxury tax at the rate of Rs.2000 is leviable each year on all residential buildings completed on or after 1st April 1999, having a plinth area of 278.7 square metres or more. The Act further stipulates that luxury tax is to be paid in advance on or before the 31st March every year. Under section 19 of the Act, in case of default such amount shall be recoverable under the law relating to the recovery of arrears of public revenue due on land. Further, the arrears of the tax shall attract interest at 6% per annum from the date of default.

Audit scrutiny between (March 2012 and October 2012) of the luxury tax

buildings. According to the Tahsildar's report, it is Rs.8,21,304/- in 59 cases. Out of which Rs.4,59,054/- in 50 cases has since been realised. Three cases involving Rs.38,100/- are exempted. The sanction regarding more than 60% of the accepted amount has been completed till date. In 2 cases involving Rs.107,100/- court cases pending disposal. Earnest efforts are being made to realize the amount in the remaining cases.

Regarding the 14 Taluk Offices mentioned in the para, AG has pointed out that non-realization of Luxury Tax and interest in 1535 cases is Rs.94.81 lakh. Out of which 63,85,000/- in 1257 cases is since been realised, 36 cases amounting to Rs.4 lakh have been exempted since the area was found below the prescribed limit in the reassessment. Thus action regarding more than 71% of the total amount mentioned by the AG has since been completed. 41 cases involving Rs.4,30,000/- court cases are pending disposal. Steps have been taken to collect the balance amount in the remaining cases.

assessment register of 13 Taluk Offices revealed that in 1515 cases, though the assessing authority levied luxury tax during a year, the assessee did not remit luxury tax during subsequent year as stipulated in the act. In one office (Taluk Office Mukundapuram) in 20 cases luxury tax was not assessed. The assessing authority also did not take any action to realize the tax dues. Luxury tax not demanded in 1535 cases resulted in non-realisation of luxury tax and interest of Rs.94.81 lakh from 1999-2000 to 2012-13.

After the audit pointed out the matter to the department (between March 2012 to October 2012), the department stated (August 2013) that Rs.36.84 lakh had been realized in 906 cases. Further report has not been received (February 2014). The matter was reported to Government in March 2013; the reply has not been received (February 2014).

3. Ambalappuzha, Cherthala, Ernad, Kanayannur, Kodungallur, Kottarakkara, Kottayam Kozhanchery, Mukundapuram, Nedumangad, Perinthalmanna, Thalassery, Tirurangadi, Thiruvalla.


Taluk Office Thrissur

On a scrutiny (May 2012) of the luxury tax assessment records of Taluk office, Thrissur, it was found that in 124 cases the assessee defaulted payment of luxury tax from 1999-2000 to 2010-2011. Failure to take action under section 19 in 124 cases resulted in non-realisation of luxury tax and interest of Rs.17.87 lakh.

After audit pointed out the matter to the department in May 2012, the department stated (August 2013) that Rs.4.53 lakh had been realized in 53 cases. It was also stated that on reassessment, 28 cases were exempted from payment of luxury tax. Further report has not been received. (February 2014)

The matter was reported to Government in May 2013; the reply has not been received. (February 2004)

In the case of Taluk Office, Thrissur, AG has pointed out that non-realisation of luxury tax and interest is of Rs.17.87 lakh in 124 cases. But the District Collector has reported that the actual amount to be realised is Rs.17.21 lakh in 121 cases. Out of which Rs.4,04,400/- in 58 cases has since been realized. 42 cases amounting to Rs.8,35,320/- has been exempted as plinth area is found below the prescribed limit. Thus action regarding more than 72% of the accepted amount has since been completed. 14 cases (Rs.2,14,120/-) are pending with the court for disposal. Earnest efforts are being made to realize the balance amount.


K.S. SHEELA
Special Secretary to Govt.
Revenue Department,
Govt. Secretariat, Thiruvananthapuram

PERFORMA II
STATEMENT SHOWING THE YEAR WISE BREAK UP OF PENDING CASES

Year	BUILDING TAX	PLANTATION TAX
From		
Upto 2007-08	501	1128
2008-09	158	390
2009-10	221	344
2010-11	330	297
2011-12	680	264
2012-13	1456	844
2013-14	7517	1053
Total	10863	4318

PERFORMA II
STATEMENT SHOWING THE YEAR WISE BREAK UP OF PENDING CASES

Year	BUILDING TAX	PLANTATION TAX
From.		
Upto 2006-07	380	1622
2007-08	333	219
2008-09	430	167
2009-10	421	176
2010-11	588	344
2011-12	1331	347
2012-13	5282	893
Total	8765	3768

PERFORMANCE
STATEMENT SHOWING THE DETAILS OF ASSESSMENTS FOR THE YEAR 2012-13

Revenue Head	District	No. of assessments pending at the beginning of the year 2012-13	Number of assessments due for disposal during 2012-13				Number of assessments completed during 2012-13				Number of assessments pending at the end of the year 2012-13			
			Area cases	current cases	Remanded cases	Total	Area cases	current cases	Remanded cases	Total	Area cases	current cases	Remanded cases	Total
BUILDING TAX	TVM	1600	1600	5599	35	7234	721	4784	10	5495	679	835	25	1739
	KLM	519	519	9022	28	9568	350	8736	20	9106	460	296	5	460
	PTA	929	929	6415	7	5351	339	4202	3	4543	590	213	5	808
	ALP	421	421	7202	27	7650	335	6503	22	6860	88	699	5	790
	KTM	157	157	5639	12	5808	139	5379	8	5526	18	260	4	282
	IDK	377	377	1756	7	2140	328	1449	7	1784	49	507	4	356
	EKM	319	319	10771	35	11125	295	10269	23	10587	24	502	12	538
	TSR	252	252	11291	70	11819	495	11227	36	11459	57	70	34	161
	PKD	611	611	9257	62	9930	579	8595	51	9229	32	562	11	705
	MLP	1036	1036	11866	33	12103	280	10995	33	11309	924	870	0	1794
	KKD	1204	1204	11866	33	12103	280	10995	33	11309	924	870	0	1794
	WYD	48	48	2298	3	2350	46	2278	0	2324	3	20	3	26
	KNR	136	136	500	40	1046	75	500	21	596	61	0	388	450
	KSGD	569	569	5146	0	5735	557	5063	0	5620	12	83	0	95
TOTAL		8179	8179	101041	757	108877	4393	95964	255	141212	3188	3077	502	8765

