

# Recommendations on State Excise Tax, Stamp Duties and Property Tax with perspective of Revenue Generation in Haryana

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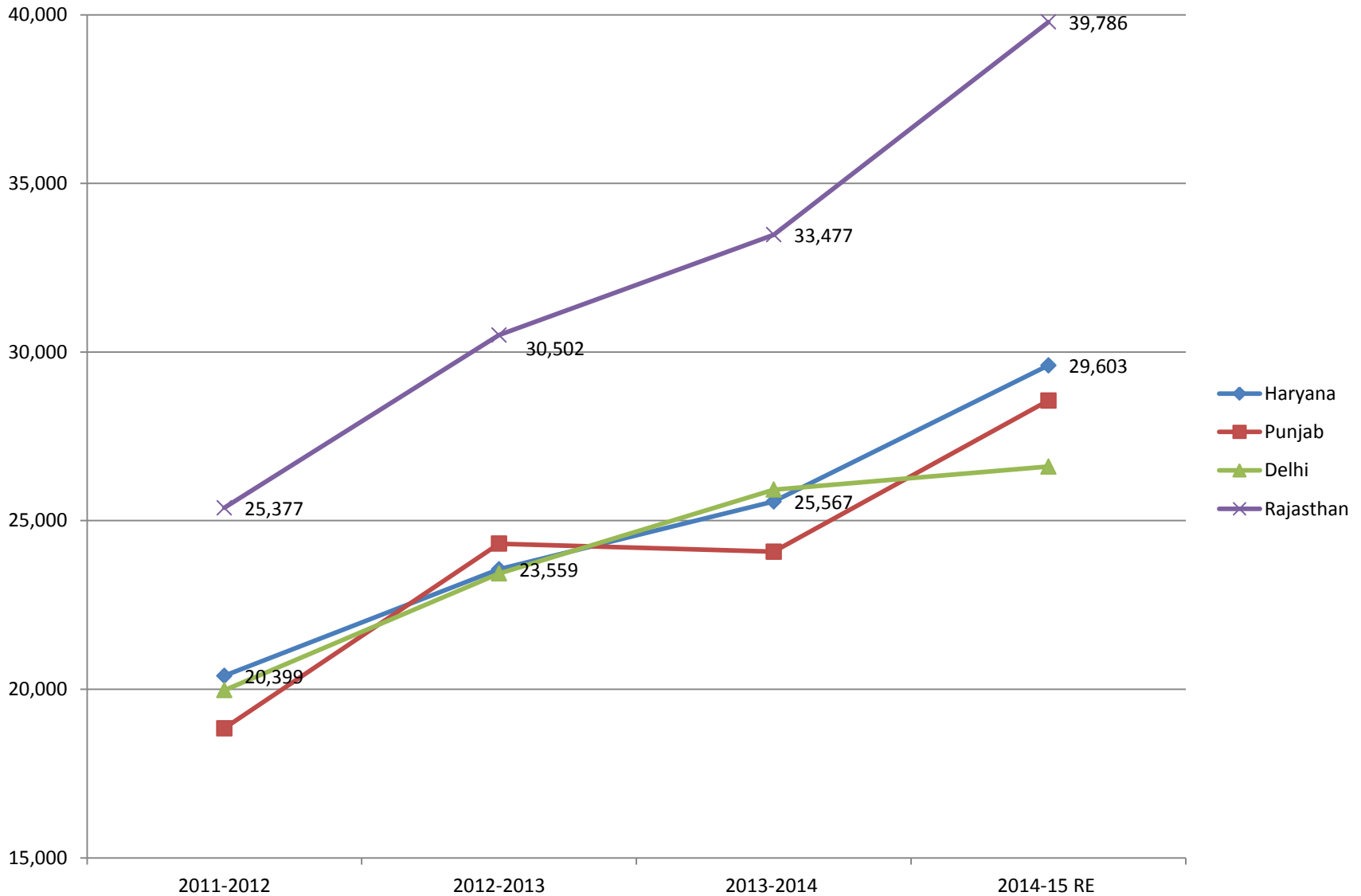
# Haryana: Tax wise to Own Tax Revenue (Rs in Crores)

Particulars	2013-2014	2014-15 RE	2015-16 BE
State Excise Tax	3697.35	4350 10%	4567 5%
Stamps and Registration Fees	3202.48	3300 3%	3600 9%
Sales Tax	16774.33	19930	22821.40
Passenger and goods Tax	497.45	520	600
Vehicle Tax	1094.86	1175	1316
Other tax revenue	68.52	80	88
Taxes and duties on electricity	219.20	232.25	240
State's own tax revenue	25567	29602.75 16%	33249.40 12%

