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DEPARTMENT OF STEEL & MINES

NOTIFICATION

The 13th January 2012

No. 312—SM-REM-3/2011-SM.—Stamp duty is being assessed on the basis of instructions issued by the Board of Revenue according to which the following items are taken into account for valuation of stamp duty for execution of mining leases:—

1. Preliminary expenses
2. Security deposits
3. Surface rent (for the entire mining lease area)
4. Dead rent or royalty whichever is higher

The procedure for calculation of royalty which figures under item number 4 i.e., 'Dead rent or royalty whichever is higher' was communicated vide this Department Letter No. 1929/MG, dated the 6th February 1979 in which the declaration made by Circle Senior Mining Officers/Mining Officer in his technical enquiry report formed the basis of calculation of the royalty for the purpose of calculating the stamp duty. The anticipated production level is taken as the production level, as reported by the Deputy Director of Mines/Mining Officer in his/her technical enquiry report which is purely based on his/her personal assessment of the production without any scientific basis. Further there was no system prescribed to review the production figures of the technical enquiry report of the D.D.M./M.O., in case these are found to be lower than those indicated by the applicants of mining lease. It has come to the notice of Government that in certain cases, the royalty on anticipated production as per the technical enquiry report of D.D.M./M.O. was adopted for computation of stamp duty, though such production figures were less than that shown by the lessee in his M.L. application.

2. The matter of evolution of a scientific and rational principle of assessment of stamp duty on royalty was under active consideration of Government for sometime past. After careful

consideration, Government have been pleased to prescribe the following procedure for assessment of stamp duty on account of royalty.

3. The Central Government has since amended sub-section (2) of Section 5 of the Mines and Minerals (Development and Regulation) Act, 1957 by making it mandatory on the part of the applicant for mining lease to submit a duly approved mining plan before grant of mining lease. Since the mining plan contains details of production for coming five years, duly approved by a statutory authority, the highest annual production planned should form the basis for assessment of stamp duty, taking into account the amount of royalty that would accrue out of the said level of production. Therefore, calculating the anticipated royalty at the time of execution of mining lease, the highest annual production planned in the mining plan/mining scheme of the lessees shall form the basis for assessment of stamp duty. In case the production level is enhanced through the modification of mining plan in future, the stamp duty may be reassessed on the differential production level and the lessee shall deposit the differential stamp duty before such enhancement is actually carried out by him. A condition to this effect may be introduced in the terms and conditions of the mining lease issued before grant of the lease. The Collector shall certify accordingly the total value of the mining lease for the purpose of stamp duty while forwarding the said lease deed for registration.

4. These guidelines shall also be made applicable to the leases already executed wherever the applicant paid stamp duty on the basis of royalty calculated on a production level lower than that approved by the appropriate authority in the mining plan.

By order of the Governor

MANOJ AHUJA

Commissioner-*cum*-Secretary to Government