PERFORMA I
STATEMENT SHOWING THE DETAILS OF ASSESSMENTS FOR THE YEAR 2013-14

District	No. of assessments pending at the beginning of the year 2013-14	Number of assessments due for disposal during 2013-14				Number of assessments completed during 2013-14				Number of assessments pending at the end of the year 2013-14			
		Arrear cases	current cases	Remanded cases	Total	Arrear cases	current cases	Remanded cases	Total	Arrear cases	current cases	Remanded cases	Total
TVM	1739	1638	5764	16	7418	1176	4253	14	5443	462	1511	2	1975
KLM	480	282	8140	29	9451	256	8688	12	8955	27	452	17	496
PTA	808	808	5848	0	6656	455	5348	0	8803	353	508	0	853
ALP	790	790	5894	10	6694	299	5750	9	6068	491	144	1	636
KTM	282	282	7107	33	7422	203	6767	5	6975	79	340	28	447
IDK	356	356	1878	7	2241	175	1663	5	1843	181	215	2	398
EKM	538	538	12377	39	12954	523	11895	30	12448	15	482	9	506
TSR	590	590	13306	61	13947	428	12869	20	13317	162	437	31	630
PKD	705	705	8421	12	9138	663	7850	12	8525	42	571	0	613
MLP	561	561	18361	38	18960	310	18331	31	18672	251	30	7	288
KKD	1794	1794	11201	29	13024	805	10855	14	11704	989	318	15	1320
WYD	26	22	3187	5	3214	22	3139	6	3161	0	48	8	53
KNR	450	450	4465	4	4919	212	2200	1	2413	298	2265	3	2506
KSGD	95	95	6281	23	6399	92	5153	12	6257	3	128	11	142
TOTAL	9194	8911	113230	296	122437	5618	105791	185	111574	3293	7439	131	10863
TVM	3	0	7	0	7	0	1	0	1	0	6	0	6
KLM	15	15	0	0	15	4	0	0	4	11	0	0	11
PTA	126	126	183	0	309	57	5	0	62	69	178	0	247
ALP	20	20	0	0	20	0	0	0	0	20	0	0	20
KTM	518	518	712	10	1240	97	109	8	214	421	603	2	1026
IDK	1870	1870	754	15	2639	675	192	3	870	1198	562	12	1769
EKM	451	451	18	0	469	1	18	0	19	450	0	0	450
TSR	4	4	16	0	20	4	9	0	13	0	7	0	7
PKD	22	22	60	0	82	0	0	0	0	22	60	0	82
MLP	10	10	13	0	23	4	13	0	17	6	0	0	6
KKD	35	35	0	0	35	0	0	0	0	35	0	0	35
WYD	658	588	6	0	675	12	4	0	16	657	2	0	659
KNR	25	25	0	0	25	25	0	0	25	0	0	0	0
KSGD	0				0				0	0	0	0	0
TOTAL	3758	3765	1769	25	5559	879	351	11	1241	2886	1418	14	4318

Action taken Notes on C& AG's Reports

	(a)	Department	COMMERCIAL TAXES
	(b)	Subject/Title of the Review Paragraph	Recommendations
	(c)	Paragraph No.	5.5
	(d)	Report No. and Year	C&AG report on Effectiveness of KVATIS in the Tax Administration of Commercial Taxes Department
II	(a)	Date of receipt of the Draft Para/Review in the Department	
	(b)	Date of Department's Reply	
III		Gist of Paragraph/Review	<ol style="list-style-type: none"> 1. The Department may operationalise the Audit Assessment Module with suitable modifications for the selection of high risk dealers through KATIS for detailed audit. Thus the progress can be monitored by higher authorities and failure penalized. 2. The Department may initiate action to make use of other Modules so that the disposal of appeals, the nature of penalty levied, progress of collecting arrears etc can easily be monitored. 3. Important/required MIS reports may be made available in the software. 4. The Department may impart sufficient training to all officers and staff periodically. 5. The upgradation of the present system/server which is slow, would be cost effective in terms of

			<p>improvement of revenue realization, which was one of the primary goals of implementation of KVATIS.</p> <p>6. The Department may lay down norms for check of physical records on the basis of reports generated through KVATIS indicating risk areas.</p>
IV	(a)	Does the Department agree with the facts and figures included in the paragraph?	Yes
	(b)	If not, Please indicate areas of disagreement and also attach copies of relevant documents in support.	
V	(a)	Does the Department agree with the Audit conclusions?	impr whit
	(b)	If not, please indicate specific areas of disagreement with reasons for disagreement and also attach copies of relevant documents where necessary	impr G. T norms or

thru:

Yes

VI

Remedial action taken

(a)	Improvement in system and procedures, including internal controls.	<ol style="list-style-type: none"> 1. The Audit Assessment module is already developed in KVATIS. The module is currently inactive consequent to the abolishment of Audit Assessment wing during 2011. Government has decided to re-establish Audit Assessment wing in the Department during the current year. The module will be made active with suitable modifications for the selection of high risk dealers for detailed audit once the Audit Assessment wing is re-established. 2. Steps will be taken to develop electronic process for appeals filing, hearing and disposal of appeals, monitoring of penalty levied, progress of collecting arrears etc. 3. The Assessing Officers / intelligence wing / controlling officers / check post officers etc. are already provided with important / necessary MIS reports. Additional / missing reports will be identified and will be provided in KVATIS. 4. The Assistant Commissioner (Training) has been directed to make sure that all officers and staff are trained adequately to make use of the data available in KVATIS. 5. This has been identified as a top priority item and steps are already been initiated for the upgradation of KVATIS server hardware infrastructure. Enforcement of certain business rules electronically requires additional computing requirement which impacts the performance of the system. Hence some of the process changes can be done once the server hardware infrastructure is upgraded. Department will refine processes suitably to check the short fixation of tax for Gold dealers as mentioned in audit para 4.5. The system will be modified to cross validate the purchase details returned with purchase values in annual audited statements. Checks will be incorporated against availing of
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		<p>ITC by dealers for purchases from dealers who are not liable to pay tax under Section 6 of KVAT Act as specified in para 4.6.2.1 and for the purchase of goods not coming under the purview of Capital goods as specified in para 4.6.2.2. Checks will also be implemented for non reversal of ITC when the goods purchased are sent outside the State otherwise than by way of sale as reported in para 4.6.2.4, against short reporting of interstate sale than that reported at check post as per para 4.7.2 and non-demand of schedule rate of tax from Presumptive tax dealers whose turnover crossed the threshold limit in the previous year.</p> <p>6. Norms will be framed by the department for check of physical records on the basis of reports generated through KVATIS indicating risk areas.</p>
(b)	Recovery of overpayment pointed out by audit	
(c)	Recovery of under assessment, short levy or other dues	
(d)	Modification in the schemes and programmes including financing pattern	
(e)	Review of similar cases/complete scheme/project in the light of findings of sample check by Audit findings of sample check by Audit	

2014 (RR)
REVENUE DEPT.
AUDIT PARA 5.1 to 5.5

CHAPTER - V

ACTION TAKEN REPORT ON PARAS 5.1 TO 5.5 OF THE C & A.G REPORT FOR THE YEAR ENDED 31/03/2014

LAND REVENUE AND BUILDING TAX (5.1 to 5.5)

5.1 Tax Administration

The Revenue and Disaster Management (R&DM) Department is under the control of the Principal Secretary at the Government level and the Commissioner of Land Revenue is the head of the Department. The revenue collection of the Department includes collection of basic tax, building tax, lease rent and plantation tax. The Department realizes arrears of public revenue under the Kerala Revenue Recovery Act, 1968 (KRR Act, 1968) with interest and cost of process prescribed.

No Remarks

5.2 Internal audit

The Internal Audit Wing (IAW) of the Department is supervised by the Senior Finance Officer under the control of the Commissioner of Land Revenue. The audit of Taluk Offices, revenue Divisional Offices and Revenue Recovery Offices, Offices of Vigilance Deputy Collectors and Central Stamp Depot is conducted once in a period of two to three years. The IAW is handled by one senior superintendent, three junior superintendents, one head clerk and six clerks. The Department stated that due to the shortage of staff and ceiling on travelling allowance, the sub units could not be audited in a year or two.

The Internal Audit Wing is not in a position to audit all sub offices in a year or two due to insufficient number of staff in the Wing.

In this connection, it is informed that three general inspection units headed by Senior Superintendent under the control of Assistant Commissioner (DM) are also functioning in the CLR. These General Inspection units had inspected 21 sub offices such as Collectorates, Taluk Offices, RDO Offices, LA Offices etc. during the financial year 2013-14. Thus a total number of 63 offices had been audited / inspected by the Internal Audit / Inspection Wing in the CLR during 13-14.

The department also stated that there is no regular training programme for the staff of IAW. During 2013-14, the IAW planned 42 units for internal audit which was covered during the year. During 2013-14, the Department had cleared only 52 paragraphs out of 20,541 paragraphs which is only 0.25 per cent of the outstanding objections as against 2.42 per cent of the previous year. Thus, the functioning of IAW was not effective.

