

CHAPTER-III
TAXES ON VEHICLES, GOODS AND PASSENGERS

3.1 Results of audit

Test check of the records of the Transport Department conducted during the year 2008-09, revealed non/short levy of taxes, under assessment of road tax, goods tax and other irregularities amounting to Rs. 118.34 crore in 344 cases, which fall under the following categories :

(Rupees in crore)

Sl. No.	Category	Number of cases	Amount
1.	Non/short levy of passenger tax /additional tax	139	79.76
2.	Under assessment of road tax	47	5.34
3.	Short levy of goods tax	22	2.18
4.	Other irregularities	136	31.06
Total		344	118.34

During the year 2008-09, the department accepted and recovered Rs. 2.49 crore, in 148 cases of non/short levy of passenger tax/additional tax, short levy of goods tax and other irregularities, pointed out in earlier years.

A few illustrative audit observations involving Rs. 5.80 crore, are mentioned in the succeeding paragraphs.

3.2 Audit observations

Scrutiny of records of the offices of Transport Department relating to revenue received from taxes on vehicles, taxes on goods and passengers revealed several cases of non-observance of the provisions of the Acts/Rules resulting in non/short levy of tax/additional tax and other cases as mentioned in the succeeding paragraphs in this chapter. These cases are illustrative and are based on a test check carried out in audit. Such omissions are pointed out in audit each year, but not only do the irregularities persist; they remain undetected till an audit is conducted. There is need for the Government to consider directing the Department to improve the internal control system including strengthening internal audit so that such omission can be avoided, detected and corrected.

3.3 Non-compliance of the provisions of Acts/Rules

The Uttar Pradesh Motor Vehicle Taxation Act, 1997 (UPMVT Act) and Rule provide for :

- (i) payment of motor vehicle tax/additional tax by the owner of the vehicles at the prescribed rates; and*
- (ii) advance payment of tax within the prescribed period.*

The Transport department did not observe some of the provisions of the Act/Rules in cases mentioned in the paragraph 3.3.1 to 3.3.4 for levy and collection of tax and additional tax, etc. which resulted in non/short realisation of tax and additional tax of Rs. 5.80 crore.

3.3.1 Under the provision of the Uttar Pradesh Motor Vehicle Taxation Act (UPMVT Act), additional tax on stage carriage upto a distance of 9,000 kms on 'A' and 'B' class routes was applicable in four slabs upto 01 November 2002. From 02 November 2002, these slabs were merged into one slab and additional tax upto 9,000 kms on 'A' and 'B' class routes was payable at the rate of Rs. 376 and Rs. 393 per seat per quarter. Further, it was revised on 17 March 2006 and according to the revised rates, additional tax exceeding 18,000 kms on 'A' and 'B' class routes was payable at the rate of Rs. 705 plus Rs. 256 and Rs. 787 plus Rs. 288 for every 5,700 kms. or part thereof per seat per quarter.

Test check of the records of two Regional Transport Officers (RTOs) and nine Assistant Regional Transport Officers (ARTOs), between March 2008 and February 2009 revealed that 571 vehicles were plying on 'A' and 'B' class routes during the period April 2003 to March 2008. Additional tax of Rs. 5.58 crore was levied at pre-revised rates instead of Rs. 9.74 crore at revised rates which resulted in short realisation of additional tax of Rs. 4.16 crore as shown in Appendix-VII.

The matter was reported to the department and Government between April 2008 and March 2009; their reply has not been received (August 2009).

3.3.2 Under the provisions of the UPMVT Act, tax at the rate of Rs. 45 per metric ton or part thereof on registered gross laden weight (GLW) of the vehicle per quarter is leviable on public service vehicle, plying for the conveyance of limited number of passengers and the transport of limited quantity of passengers' goods.

Test check of the records of four RTOs and 14 ARTOs between March 2008 and February 2009 revealed that 1,594 public service vehicles were plying for carrying passengers and limited quantity of passengers' goods without paying tax on GLW of the vehicles between April 2004 and March 2008. While the regular tax and additional tax was being charged from those vehicles, the tax of Rs. 1.11 crore on gross laden weight of the vehicles was neither levied by the department nor paid by the owners of the vehicles as shown in Appendix-VIII.

The matter was reported to the department and the Government between April 2008 and March 2009; their replies have not been received (August 2009).

3.3.3 Under the provision of the Motor Vehicle Tax Act (MVT Act), read with the UPMVT Act and conditions of bilateral agreement, tax and additional tax in respect of public service vehicles, owned or controlled by a State Transport Undertaking other than the Uttar Pradesh State Road Transport Corporation shall be levied and paid in accordance with the agreement entered into with the concerned states under sub-section (6) of Section 88 of the MVT Act and where there is no such agreement, it shall be levied and paid at the rate, given at Serial No. 8 of the table of rates of additional tax under Clause (a) of Article 1 of the Fourth Schedule. The rates under the schedule were enhanced from 17 March 2006.

Test check of the records of RTO, Meerut and two ARTOs¹ between May 2008 and December 2008 revealed that 13 stage carriages of Madhya Pradesh, Rajasthan and Haryana plied in Uttar Pradesh on 'A' class routes without having countersigned permits from April 2003 to March 2008. The owners of the vehicles paid tax and additional tax of Rs. 28.92 lakh at pre-revised rates instead of Rs. 76.16 lakh at revised rates. This resulted in short realisation of tax and additional tax of Rs. 47.24 lakh.

The matter was reported to the department and the Government between June 2008 and August 2008; their reply has not been received (August 2009).

3.3.4 Under the provisions of the MVT Act, (read with the Government notification dated 27 September 2007), no motor vehicle registered or adapted to carry more than nine persons excluding the driver shall be kept for use without permit unless a monthly additional tax, payable for a minimum 10 days at the rate of Rs. 300 and Rs. 500 per day for the vehicles with seating capacity upto 35 persons and above 35 persons respectively.

Test check of the records of the offices of three ARTOs² between July 2008 and December 2008 revealed that 31 vehicles were plying without permit

¹ 1. Baghpat and 2. Chitrakoot.

² 1. Farukhabad, 2. Jaunpur and 3. Unnao.

during the period October 2007 to March 2008. The department did not levy the additional tax which resulted in non realisation of revenue of Rs. 5.91 lakh.

The matter was reported to the department and the Government between August 2008 and December 2008; their reply has not been received (August 2009).