



CHAPTER - III : Motor Vehicle Tax

3.1 Tax administration

The Transport Department is responsible for collection of taxes, fees and fines on motor vehicles in Assam. Motor vehicle tax is realised primarily from all vehicles registered in the State. Tax is realised once for 15 years in the case of private vehicles while for commercial vehicles, it is realised each year, at the option of the vehicle owner to pay it every quarter, half yearly or annually. Besides, composite fee in lieu of motor vehicles tax is also collected from commercial vehicles bearing national permit/tourist permit of other States willing to ply in the State. Further, there is provision for levy and collection of fines for various offences which are imposed under the respective Acts and Rules. Motor vehicle tax so collected is deposited in the Government exchequer under the major head of account-0041.

The functioning of the Department is governed according to the provisions of the Motor Vehicles Act, 1988, the Assam Motor Vehicles Taxation Act, 1936 and Rules, 2003 and various administrative orders issued from time to time. The Assam Motor Vehicle Taxation Act was amended in May 2011.

The Commissioner of Transport (COT) is the head of the Department who is assisted by one Joint Commissioner {who is also the ex-officio Secretary, State Transport Authority (STA)}, one Deputy Commissioner and one Assistant Commissioner of Transport. There are 29 district level offices which are headed by District Transport Officers (DTO) who are assisted by motor vehicles inspectors and other officials in discharging their day to day functions. They are empowered to implement taxation laws and rules.

3.2 Budget preparation

As per the provisions of the Assam Budget Manual, the estimates of revenue and receipts should show the actual demand including arrears due for past years and the probability of their realisation during the year. According to the Assam Financial Rules, the Finance Department is required to prepare the estimates of revenue after obtaining necessary information/data from the respective Department/ Government.

It was observed that while estimating the revenues, tax structure of motor vehicles, trend of revenue, trend of motor vehicles registered, movement of vehicles across the motor vehicle check gates, amount of arrears of taxes, etc., are taken into consideration by the Transport Department.

3.3 Trend of receipts

The position of budget estimates, actual receipts under 'Taxes on Motor Vehicles' along with the total tax receipts of the State during 2008-09 to 2012-13 are exhibited in the following Table 1, graph and pie chart.

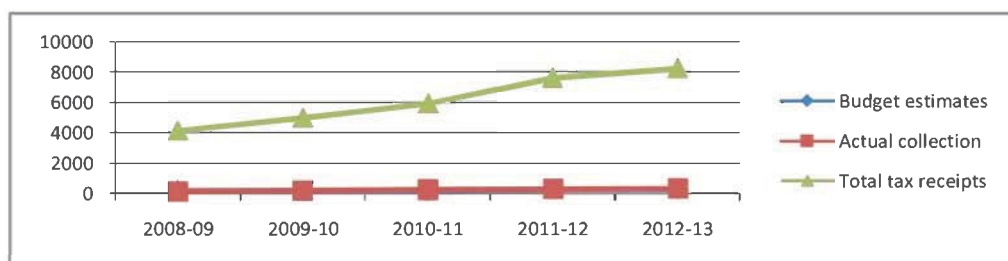
Table 1

Analysis of taxes on motor vehicles receipts

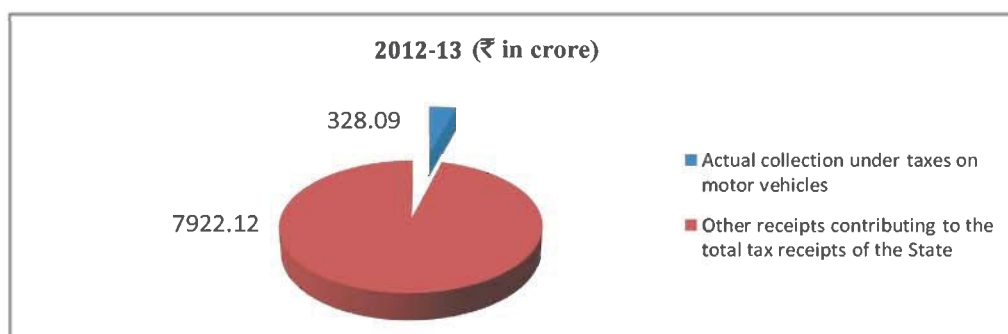
(₹ in crore)

Year	Budget estimate	Actual receipts of Taxes on Motor Vehicles	Variation excess (+)/ shortfall (-)	Percentage of variation	Total tax receipts of the State	Percentage of actual receipts vis-à-vis total tax receipts {(3) to (6)}
(1)	(2)	(3)	(4)	(5)	(6)	(7)
2008-09	193.00	145.21	(-) 47.79	(-) 25	4,150.21	3
2009-10	181.51	177.26	(-) 04.25	(-) 2	4,986.72	4
2010-11	189.54	231.99	42.45	22	5,929.84	4
2011-12	290.60	293.70	3.10	1	7,638.23	4
2012-13	295.48	328.09	32.61	11.04	8,250.21	4

Source: Finance Accounts and Departmental figures.



Graph showing budget estimates, actual collection under taxes on motor vehicles vis-a-vis the total tax receipts of the State.