As per GO (MS) No.413/12, Fin dtd. 24/7/2012, Government have enhanced the ceiling limit and fixed revised ceiling up to 40% over and above the existing TA ceiling in order to strengthen the Internal Audit Wing. This order was operational only up to 7/2013 and it was not extended further. So the previous practice of inspecting /conducting internal audit of 2 offices only per month is being followed. Details and Names of offices inspected by the Internal Audit Wing till date during the year 2015-16 is attached separately as annexure 1. In order to strengthen the internal control system, more offices have to be audited periodically for which the TA ceiling now in force be lifted as recommended by the Public Account Committee earlier. Moreover a proposal has been submitted to the Government for deploying two additional internal Audit teams in the CLR to strengthen the internal Audit Wing.

Regarding the disposal of Audit observations, periodical internal audit committee meeting are being conducted at the district level for the speedy settlement of Audit Objection, and thereby, considerable progress could be achieved in the speedy and on the spot settlement of the audit observations raised by the Internal Audit Wing. Name of Districts in which audit Committee Meeting were conducted for the last five years and statement showing the details of disposal of paras pointed out by the IAW during its inspection of various revenue offices are attached separately as annexure 2. Out of the 23177 paras 5942 paras have been disposed during the year 2014-15. Thus more than 25.64% of the total paras have been closed till date. Earnest efforts are being taken to dispose the remaining cases in a time bound manner

5.3 Results of audit

The records of 51 units relating to land revenue and building tax were test checked during 2013-14. Under-assessment of tax and other irregularities involving Rs.17.29 crore were detected in 147 cases which fall under the following categories as given in Table - 5.1.

table - 5.1

Sl.No.	Categories	No. of cases	(Rs. in crore) Amount
1	Under-assessment and loss under building tax	36	3.62
2	Under-assessment and loss under other items	61	13.67
	Total	147	17.29

During the course of the year, the Department accepted under-assessments and other deficiencies involving Rs.4.60 crore in 96 cases. an amount of Rs. 3.19 crore was realised in 184 cases during the year. A few illustrative audit observations involving revenue of Rs.1.50 crore are discussed in the following paragraphs.

Para 5.3 relates to the result of Audit conducted by A.G during the year 2013-2014 in various Revenue Offices in the state.

The underassessment and loss under building tax and under assessment and loss under other items amounting to Rs. 17.29 crore mentioned in this para were included in the Inspection Report relating to Revenue Offices in the state issued by the A.G earlier. On the basis of the observation in the Inspection Report, strenuous efforts have been made by the concerned authority to make good the short levy / loss. The department is furnishing reply to the A.G in respect of the case which are being pursued by the A.G through the concerned local audit report.

The present position of under assessment and loss under building tax (3.62 crore) and under assessment and loss under other items (13.67 crore) is furnished in the statement below:

Building Tax

Short levy pointed out in the audit	Amount realized	Amount exempted	Court case / appeal pending disposal	Balance
3.62	1.46	0.05	0.12	1.99

Compliance Audit observations

5.4. Non-levy of building tax

Buildings were not assessed to building tax by the assessing authority though reported by Village Officers for assessment.

As per Section 5(1) of the Kerala Building Tax Act, 1975, building tax shall be charged on every building the construction of which is completed on or after 10 February 1992 based on the plinth area of the buildings at the rates prescribed. As per Rule 3 of the Kerala Building Tax (Plinth Area) 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 building application register of the local authority within whose area the buildings included in the list are situated.

Other Item

Short levy pointed out in the audit	Amount realized	Amount exempted	Court case / appeal pending disposal	Balance
13.67	0.32	0.34	0.18	12.83

Earnest efforts are being made to realize the balance amount in the remaining cases.

Para 5.4 relates to the Non levy o building tax in various taluk offices in the state.

• (Seven Taluk Offices)
Audit cross-verified the building tax assessment registers of seven Taluk office with the booking registers and collection registers of 44 village offices and found that 167 buildings completed between April 2007 and March 2013 and reported by Village Officers to the assessing authority for assessment of building tax were not assessed to tax. This resulted in non-assessment of building tax of Rs.51.77 lakh.

The matter was pointed out (between May 2012 and January 2014) to Department and reported to Government in March 2014. The Government stated (August 2014/ October 2014) that Rs.10.98 lakh had been recovered in 98 cases, exempted in four cases involving Rs. 9,900 and action is being taken to realise the amount in remaining cases. Further reply has not been received (October 2014).

• (Seven Taluk Offices)
Audit collected the details of buildings completed from the local authorities which were cross-verified with the building tax assessment registers of six Taluk offices the booking registers and collection registers of 13 Village offices and found that 192 buildings completed between April 2008 and March 2013 were either not reported by Village Officers to the assessing authority for assessment or though reported for assessment were not assessed to building tax by the assessing authority. This

In sub Para first, the C&A.G. has pointed out non-levy of building tax of Rs. 51.77 lakh in 167 buildings in 7 Taluk Offices. But the concerned Tahsildars have reported that the actual amount to be collected is Rs.5524313/- in 167 cases. Out of which Rs. 3285888/- in 134 has since been realized. Twelve (12) cases involving Rs. 97500/- are exempted. Thus action regarding more than 61% of the accepted amount has been completed till date. In three cases involving Rs. 127125/- court cases pending disposal. Statement showing the Districtwise details of total amount to be collected, amount realized till date, amount exempted, amount comes under Court cases/appeal and balance amount to be collected is attached separately as ANNEXURE 4. Earnest efforts are being made to realize the balance amount in the remaining cases.

In sub para second, the C&A.G. has pointed out non assessment of Buildings in six taluk offices resulted in non-assessment of building tax of Rs.31.09 lakh in 192 cases. Out which Rs.1030400/- in 85 cases has since been realized. 15 cases involving Rs.418080/- are exempted. Thus action regarding more than 47% of the accepted amount has been completed till date. Statement showing the Districtwise details of total amount to be collected, amount realized till date, amount exempted, amount

resulted in non-assessment of building tax of Rs.31.09 lakh.

The matter was pointed out (between April 2013 and January 2014) to the Department and reported to Government in March 2014. The Government stated (October 2014) that Rs.4.97 lakh had been recovered in 43 cases, 15 cases involving Rs. 1.38 lakh had been exempted and action is being taken to realize the amount in remaining cases. Further reply has not been received (October 2014).

1 Devikulam, Kassar, Mukundapuram, Muvattupuzha, Ottappalam, Padanapuram and Taliparamba

2 Kassar II, Velloorkuzhassam, Marady, Kallorkad, Onakkur, Anchal, Alayam, Edamakkal, Punalur, Thekkala, Valakode, Kallathuzha, Thalayoor, Piravamboor, Pattinil, Mannakadam, Patuvan, Chuzhal, Panniyoor, Kuttiyed, Kurumbhoor, Poyyavoor, Kelachery, Kalliyad, Malapatan, Ramanthol, Koovari, Puzhazhi, Madakkonatt, Kallur, Mattathur, Kuruvilassery, Bast Chalakudy, West Chalakudy, Kozhassery, Kallor Thakkam, Mary, Kallor Vadakkam, Mary, Kuttichira, Edathrikkal, Kadappattary, Trikkur, Kattukalshery, Akoor and Manivelassery.

5.5 Non-realization of luxury tax and non-demand of interest

Luxury tax was not assessed and demanded though building tax was assessed. Further, interest was not levied though luxury tax was paid after the prescribed date.