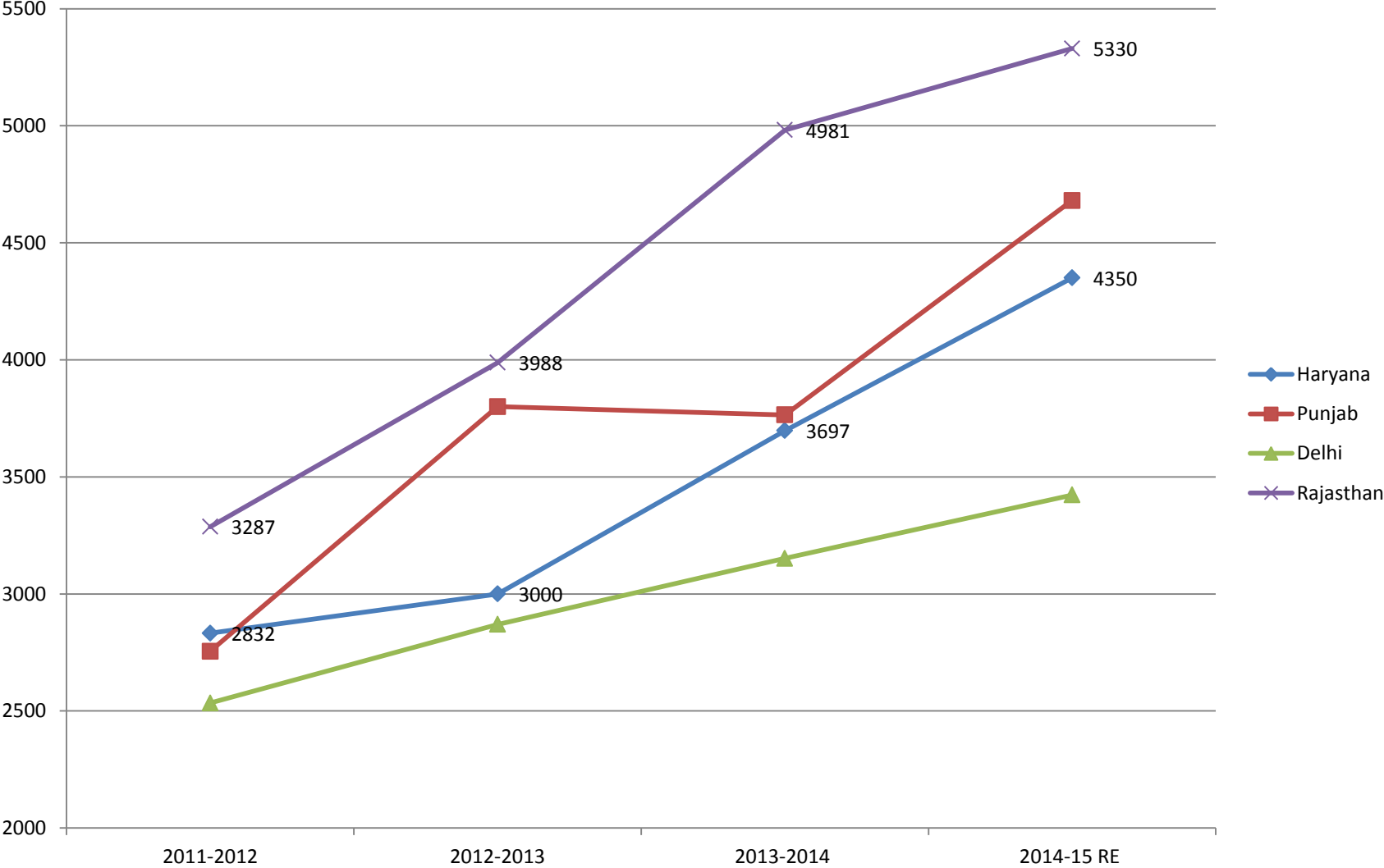
# Haryana: Tax wise to Own Tax Revenue Ratio