Graph showing actual collection under taxes on motor vehicles vis-a-vis total tax receipts of the State

As could be seen, the growth of revenue under taxes on motor vehicles during 2012-13 over previous year was at 11.71 *per cent* against 26.60 *per cent* in the year 2011-12. The percentage of taxes on motor vehicles receipts when compared to the total tax receipts of the State remained at the level of three to four *per cent* during the last five years.

Though the Department has put in place a mechanism for estimating the revenues based on vehicular population, arrears, check gate records etc, there were considerable variations between budget estimates and actual receipts ranging between (-) 28 and 22 *per cent* during 2008-09 to 2012-13 except 2011-12 when the variation percentage was minimal.

3.4 Cost of collection

Details of gross collection of taxes on motor vehicles, expenditure incurred on collection and the percentage of such expenditure to gross collection during the years 2010-11 to 2012-13 along with the all India average percentage of expenditure on collection of preceding years are mentioned in Table 2.

Table 2
Cost of collection

Year	Gross collection	Expenditure on collection	Percentage of expenditure to gross collection	(₹ in crore)
				All India average percentage of expenditure on collection of preceding year
2010-11	231.99	10.07	4	3.07
2011-12	293.70	11.58	4	3.71
2012-13	328.09	13.40	4	2.96

Source: Finance Accounts and Departmental figures.

Thus, the percentage of expenditure to gross collection in 2010-11 and 2011-12 was slightly higher than the all India average percentage. However, during 2012-13, the percentage of gap increased to 26 *per cent* which the Department needs to look into.

3.5 Impact of audit

During the period 2008-09 to 2011-12, we had, through inspection reports (IRs) pointed out instances of non-realisation of tax, non-assignment of new registration marks, non/short realisation of trade licence fee/certificate fee, non-levy of fine on trucks carrying excess load and other irregularities with revenue implication of ₹ 1,090.61 crore in 190 cases. Details are shown in Table 3.

Table 3
Impact of audit

Year of Inspection Report	No. of units audited	Amount objected		Amount accepted		Amount recovered	
		No. of cases	Amount (₹ in crore)	No. of cases	Amount (₹ in crore)	No. of cases	Amount (₹ in crore)
2008-09	19	27	2.18	09	0.31	00	0.00
2009-10	15	64	3.30	18	0.77	07	0.06
2010-11	19	60	413.74	85	0.35	13	0.06
2011-12	07	39	671.39	01	0.14	01 ¹	0.04
Total	60	190	1090.61	113	1.57	21	0.16

Thus, during the preceding four years, against 190 audit observations involving money value of ₹ 1,090.61 crore, the Department accepted 113 observations involving ₹ 1.57 crore which is meagre 0.14 *per cent*. Out of the accepted amount of ₹ 1.57 crore, the Department could recover only ₹ 16 lakh. Recovery of revenue (10.19 *per cent*) when compared to the number of cases accepted by the Department was extremely poor.

Recommendation No. 1 : There is a need for strengthening the monitoring mechanism in the Department to ensure recovery of revenues atleast in respect of the accepted cases.

3.6 Working of internal audit wing

Internal audit, a vital component of the internal control mechanism, functions as ‘eyes and ears’ of the Department and is a vital tool which enables the management to assure itself that prescribed systems are functioning reasonably well.

The Department stated that the Finance Department has not put in place any separate internal audit system for the Transport Department. Had there been an effective internal audit system in the Department, deficiencies detected during local audit could possibly have been detected, rectified and prevented.

Recommendation No. 2 : The Department may, in coordination with Finance Department, arrange to conduct internal audit of its records/accounts through the Director of Local Audit regularly.

3.7 Results of audit

Test check of records in 19 unit offices of the Transport Department during 2012-13 revealed non/short levy and realisation of fine/motor vehicles taxes amounting to ₹ 22.76 crore in 77 cases as shown in Table 4.

¹ Partially recovered.

Table 4
Results of audit

(₹ in crore)			
Sl. No.	Category	Number of cases	Amount
1.	Non-realisation of Motor Vehicle Tax.	16	1.95
2.	Non-assignment of New Registration mark to vehicle from other State.	6	1.17
3.	Non-realisation of Road Tax after expiry of One Time Tax.	9	0.85
4.	Outstanding revenue – Observation thereof	3	0.12
5.	Non-realisation of Fees for Fancy Number.	3	0.11
6.	Realisation of tax without realisation of tax of earlier period.	2	0.06
7.	Offence cases – Observation thereof.	9	-NIL-
8.	Others	29	18.50
Total		77	22.76

During the course of the year 2012-13, the Department accepted 49 cases involving revenue of ₹ 1.84 crore and recovered ₹ 29.50 lakh in 10 cases.

A few illustrative audit observations involving revenue implication of ₹ 32.84 lakh are mentioned in the following paragraphs.