As per Section 5A of the Kerala Building Tax Act, 1975, a luxury tax at the rate of Rs. 2,000 is leviable each year on all residential buildings completed on or after 1 April 1999, having a plinth area of 278.7 square metres or more. The Act further stipulates that luxury tax is to be paid in advance on or before 31 March every year. As per Section 19 of the Act, in case of default, such amount shall be recoverable under the law relating to the recovery of arrears of public revenue due on land. Further, the arrears of tax shall attract interest at six per cent per annum

comes under Court cases/appeal and balance amount to be collected is attached separately as annexure 5. Earnest efforts are being made to realize the balance amount in the remaining cases.

Para 5.5 relates to the non realization of Luxury tax and non demand of Luxury Tax interest in various taluk offices in the state.

from the date of default.

• (16 Taluk Offices)

Audit observed after scrutiny of luxury tax assessment records of 16 Taluk Offices, that in 1,392 cases, the assessee did not pay luxury tax during the period 1999-2000 to 2012-13. Failure of Tahsildars of the Taluk Offices concerned to take action under Section 19 resulted in non-realization of luxury tax and interest amounting to Rs. 63.78 lakh.

The matter was pointed out (between December 2012 and December 2013) to the Department and reported to Government in March 2014. The Government stated (August 2014) that in 738 cases, Rs. 23 lakh had been realized and action is being taken to recover the amount in the 632 cases and no reply has been furnished for the remaining cases. Further reply has not been received (October 2014).

• (Seven Taluk Offices)

As a result of scrutiny of luxury tax registers of seven Taluk Offices, Audit found that in 642 cases, the assessee paid luxury tax for the years 2002-03 to 2011-12 after the prescribed due dates. The delay in payment of tax ranged between 2 to 165 months. The assessing authority accepted the delayed payment of luxury tax without collecting the interest prescribed. The non levy of interest under Section 19 in the above 642 cases amounted to Rs. 3.04 lakhs.

The matter was pointed out (between January and May 2013) to the Department and reported to Government in March 2014. The

In sub para first, the C&A.G. has pointed out non-realization of luxury tax and interest amounting to Rs. 63.78 lakh in 1392 cases in 16 taluk offices. But the concerned Tahsildars have reported that the amount to be collected is Rs. 427154/- in 1396 cases. Out of which Rs. 399624/- in 1180 cases has since been realized. 33 cases involving Rs. 312600/- exempted. Thus action regarding more than 84% of the accepted cases completed till date. In 38 cases involving Rs. 536300/- cases pending disposal. Statement showing the Districtwise details of total amount to be collected, amount realized till date, amount exempted, amount comes under Court cases, appeal and balance amount to be collected is attached separately as annexure 6. Earnest efforts are being made to realize the balance amount in the remaining cases.

In sub para second, the C&A.G. has pointed out non levy of Luxury Tax interest amounting to Rs. 3.04 lakh in 642 cases in seven taluk offices. But the concerned Tahsildars have reported that the amount is Rs. 302952/- in 645 cases. Out of which Rs. 218796/- in 495 cases has since been realized. 20 cases involving Rs. 8100/- are exempted. Thus action regarding more than 75% of the accepted has been completed till date. In 3 cases involving Rs. 10216/-, court cases pending disposal. Statement showing the Districtwise details of total amount to be collected, amount realized till date, amount exempted, amount comes under Court cases, appeal and balance amount to be collected is attached separately as annexure 7. Earnest efforts are being made to realize the balance amount in

Government stated(August 2014) that Rs. 9.42 lakh had been realized in respect of 242 cases, 16 cases have been exempted from payment of interest and action is being taken to recover the amount from the remaining cases. Further report has not been received(October 2014).

the remaining cases.

- 3 Devikulam, Kozhikode, Muvattupuzha, Puthussery, Thalassery and Valluvar.
- 4 Manganur, Punalur, Thangacherry, Muvattupuzha, Vellore, Kallar, Marud, Punalur, Valluvar, Erudumangalam, Manalassery, Kottayam, Valluvar and Puthussery.
- 5 Changanassery, Kottayam, Kuthuvalluvar, Kottayam, Koyilandy, Muvattupuzha, Malappuram, Changanassery, Ranni, Palakkad, Thalassery, Thiruvananthapuram, Thiruvananthapuram, Thalassery and Valluvar.
- 6 Mannur, Koyilandy, Kozhikode, Ranni, Thalassery, Thiruvananthapuram & Valluvar.

Sheela
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Revenue Department
Govt. Secretariat, Thiruvananthapuram

SL No	Name Of Office	Inspection Period	Date of Inspection
1	Taluk Office Kanjirappally	04/12 to 03/15	04-04-05 to 10-04-15
2	Taluk Office Muvattupuzha	04/12 to 03/15	23-04-15 to 30-04-15
3	Taluk Office Fort Kochi	08/12 to 04/15	04-05-15 to 12-05-15
4	Taluk Office Kanayannur	07/12 to 04/15	12-05-15 to 19-05-15
5	Taluk Office Valikkom	08/12 to 05/15	16-06-15 to 23-06-15
6	Taluk Office Meeanchil	08/12 to 05/15	16-06-15 to 23-06-15
7	Taluk Office Ranni	06/12 to 06/15	13-07-15 to 21-07-15
8	Taluk Office Perinthalmanna	09/12 to 06/15	21-07-15 to 28-07-15
9	Taluk Office Neyyattinkara	10/12 to 07/15	04-08-15 to 12-08-15
10	Taluk Office Adoor	10/12 to 07/15	18-08-15 to 25-08-15
11	Taluk Office Chengannur	11/12 to 07/15	07-09-15 to 15-09-15
12	Taluk Office Kottayam	11/12 to 08/15	15-09-15 to 23-09-15
13	Taluk Office Punalur	07/11 to 09/15	05-10-15 to 13-10-15
14	Taluk Office Varkkala	06/11 to 09/15	13-10-15 to 20-10-15

ANNEXURE:2

SL NO	YEAR	Name of Districts
1	2010-2011	Weyanad, Kanner, Kasargode
2	2011-2012	Palakkad, Malappuram, Pathanamthitta
3	2012-2013	Thrissur, Ernakulam, Kottayam
4	2013-2014	Idukki
5	2014-2015	Alappuzha, Thiruvananthapuram

ANNEXURE:3

Statement Showing the Clearance of Internal audit Reports during the year 2014-15

Year	Opening Balance		Addition During the Year		Total		Clearance During the Year		Balance		Percentage of Disposal of Paras %
	Internal Audit Reports	Paras	Internal Audit Reports	Paras	Internal Audit Reports	Paras	Internal Audit Reports	Paras	Internal Audit Reports	Paras	
2014-15	292	20489	24	2688	316	23177	9	5942	307	17235	25.64

District	Taluk	Short Levy Pointed Out in the Audit			Realized		Exempted		Court Cases/Appeal Pending Disposal		Balance	
		Item	No of Cases	Amount	No of Cases	Amount	No of Cases	Amount	No of Cases	Amount	No of Cases	Amount
1	2	3	4	5	6	7	8	9	10	11		13
KNR	Taliparambu & Iritty	K.B.T	27	87300	23	76800	1	3000			3	7500
IDK	Devikulam		7	385500	7	385500						
PKD	Ottapalam		11	153113	11	150713		2400				
KLM	Pathanapuram		25	148200	23	142050	2	6150				
EKM	Muvattupuzha		9	1333800	4	1214625	1	5100	1	91800	3	22275
KNR	Kannur		26	1807350	12	529050	5	37950	2	35325	7	1205025
TSR	Mukundapuram		62	1609050	54	787150	3	42900			5	779000
TOTAL			167	5524313	134	3285888	12	97500	3	127125	127	2013800