<b>Particulars</b>	<b>2013-2014</b>	<b>2014-15 RE</b>	<b>2015-16 BE</b>
<b>State Excise Tax</b>	<b>14.46</b>	<b>14.69</b>	<b>13.74</b>
<b>Stamps and Registration Fees</b>	<b>12.53</b>	<b>11.15</b>	<b>10.83</b>
<b>Sales Tax</b>	<b>65.61</b>	<b>67.32</b>	<b>68.64</b>
<b>Passenger and goods Tax</b>	<b>1.95</b>	<b>1.76</b>	<b>1.80</b>
<b>Vehicle Tax</b>	<b>4.28</b>	<b>3.97</b>	<b>3.96</b>
<b>Other tax revenue</b>	<b>0.27</b>	<b>0.27</b>	<b>0.26</b>
<b>Taxes and duties on electricity</b>	<b>0.86</b>	<b>0.78</b>	<b>0.72</b>
<b>State's own tax revenue</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

# Comparison with Other State Own Tax Revenues (Rs in Crores)



# Comparison with Other State Excise Taxes (Rs in Crores)



# Recommendations on State Excise Revenue

# Prohibition on Trading of Illicit Liquor

- Around 5%-10% Excise Revenue suffer because of Illicit Manufacturing and Trading in Alcoholic Liquor for human consumption.

[www.saiindia.gov.in>Haryana>Report\\_3](http://www.saiindia.gov.in>Haryana>Report_3) (Chapter 3)

- **How to Prevent it:**

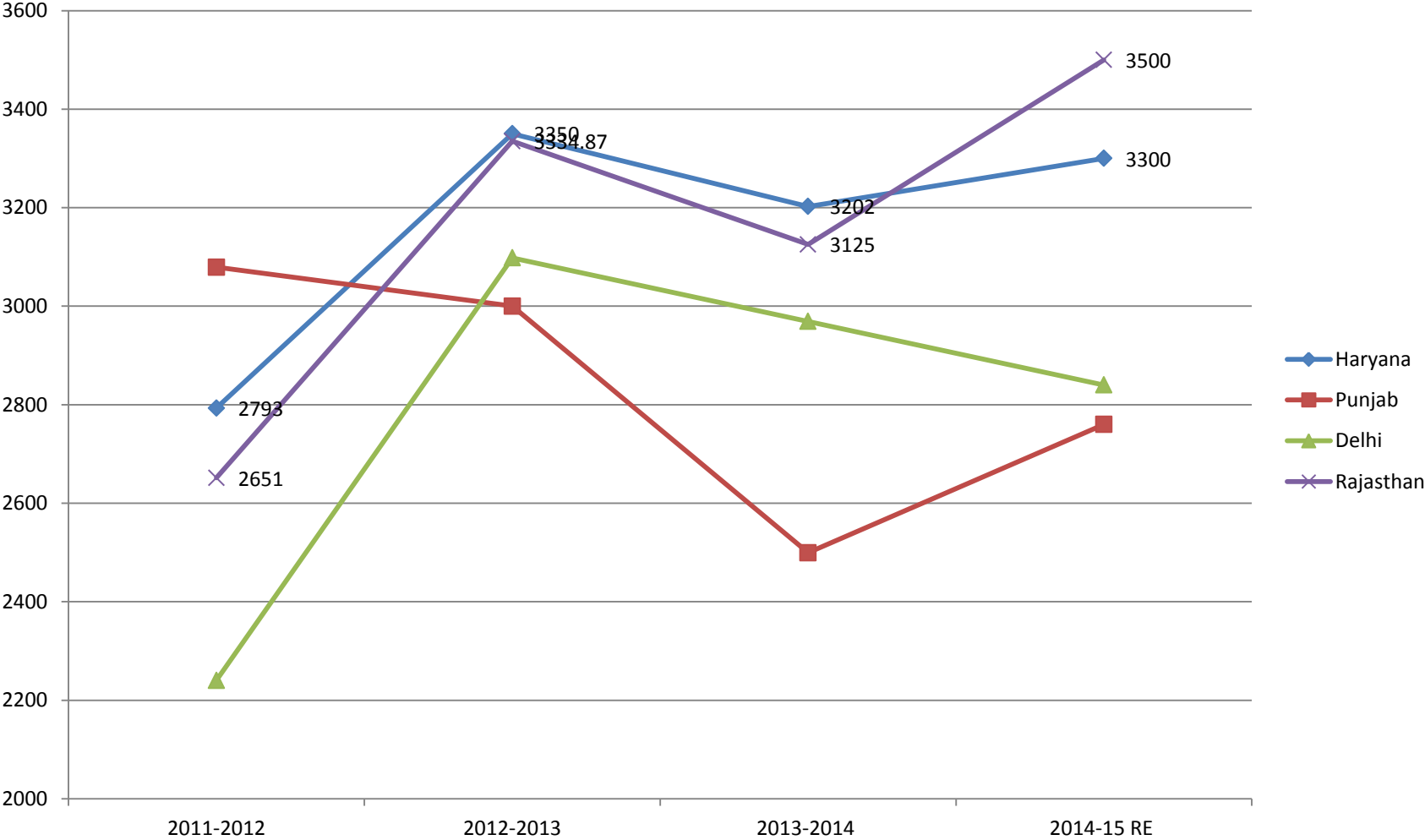
- Affixture of special Excise Adhesive Labels shall be introduced to distinguish duty paid liquor from the imported One. Such excise adhesive label shall be computerised scanned, i.e. insertion of barcode in order to easily trace non-duty paid bottles.
- Penalty – 3 times of State Excise in case of confiscation of such stock with Imprisonment provisions for Habitual offenders.
- Introduction of Online information for importing into the State with Advance payment of applicable Taxes, which can be adjusted with VAT charged on subsequent sale of imported Liquor.