3.8 Audit observations

Scrutiny of the records of the Transport Department revealed several cases of non-observation of the provisions of Acts/Rules/departmental orders as mentioned in the succeeding paragraphs. These cases are illustrative and are based on test checks carried out by Audit. Such omissions on the part of the departmental officers are pointed out by Audit each year, but not only do the irregularities persist, these remain undetected till subsequent audit is conducted. It is a matter of concern as these observations are also sent to the higher authorities including the Government each time these are detected. Yet the Government or the Department did not take sufficient measures to monitor the cases and arrest their recurrence. There is a need for the Government to strengthen their control and monitoring mechanism including regular internal audit so that these omissions can be prevented, detected and corrected.

3.9 Non-assignment of new registration marks.

[DTOs, Morigaon and Mangaldoi; May, 2012]

Under Sub-section (1) of Section 47 of the Motor Vehicles Act, 1988, when a motor vehicle registered in one State has been kept in another State for a period exceeding 12 months, the owner of the vehicle shall apply to the registering authority for the assignment of a new registration mark and pay fee at the rate prescribed under the Assam Motor Vehicle Rules, 2003 (AMVR). The owner of the vehicle who brought such motor vehicle from outside the State and kept the same in the State shall intimate to the registering authority within 30 days from the date of the entry in the State. If the owner of the vehicle fails to apply for new registration number, he shall be liable to pay fine of ₹ 100 if the application is submitted within seven days after the expiry of the prescribed period and there after fine of ₹ 300 is payable for every seven days till the vehicle is registered.

In addition, ₹ 500 is chargeable against each vehicle as reassignment fees under Rule 24(4) of the AMVR.

During test check of the Combined Register of Foreign vehicles in the above offices, it was observed that in 44 cases, the owners of the vehicles did not apply for the new registration marks although the vehicles were plying within the jurisdiction of the above DTOs, for more than 12 months as per record. As per the system in place, the DTOs were required to review the combined register at periodic intervals. Had the DTOs carried out the same, the above omission on the part of the vehicle owners could have been detected which would have enabled the DTOs to issue notice to the vehicle owners to come forward for re-assignment of vehicle numbers on realisation of prescribed fees and fines.

Failure to do so resulted in non-assignment of new registration marks coupled with non-realisation of ₹ 15.16 lakh on account of fees and fines.

The cases were reported to the Government/Department between June – July 2012 and followed up in March 2013; reply has not been received (September 2013).

3.10 Non/short realisation of Fancy Number Registration Fee ₹ 9.07 lakh

[DTO, Silchar; December, 2012]

As per Government of Assam order of 9 October 2006 and the Commissioner of Transport, Assam's letter of 7 June 2010, the registration numbers from 0001 to 0010 in each series are to be allotted in consultation with COT, Assam *w.e.f.* 7 June 2010 and during the allotment of these numbers, first preference will be given to Government vehicles. If there is no such claim for registration of Government vehicles the same may be allotted to any applicant on payment of a premium of ₹ 5,000. For the other fancy numbers or numbers of choice, the registering authority may charge a premium of ₹ 4,000.

During scrutiny of Fancy Number Register maintained by the DTO, Silchar it was noticed that the numbers from 0001 to 0010 have been issued without charging any premium while in 254 other cases fancy numbers were issued by charging pre-revised rates of premium of ₹ 500 in each case instead of ₹ 4,000 as prescribed in the aforesaid Government order. This resulted in non/short realisation of revenue of ₹ 9.07 lakh.

The case was reported to the Government/department in January 2013 and followed up in March 2013; reply has not been received (September 2013).

3.11 Non-raising of demands of motor vehicle tax including fine ₹ 8.61 lakh.

[DTO, Morigaon, May, 2012]

Section 4 of the Assam Motor Vehicles Taxation Act, 1936 provides that taxes on motor vehicles are to be paid in advance on or before 15 April of each year or optionally in four equal instalments payable on or before 15 April, 15 July, 15 October and 15 January respectively. The Act also provides that every owner of a motor vehicle who fails to pay the appropriate road tax in time shall be liable to pay a fine at a rate of ₹ 5 per day of such delayed payment with effect from 9 May 2002.

As per the provisions of the AMVT, the DTOs are required to maintain a combined register to watch the recovery of tax. He is also required to review the register at periodic intervals and issue demand notices to defaulters.

During test check of Combined Register in the above Office, it was noticed that road tax including fine

amounting to ₹ 8.61 lakh was due from 72 commercial vehicles for various period from October 2009 to June 2012. Due to the absence of periodic

review, these vehicles continued to ply in public places without payment of tax. There was also nothing on record to show that the owners of these vehicles had surrendered the licenses. Thus, failure of the DTO to review the Combined Register at periodic intervals and issue demand notice against the above vehicles resulted in non-realisation of tax and fine of ₹ 8.61 lakh. This indicates that there is a need to reinforce the mechanism of reviewing the combined registers by the DTOs so that demand notices to the defaulting vehicle owners for recovery of the dues are issued in time and regularly.

The case was reported to the Government/Department in June 2012 and followed up in March 2013; reply has not been received (September 2013).

Recommendation No. 3: The Department/Government may issue suitable instructions making it mandatory for the DTOs to review the Combined Registers at regular intervals and the status of the same may be monitored by higher authorities in Government at regular intervals.