ANNEXURE:5

District	Taluk	Short Levy Pointed Out in the Audit			Realized		Exempted		Court Cases/Appeal Pending Disposal		Balance	
		Item	No of Cases	Amount	No of Cases	Amount	No of Cases	Amount	No of Cases	Amount	No of Cases	Amount
1	2	3	4	5	6	7	8	9	10	11	12	13
Kollam	Pathanapuram	K.B. T	35	261450	20	124200	15	137250				
Idukki	Devikulam		7	803700								
Eranakulam	Muvattupuzha		19	1206750	12	453750		279630			7	803700
Kozhikkode	Kozhikkode		69	480450	19	315900					7	472770
	Vadakara		30	138750	8	45200					50	164550
			21	183450	16	63750					22	93550
Kannur	Thalassery		11	35100	10	27600		1200			5	19700
TOTAL			192	3109050	85	1030400	15	418080			92	1660570

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ANNEXURE:6

District	Taluk	Short Levy Pointed Out in the Audit			Realized		Exempted		Court Cases/Appeal Pending Disposal		Balance	
		Item	No. of Cases	Amount	No of Cases	Amount	No of Cases	Amount	No of Cases	Amount	No of Cases	Amount
1	2	3	4	5	6	7	8	9	10	11	12	13
TVM	TVM	L.T.	336	1364587	282	875200	1	14000	13	260000	40	215387
PTA	Ranni		91	226725	90	208000	1	6000				12725
KTM	Meenachil		29	130065	19	68000	2	6000	7	32000	1	24065
	Changnacherry		235	684412	217	520000	3	50000	1	2000	14	112412
ALP	Mavelikkara		51	199179	47	146000	1	22000	1	10000	2	21179
	Karthikapally		154	853926	140	545450					14	308476
WYD	Vythri		102	452240	97	355874			5	96366		
EKM	Kochi		42	228844	33	174000	9	42000				12844
YSR	Thalappally		72	296649	62	232000					10	64649
PKD	Palakkad		38	461926	12	94000	8	90000	2	32000	16	245926
	Ottapalam		89	379287	84	316000	4	38000	1	4000		21287
KKD	Koyilandy		7	38140	6	34000	1	2000				2140
	Vadakara		8	55092	2	4000	1	10000	1	6000	4	35092
KNR	Thaliparambu		25	115280	21	90100	1	6000	2	6000	1	13180
	Kannur		68	756456	29	158000	1	26000	5	88000	33	484456
	Thalassery		49	184346	47	170000					2	14346
TOTAL			1396	6427154	1187	3990624	34	312000	38	536366		1588164

ANNEXURE:7

District	Taluk	Short Levy Pointed Out in the Audit			Realized		Exempted		Court Cases/Appeal Pending Disposal		Balance	
		Item	No of Cases	Amount	No of Cases	Amount	No of Cases	Amount	No of Cases	Amount	No of Cases	Amount
1	2	3	4	5	6	7	8	9	10	11	12	13
TVM	TVPM	L.T.Into rest	102	126312	84	100016			3	10216	15	16080
PTA	Ranni		142	26180	136	25060	1	200			5	920
TSR	Thalappally		34	13600	1	270	16	7160			17	6170
KKD	Kozhikkode		88	30010	52	15720					36	14290
	Vadakara		100	20510	54	10900	2	630			44	8980
	Koyilandy		56	10640	48	9380	1	110			7	1150
KNR	Kannur		123	75700	120	57450					3	18250
TOTAL			645	302952	495	218796	20	8100	3	10216	127	65840

**COMMITTEE ON PUBLIC ACCOUNTS (2014-16) STATEMENT OF REMEDIAL MEASURES TAKEN ON
PARA NOS 5.6 - 5.9 CONTAINED IN THE REPORT OF C & AG FOR THE YEAR ENDED 31-03-2014.**

Sl. No.	Para No.	Observation	Action Taken by Government
1.	5.6	<p align="center">Tax Administration</p> <p>The Kerala Electricity Duty Act, 1963 and Kerala State Electricity Surcharge (Levy and Collection) Act, 1989 and Rules made there under govern the levy of duty on the sale and consumption of electrical energy. Power Department is under the control of the Secretary (Power) at the Government level and the Chief Electrical Inspector administers the Act with the assistance of Additional Chief Electrical Inspector, Deputy Chief Electrical Inspectors, Electrical Inspectors, Deputy Electrical Inspectors and Assistant Electrical Inspectors on technical matters in Headquarters office.</p>	<p>5.6 General observation, hence no remarks.</p>
2.	5.7	<p align="center">Internal Audit</p> <p>The details called for (June 2014) from the Department have not been received (October 2014).</p>	<p>5.7 A temporary internal Audit wing has been constituted in Electrical Inspectorate Department. Inspections were due on certain periods. However inspection has been carried out in most of the units for the period 2013-14 and 2015-16.</p>
3.	5.8	<p align="center">Result of audit</p> <p>Test check of the records of nine units in 2013-14 relating to the Power Department showed non/ short levy of tax involving Rs. 51.93 lakh in five cases as given in table.</p>	<p>5.8 & 5.9 Thrissur Corporation The findings in the audit report was based on the records furnished by Thrissur</p>

Sl. No.	Categories	Number of case	(Rs. in lakh) Amount
1.	Non/short levy of tax	5	51.93

During the course of the year the Department did not accept any cases of under assessment and other deficiencies which were pointed out in audit during the year 2013-14. No amount was realised during the year 2013-14. An illustrative case involving Rs.18.26 lakh is discussed in the following paragraph.

As per the tariff of the Kerala State Electricity Regulatory Commission supply of electrical energy at a voltage exceeding 33 KV under normal conditions is classified as Extra High Tension (EHT) consumer and supply at 33 KV and 22 KV or 11 KV is considered as High Tension (HT) consumer. As per schedule of the Kerala Electricity, Duty Act 1963, electricity duty at 10 paisa per unit is to be charged from Industrial consumers taking supply of energy at 11 KV and above in and all other cases electricity duty at the rate of 10 percent of the price of energy indicated in the invoice including industrial consumers taking supply of energy at points below 11 KV. As per Section 8 of the Act, any sum due on electricity duty, if not paid shall be

Corporation. The energy charges shown by Thrissur Corporation in Records included the amount of penalty and other charges collected from their consumers i.e instead of showing, electricity charges alone, they showed the figure of electricity charges and penalty charges together. This happened due to an error in their software programming and it was found correct during the subsequent inspections in the office of Thrissur Corporation by the Officials of Electrical Inspectorate Department. As a result, Energy Charges shown in records are higher than the actual amount.

As such as per the actual energy charge shown, the duty collected will not be equal to 10%. Necessary direction has been given to Thrissur Corporation by the CEI to segregate the penalty and energy charge and to furnish revised statement. Therefore no remittance is expected in this regard.

KDHP Corporation

The short pointed by Accountant General was Rs. 1,53,221/-. But an amount of Rs. 3,02,229/- was recovered from KDHP vide chalan No. 31, dated 18-02-2015 of Sub Treasury, Devikulam. Hence there is no short levy of electricity duty on account of Kannan Devan Hill Plantations.

In the light of the aforesaid explanation, the above paragraphs may be dropped.

4.

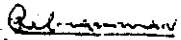
5.9

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deemed to be in arrears and interest not exceeding eighteen per cent per annum shall be payable on such sums. Thrissur Municipal Corporation and M/s. Kannan Devan Hill Co. (P) Ltd (KDHP) are licensees for distributing electric energy in their area of operation Consumers/licensees are liable to collect and pay electricity duty stipulated under Section 5(1) of the Kerala Electricity Duty Act 1963.