# Audit & Check by Excise Department

- The Collectors of the Districts to form a multidisciplinary squad consisting of selected officers with good track record from Police, Excise and Forest Departments to conduct extensive raids on the illicit distillation centres
- Special audit at specified intervals for such units, turnover of which exceeding threshold limit as may be specified



# Comparison of Other State Stamp Duties and Registration Fee (Rs in Crores)



# Recommendations on Stamp Duty & Registration Fee Revenue

# Fixing weaknesses in the HARIS

- Improve HARIS (Haryana Registration Information System)
  - Shortfall of levy approx Rs 265 crores in 2013-14  
[www.saiindia.gov.in>Haryana>Report\\_3](http://www.saiindia.gov.in>Haryana>Report_3) (CAG, Chapter 4)
  - Loss due to incomplete and inconsistent data and input control
- Review and monitor mistakes and irregularities by the Designated officials on timely basis with fixing responsibilities and accountability
- Promotional Parameters for Officers doing improvement and incremental collection

# Increase FSI subject to Master Plan and Regulations

- Increase FSI selectively, Area/ Zone wise - Keeping Master Plan in mind
- Study on concept of TDR required by forming a four members Expert committee with time bound submission of Report
  - Development potential of the land to be acquired for public purposes (reserved land) is transferred to the owner, to be used in some other land as per the provisions of law
  - Owner of TDR can build floor above the normal FSI permitted on another piece of land
  - Development Right Certificates issued by Commissioner can be transferred like a negotiable instrument.
  - DRCs also issued of equal amount the FSI built for displaced or slum dwellers

# Increase FSI subject to Master Plan and Regulations

- Benefits of allowing TDR
  - Sell and purchase of DRCs have huge potential of revenue, if transaction is allowed with appropriate Stamp Duty
  - Can promote real estate development, which would further help in increasing Govt. revenue
- Demerits of allowing TDR:
  - Can cause congestion and haphazard growth of the town
  - Chances of malpractices

# Recommendations on Property Tax

# Collection Process: Improvisation

- Collection process should be reformed
- 4<sup>th</sup> SFC: Collections have been less than 50% of the potentials due to lack of effective collection mechanism  
[www.finhry.gov.in](http://www.finhry.gov.in)>4thReport
- The organizational structure and skill sets as well as technological support to the Property Tax Department need to be strengthened. So, capacity building is essential.
  - Automation – E process to be introduced and inter-phased with Stamp Duty Registration Dept
  - One Time Amnesty Scheme – To pay past liability without Interest and Penalty
  - Streamline Existing provisions with clear terms and published/ circulated as pamphlet whenever any new property gets registered

# Rationalization in Real Estate Taxes

- Globally, Real Estate Taxes rely relatively much more on property taxes and less on stamp duties from real estate transactions.
- Moreover, in property taxes, disproportionately more revenue is from non-residential properties.
- There is considerable merit in creating an expert group to rationalize real estate taxes in Haryana. This will also help in better managing Haryana's urban and Para-urban areas.



# Rationalization in Real Estate Taxes

- Haryana introduced differential rates of tax for residential, commercial, industrial etc. Now, need to evaluate tax collection potentials in each head and focus the segment accordingly
- This will require property tax data base, including Property Tax Registry by location and other characteristics
- Ease of paying Property Tax could also be examined with a view to further reducing consumption cost and improving convenience to the tax payers

Thank You