Audit scrutiny of details of monthly remittance statements in the Chief Electrical Inspectorate, Thiruvananthapuram revealed that the above licensees had collected electricity duty at 10 paise per unit of energy consumed instead of @ 10% of invoice price from low tension consumers for the period from July 2012 to March 2013. The resulted in short levy of electricity duty of Rs. 18.26 lakh including interest as shown in Appendix XI.


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GOVERNMENT OF KERALA
Revenue (Special Cell) Department

**ACTION TAKEN REPORT ON PARAS 5.1 TO 5.3 OF THE C&AG REPORT
FOR THE YEAR ENDED 31.03.2015.
LAND REVENUE AND BUILDING TAX**

5.1 Tax Administration

The Revenue and Disaster Management (R&DM) Department is under the control of the Principal Secretary at the Government level with the Commissioner of Land Revenue as its head. The revenue Collection of the Department includes collection of basic tax, building tax, lease rent and plantation tax. The Department realises arrears of public revenue under the Kerala Revenue Recovery Act, 1968 (KRR Act, 1968) with interest and cost of process prescribed.

5.2 Internal audit

The Internal Audit Wing (IAW) of the Office of the Commissioner of Land Revenue is supervised by the Senior Finance Officer under the control of the Commissioner of Land Revenue. The audit of Taluk Offices, Revenue Divisional Offices and Revenue Recovery Offices, Offices of Vigilance Deputy Collector and Stamp depot is conducted in a period of two to three years and on random selection without conducting any a risk analysis. During 2014-15, the wing planned and conducted audit of 24 units. Out of an overall outstanding of 22,765 paras, only 136 paras (0.59 per cent) were cleared. This clearly suggests that the commissioner of land Revenue failed to accord necessary attention to the observations of the IAW and ensure clearance of the paras by taking care the shortcomings/deficiencies.

No Remarks

The Internal Audit Wing in the office of the Commissioner, Land Revenue is not in a position to audit all sub offices in a year or two due to insufficient number of staff in the internal Audit Wing.

In this connection, it is informed that three general inspection units headed by Senior Superintendent under the control of Assistant Commissioner (DM) are also functioning in the CLR. These General Inspection units had inspected 25 sub offices such as collectorates, Taluk Offices, RDO Offices, LA Offices etc. during the financial year 2014-15.

As per GO(MS) No. 413/12/Fin dated, 24.07.2012, Government have enhanced TA ceiling limit of Internal Audit Wing and fixed revised ceiling upto 40% over and above the existing ceiling in order to strengthen them. This order was operational only upto 07/2013 and it was not extended further. So the previous practice of inspecting/conducting internal audit of 2 offices only per month is being followed.

Regarding the disposal of Audit observations, periodical internal audit committee meeting are being conducted at the district level for the speedy settlement of Audit Objection, and thereby, considerable progress could be achieved in the speedy and on the spot settlement of the audit observations raised by the Internal Audit Wing.

Out of the 17789 paras 4137 paras have been disposed during the year 2015-16. Thus more than 23.26% of the total paras have been closed till date. Earnest efforts are being taken to disposed the remaining cases in a time bound manner.

5.3 Results of Audit.

The records of 49 out of total 107 units relating to land revenue and building tax were not booked during 2014-15. Under assessment of tax and other irregularities involving Rs.55.21 crore were detected in 210 cases which fall under the following categories as given in table - 5.1

Table - 5.1

Sl.No	Categories	No. of cases	Amount ₹ in crores
1	Under-assessment and loss under building tax	171	12.07
2	Under-assessment and loss under other items	39	43.14
3	Total	210	55.21

During the course of the year, the Department accepted under-assessments and other deficiencies involving Rs.0.87 crore in 67 cases; of which four cases having monetary value of ₹ 49.09 lakh were pointed out in audit during 2014-15. An amount of ₹ 2.17 crore was realised in 158 cases during the year. of which , four cases involving Rs. 5.06 lakh pertained to 2014-15. The Department replied that the non/short realization of dues were due to the pendency of Court cases and appeals. A few illustrative audit observations involving Rs.5.99 crore are mentioned in the following paragraphs.

Para 5.3 relates to the result of Audit conducted by A.G during the year 2014-15 in various Revenue Offices in the state.

The under assessment and loss under building tax and other items amounting to ₹. 55.21 crore mentioned in this para were included in the Inspection Report relating to Revenue Offices in the state issued by the A.G earlier. On the basis of the observation in the Inspection Report, strenuous efforts have been made by the concerned authority to make good the short levy/loss. The department is furnishing reply to the A.G in respect of the case which are being pursued by the A.G through the concerned local audit report.

The present position of under assessment and loss under building tax (12.07 crore) and under assessment and loss under other items (43.14 crore) is furnished as below.

Building Tax

Short levy pointed out in the audit	Amount realized	Amount exempted	Court case/appeal pending disposal	Balance
12.07	4.05	0.17	0.54	7.31

Other item

Short levy pointed out in the audit	Amount realized	Amount exempted	Court case/appeal pending disposal	Balance
43.14	0.05	0.01	0.24	42.84

Earnest effort are being made to realise the balance amount in the remaining cases.

**ACTION TAKEN REPORT ON PARAS 5.4 TO 5.7 OF THE C&AO REPORT
FOR THE YEAR ENDED 31.03.2015.
LAND REVENUE AND BUILDING TAX.**

5.4 Non-assessment of building tax

As per Section 5(1) of the Kerala Building Tax Act, 1975 (KBT Act, 1975), building tax shall be charged on every building the construction of which is completed on or after 10 February 1992 based on the plinth area of the buildings at the rates prescribed. Section 7 (1) of the Kerala Building Tax Act, 1975 stipulates that the owner of every building the construction of which is completed or to which major repair or improvement is made on or after 10 February 1992 shall furnish to the assessing authority a return in the prescribed form along with a copy of the plan approved by the local authority or such other authority as may be specified by the Government in this behalf. As per Rule 3 of the Kerala Building Tax (plinth Area) 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 building application register of the local authority within whose area of the building included in the list are situated. As per Section 7(3) of the Kerala Building Tax Act, 1975 if the assessing authority is of opinion that any person is liable to furnish a return under sub section (1), it may serve a notice up on that person requiring him to furnish within such period a return in the prescribed form. If any person fails to make a return in response to any notice issued under subsection 3 of Section 7, the assessing authority shall assess the amount payable by the person as building tax to the best of its judgment

5.4.1 Cases which were not reported by Village Officers

20 Taluk officers

Audit collected the details of buildings completed from the local authorities which were cross-verified with the building tax assessment registers of 20 Taluk officers, the booking registers and collection registers of 48 Village offices. Audit found that 563 buildings, completed between January 2007 and March 2014 and a building completed in 1993 were not report to the Tahsildars for assessment. Root cause for non-identification of the new buildings completed was non filing of return by the building owners as envisaged in the Act. Though a penalty clause had been envisaged in the Act, this was not being enforced. The Village officers also failed to forward the monthly list of completed buildings to Tahsildars. Non reporting of the completion of the buildings by the building owners and failure of the Village Officers to send the list of completed buildings to Tahsildars resulted in non-identification of the buildings completed for assessment. This resulted in non-assessment of buildings and consequent non levy of tax of Rs. 2.24 crore.

Audit found that four Taluk Officer having maximum cases of non levy of building tax Where the Village officers had not reported the buildings for assessment noticed as given below:

- Taluk Office, Kottayam -112 cases; Rs. 27.78 lakh
- Taluk Office, Kozhikode -85 cases; Rs. 70.57 lakh
- Taluk Office, Chengannur - 55 cases; Rs. 8.29 lakh
- Taluk Office, Chirayinkeezhu - 52 cases; Rs. 9.68 lakh

The Government stated (July 2015) that Rs. 46.41 lakh had been recovered in 62 cases, two cases involving Rs. 3.92 lakh had been exempted and action was being taken to realize the balance amount. Justification for exemption and details of realization in remaining cases had not been received (January 2016).

Thus, it is felt that in the case of new buildings, Government may consider issuing directions to the Kerala Water Authority/Kerala State Electricity Board Limited to ensure that water/electricity supply connections are given to buildings for which buildings tax assessments have been completed.

In Para 5.4, sub para first, the C&AG has pointed out that the building tax of Rs.2.24 crore in 563 buildings in 20 Taluk Offices. But the concerned District Collectors have reported that the amount to be collected, is Rs. 24391750/- in 566 cases. Out of which Rs. 12161598/-, in 255 has since been realized. Several cases involving Rs. 1549923/- are exempted. Thus, action regarding more than 56.21% of the accepted amount has been completed till date. In three cases involving Rs. 665500/-, cases pending disposal. Earnest efforts are being made to realize the balance amount in the remaining cases.

5. 2 Cases which were reported by Village Officers

- 14 Taluk offices-2

Audit cross-verified the building tax assessment registers of 14 Taluk offices with the hooking registers and collection registers of 156 village offices and found that 986 buildings completed during 2011-14 were reported by Village Officers to the Tahsildars for assessment. The Tahsildars failed to levy and assess tax even on the buildings the completion of which were reported by the Villages Officers. Inaction on the part of the Tahsildars to assess the buildings resulted in non-levy of building tax of Rs. 2.26 crore.

Audit found that short levy of building tax involving Rs. 1.60 crore was noticed maximum in the following Taluk Offices.

- Taluk Office, Palakkad - 295 cases; Rs.60.04 lakh
- Taluk Office, Kozhikode - 124 cases; Rs.45.45 lakh
- Taluk Office, Tirur - 198 cases; Rs.29.41 lakh
- Taluk Office, Kanayannur - 23 cases; Rs.25.07 lakh

The Government stated (July 2015) that Rs. 35.93 lakh had been recovered in 295 cases four case involving Rs. 65475 had been exempted and action was being taken to realise the balance amount justification for exemption and detail of realisation in balance cases had not been received (January 2016).

Audit found that failure of the Village Officers to send the list of buildings coupled with the failure of Tahsildars to assess these buildings, the completion of which were reported by Village Officers resulted in the failure of prescribed mechanism of identification of buildings to be assessed to tax. Audit found that survey system prevailed in the Department was inadequate to identify the new buildings for assessment of tax.

In para 5.4 sub para second, the CSAG has pointed out that assessment of Buildings in 14 Taluk offices resulted in non-levy of assessment of building tax of Rs. 2.26 crore in 986 cases. 3 Taluk District Collectors reported that actual amount to be collected is Rs. 22789035/- in 993 cases. Out of which Rs. 959,74,000/- has since been realized. 18 cases involving Rs. 2,26,00,000/- are exempted. Thus action regarding more than 90% of the accepted amount has been completed in cases. In cases amounting to Rs. 515400/- court case pending disposal. Further efforts are being made to realize the balance amount in the remaining cases.

1) Aluva, Ambalapuzha, Chengannur, Chethala, Chirayankeezhu, Chittur, Ernad, Kanayannur, Kasaragod, Kodungalloor, Kottayam, Kozhencherry, Kozhikode, Mannarkkad, Palakkad, Sulthan Bathery, Thirur, Tirurangadi and Udumbanchola.

2) Ambalapuzha, Chengannur, Kanayannur, Kothamangalam, Kottarakkar, Kozhenchery, Kozhikode, Mukundapuram, Nedumangad, Palakkad, peerumedu, Tirur and Tirurangadi.

3) Aluva, Ambalapuzha, Cherthala, Kanayannur, Kodungalloor, Kollam, Kottarakkara, Kottayam, Kozhenchery, Kozhikode, Manippal, Mannarkkad, Peerumed, Tirur and Kozhikode, Thiruvalla, and Udumbanchola.

Audit noticed that the Government was taking action only after defects/ deficiencies were been pointed by Audit. As such Government needs to put in place necessary system to take care of all such cases in timely manner.

5.5 Non-realisation of luxury tax and non-demand of interest

As per Section 5A of the KBT Act, 1975, a luxury tax is leviable at the rate of Rs. 2000 per annum on a all presidential buildings completed on or after 1 April 1999, having a plinth area of 278.7 square metres or more. The rate was revised to Rs. 4000 per annum from 1 April 2014. As per the KBT Act, 1975 luxury tax is to be paid in advance on or before 31 March every year. As per section 19 of the KBT Act, 1975 in case of default, such amount shall be recoverable under the law relating to the recovery of arrears of public revenue due on land. Further, the arrears of tax shall attract interest at six per cent per annum from the date of default.

• 17 Taluk Offices³

As per the luxury tax assessment records maintained in 17 Taluk Offices, the assesses either did not pay luxury tax or paid the tax partially during the period 1999-2000 to 2014-15 in 2597 cases. Audit found that the building owners had not paid the luxury tax in advance in above cases and the assessing officers were not reviewing the building tax register containing the details of building tax assessments to ensure that the luxury tax due was paid by the owners of buildings regularly. The absence of

In para 5.5 sub para first, the C& AG has pointed out non realization of luxury tax and interest amounting to Rs. 1,14,40,000 in 2598 cases in 17 Taluk Offices. Out of which, Rs. 7,00,000 in 207 cases has since been realized. 179 cases amounting to Rs. 261950 exempted. Thus action regarding more than 35% of the accepted has been completed till date. In 79 cases amounting to Rs. 308000/-, court cases pending disposal. Earnest efforts are being made to realize the balance amount in the remaining cases.

such a system led to failure of Tahsildars concerned to take action under Section 19 resulting in non-realisation of luxury tax and interest amounting to Rs. 1.24 crores.

Audit observed that maximum cases where luxury tax was either not levied or levied short were noticed in Taluk Offices, Kanayannur and Kodungallur involving Rs. 38 lakh.

• **11 Taluk Offices***

On a scrutiny (between March 2014 and January 2015) of the luxury tax registers of 11 Taluk Offices. Audit found that in 1464 cases, the assessees paid luxury tax for the years 1999-2000 to 2013-14 after the prescribed due dates. The delay in payment ranged between one to 179 months. The Tahsildars accepted the delayed payments of luxury tax without collecting the interest prescribed. Omission on the part of the Tahsildars to realise interest under Section 19 amounted to Rs. 4.93 lakh in above 1464 cases.

Audit observed that maximum cases of non levy of interest on luxury tax were noticed in Taluk Offices Kasaragod, Kanayannur and Palakkad involving Rs.3.70 lakh.

The Government stated (July 2015) that Rs. 26,400 had been recovered in 189 cases and two cases involving Rs. 890 were pending for disposal of appeal and action was being taken to realise the balance amount. Further report had not been received (January 2016).

PAC(2006-2008) in their 68 report had commented on the lapses and irregularities in the assessment and collection of building tax supplemented by procedural drawbacks. The Committee had also noted that when irregularities were pointed out by audit of otherwise, the Department issued circulars directing the sub-offices not to repeat such irregularities, but no follow up was taken by the Department and the irregularities were being repeated. The Committee recommended that

In para 5.5 sub para second, the C&AG has pointed out non levy of Luxury Tax interest amounting to Rs. 4.93 lakh in 1464 cases in 11 taluk Offices. But the concerned District Collectors have reported that the amount is Rs. 492920/- in 1447 cases. Out of which Rs. 180726/- in 920 cases has since been realized. Rs. 100000/- of Rs. 1990/- were exempted. Thus action regarding more than 77% of the accepted has been completed till date. In 4 cases amounting to Rs. 610/-, court cases pending disposal. Earnest efforts are being made to realize the balance amount in the remaining cases.

along with issuing circulars, the Department should ensure with the use of a capable internal audit system, whether the circular directions were being carried out. In response to the recommendation of PAC, the Department stated that the internal audit wing of the Department had been strengthened in such a way as to go through each and every nook and corner of building tax assessment files and it had also been made sure that the inspections were being made at regular intervals. Despite the assurance made by the Department to the PAC, the irregularities were persisting and these systemic issues had resulted in considerable leakage of revenue.

Though, every year the Audit points out large number of such cases in which either luxury tax was not collected or interest was not levied in cases of delayed payments of luxury tax. Government had not evolved an effective system to detect such cases and make good the short/non collection of tax/interest

5.6 Non collection of cess on building tax

Cess on buildings with plinth area of 4000 square feet and above was not demanded and collected

31 Taluk Offices

As per Section 5(1) of the KBT Act, 1975, building tax shall be charged on every building the construction of which is completed on or after 10 February 1992 based on the plinth area of the buildings at the rates prescribed. As per the Kerala Finance Act 2011, a cess at the rate of two per cent on the building tax shall be levied for residential buildings having a plinth area of 4000 square feet and above, completed after 19 July 2011. As per Section 19 of the KBT Act, 1975 in case of default, such amount shall be recoverable under the law relating to the recovery of arrears of public revenue due on land. Further, the arrears of cess shall attract interest at six per cent per annum from the date of default.

The C&AG has pointed out Non levy of Cess in Residential Building tax of 6.73 lakh in 870 buildings in 31 taluk offices. But the concerned District Collectors have reported that the actual amount collected is 6.73 lakh in 871 cases. Out of which Rs. 346,00,000 cases has since been realised. 65 cases involving Rs. 107336/- are exempted. Thus action regarding more than 42% of the actual amount has been completed in till date. In 4 cases involving Rs. 4332/- court cases pending disposal. Earnest efforts are being made to realize the balance amount in the remaining cases.

7 31 Taluk Offices, though building tax of Rs. 3.37 crore was collected in 870 building having plinth area of 4000 sq.ft. and above, completed between 20 July 2011 and March 2014, the Tahsildars did not demand cess for such buildings. Failure of Tahsildars of the Taluk Offices concerned to demand cess in 870 cases resulted in non-realisation of cess of Rs. 6.73 lakh besides interest.

Audit found that non - levy of cess on building tax was noticed maximum in Taluk Offices, Kanayannur and Thrissur involving Rs. 2.25 lakh.

Further, it was found that though the details of residential buildings having a plinth area of 4000 sq. feet and above were available in the building tax assessment register of the Taluk Offices the Department had not evolved an effective system to identify such cases reviewing the entries in the register regularly and for raising demand timely. Inaction on the part of Tahsildars resulted in non demand of cess in above cases.

The Government stated (July 2015) that Rs. 99199 had been realised in 191 cases, 49 cases involving Rs. 71260 had been exempted and action was being taken realise the amount in balance cases. Justification for exemption granted and details of realisation in remaining cases had not been received (January 2016)

⁴ Ambalapuzha, Cherthala, Chirayankeezhu, Kanayannur, Kasaragod, Malappally, Kottarakkara, Kottayam, Kozhenchery and Udumbanchaola.

⁵ Aluva, Ambalapuzha, Chengannur, Cherthala, Chirayinkeezhu, Ernad, Kanayannur, Kasaragod, Kochi, Kollam, Kottarakkara, Kottayam, Kozhencherry, Kozhikode, Kunnathunad, Mallappally.

Mananthavady, Mannarkkad, Mukundapuram, Ottappalam, Palakkad, Perinthalmanna, Ponnani, Sulthan Bathery, Thalassery, Thalipparamba, Thiruvalli, Thrissur, Tirur, Tirurangadi and Vaikom.

⁶ 30642 sq.m. 78.09sqm.

⁷ Sri. Ambilikunnam Ahammed, Sri. K. Noushad, Sri. Rasheed

⁸ Rs.2.91 lakh, Rs. 7.35, Rs. 2.76 lakhs

5.7 short levy of tax due to short assessment of plinth area.

Assessing authority failed to assess the extended plinth area of the building.

- Taluk Office, Mananthavady

As per Section 5(4) of the Kerala Building Tax Act, 1975, Where the plinth area of the building, the construction of which is completed after 10 February 2002 is subsequently increased by new extensions or major repair or improvement, building tax shall computed on the total plinth area of the building including that of the new extension or repair or improvement and credit shall be given to the tax already levied and collected, if any, in respect of the building before such extension, or repair or improvement. Section 7(1) of the Act stipulates that the owner of the building the construction of which is completed to which major repair or improvement is made on or after the appointed day shall furnish to the assessing authority a return in the prescribed form within the prescribed period along with a copy of the plan approved by the local authority.

In Taluk Office, Mananthavadi the assessment of newly constructed/extended areas⁶ were not made in three cases⁷ during 2012-14 and hence tax was not demanded. Audit found that though the details of constructions/extensions were available in building tax assessment records, same was not utilized by the Tahsildar while completing the assessment. Hence Audit requested for joint verification. On such a joint physical verification (March 2015) of the premises by Audit and village officer, it was found that plinth area of 1145sqm was omitted for assessment. Failure of the Tahsildar, Mananthavady to take action resulted in non-levy of building tax of Rs.13.21 lak⁸ as shown below in. There was no prescribed mechanism in the Rules for recheck of the assessment made by a Tahsildar by a superior officer, except in case of a dispute.

C&AG has pointed out short levy of tax due to short assessment of plinth area, in 3 cases in Mananthavady taluk for 2012-2014, of Rs.13.21 lakh. Concerned District Collectors reported that in the buildings had been re assessed and assessment orders are issued to the concerned building owners on 06/2015. One of them has remitted the short levy amount after reassessment 54000/- on 10/07/2015 per chalan No. 110. The remaining 2 cases the concerned building owners are filed writ petition before the Hon'ble High Court as numbers WP(C)21707/15/K & WP(C)-21567/2015 against the revised assessment orders issued by Tahsildar. The Hon'ble High Court set aside the orders of the Mananthavady Tahsildar and directed to issue fresh assessment order after reassessment of the Buildings. After the verification of the buildings and accounts to improve the date of completion of the buildings before 01/04/2014, in one case, plinth area after the reassessment became 1635.4sq.m. Hence a balance amount of 34555/- has been remitted vide chalan No. 107 & 103 dated 29/01/2016.

In another case the plinth area after reassessment became 700 Sq.m. The building owner has already paid tax for 200-00/- since no tax amount due for the building owner. Therefore proceedings stopped on 02.12.2015. Therefore the short levy pointed out by the C&AG in its reports has been avoided by realizing the building tax including the extended period.

C. the matter being pointed out by Audit (March 2015), the Tahsildar, fananthavady stated (June 2015) that on re-examination extensions/construction were found in all three cases and demand notice has been issued to realize the balance tax.

Government stated (September 2015) that in one case the assessee had Rs. 54000 and in the remaining two cases, the assessee had filed writ petition against the assessment orders of Tahsildar. The Hon'ble High Court of had set aside (August 2015) the assessment orders of the Tahsildar and direct re-inspect the building and issue fresh assessment orders within three Further it was stated (January 2016) that in another case the assessment completed and demanded Rs. 34755 including fine. In the third case, not has been demanded since the area computed previously was seen wrong.

30/11