

CHAPTER-IV

TAXES ON VEHICLES

EXECUTIVE SUMMARY

What we have highlighted in this Chapter	<p>In this Chapter we present illustrative cases of ₹ 36.23 crore selected from observations noticed during our test check of records relating to assessment and collection of Taxes from Vehicles in the offices of the Transport Commissioner and District Transport Officers, where we found that the provisions of the Acts/Rules were not observed.</p> <p>It is a matter of concern that similar omissions have been pointed out by us repeatedly in the Audit Reports for the past several years, but the Department has not taken corrective action.</p>
Trend of receipts	<p>In 2012-13, the collection from Taxes on Vehicles increased by 18.74 <i>per cent</i> over the previous year which was attributed by the Department to increase in number of vehicles registered.</p>
Internal Audit	<p>The Department informed us that it has no Internal Audit Wing of its own, the Internal Audit was being conducted by the auditors of the Finance Department. The Department did not furnish overall picture of audit conducted by the Finance Department during 2012-13 but had submitted position of audit conducted only in one unit covering the period 2008-09 to 2010-11.</p>
Impact of audit conducted by us in 2012-13	<p>In 2012-13, we test checked the records of 16 units out of 27 units relating to taxes on vehicles and found non/short realisation/levy of tax, fees, penalty etc. involving ₹ 41.96 crore in 18,533 cases, of which the Department accepted non/short realisation/levy of tax and other deficiencies of ₹ 39.87 crore in 18,165 cases, of which 18,046 cases involving ₹ 39.36 crore were pointed out by us in 2012-13 and 119 cases in 2011-12.</p>
Our conclusion	<p>The Transport Department needs to improve the internal control system including arranging for internal audit so that weaknesses in the system are addressed and omissions of the nature detected by us are avoided in future.</p>

CHAPTER – IV: TAXES ON VEHICLES

4.1 Tax administration

The levy and collection of Motor Vehicles tax and fee in the State is governed by the Jharkhand Motor Vehicles Taxation (JMVT) Act, 2001, rules made thereunder (Jharkhand Motor Vehicles Taxation (JMVT) Rules, 2001), Motor Vehicles (MV) Act, 1988 and Bihar Financial Rules (as adopted by Government of Jharkhand).

At the apex level, the Transport Commissioner (TC), Jharkhand is responsible for administration of the Acts and Rules in the Transport Department. He is assisted by a Joint Transport Commissioner at the Headquarters. The State has been divided into four regions¹ and 22 transport districts², which are controlled by the State Transport Authority (STA), Regional Transport Authorities (RTAs) and District Transport Officers (DTOs). They are assisted by Motor Vehicles Inspectors, the Enforcement Wing and nine check posts³.

4.2 Trend of receipts

According to the provisions of the Bihar Financial Rules, Vol. I (adopted by the Government of Jharkhand) the responsibility for preparation of budget estimates of revenue receipts is vested in the Finance Department. However, the material for the budget estimates is obtained from the concerned Administrative Department which is responsible for the correctness of the material. In case of fluctuating revenue the estimates should be based on a comparison of the last three years' receipts.

Actual receipts from Taxes on Vehicles against the revised budget estimates during the period from 2008-09 to 2012-13 along with the total tax receipts during the same period is exhibited in the following table:

(₹ in crore)

Year	Revised estimates	Actual receipts	Variation excess (+)/ shortfall (-)	Percentage of variation	Total tax receipts of the State	Percentage of actual receipts to total tax receipts of the State
2008-09	400.60	201.57	(-) 199.03	(-) 50	3,753.21	5.37
2009-10	500.00	234.21	(-) 265.79	(-) 53	4,500.12	5.20
2010-11	440.00	312.37	(-) 127.63	(-) 29	5,716.63	5.46
2011-12	356.00	391.92	(+) 35.92	(+)10.09	6,953.89	5.64
2012-13	550.00	465.36	(-) 84.64	(-) 15.39	8,223.67	5.66

Source: Finance Accounts and revised estimates as per Statement of Revenue and Receipts of 2013-14 of the Government of Jharkhand.

¹ Dumka, Hazaribag, Palamu and Ranchi.

² Bokaro, Chaibasa, Chatra, Deoghar, Dhanbad, Dumka, Garhwa, Giridih, Godda, Gumla, Hazaribag, Jamshepur, Jamtara, Koderma, Latehar, Lohardaga, Palamu, Pakur, Ranchi, Sahebganj, Saraikela-Kharsawan and Simdega.

³ Bahragora (East Singhbhum), Bansjore (Simdega), Chas More (Bokaro), Chauparan (Hazaribag), Chirkunda (Dhanbad), Dhulian (Pakur), Manjhatoli (Gumla), Meghatari (Koderma) and Murisemar (Garhwa).

The Department could not achieve the revised budget estimates except during 2011-12. The shortfall in actuals compared to the revised budget estimates ranged between 53 and 15.39 *per cent* during the period 2008-09 to 2012-13. In response to our query regarding preparation of the budget the Department stated (August 2013) that the BEs were prepared by the Finance Department, Government of Jharkhand. Further, the reason for shortfall in receipts against the BE during 2012-13 was attributed by the Department to shortage of staff and non-establishment of inter-State permanent check posts.

In 2012-13, the collection from Taxes on Vehicles increased by 18.74 *per cent* over the previous year which was attributed by the Department to increase in number of vehicles registered.

4.3 Cost of collection

The gross collection from Taxes on Vehicles, expenditure incurred on their collection and the percentage of such expenditure to gross collection during the years 2008-09 to 2012-13 are mentioned in the following table:

(₹ in crore)

Year	Gross collection	Expenditure on collection	Percentage of expenditure to gross collection	All India average percentage of the preceding year
2008-09	201.57	4.03	2.00	2.58
2009-10	234.21	5.02	2.14	2.93
2010-11	312.37	4.83	1.55	3.07
2011-12	391.92	4.60	1.17	3.71
2012-13	465.36	4.51	0.97	2.96

Source: Finance Accounts of the Government of Jharkhand.

The above table indicates that the percentage of expenditure on collection was showing a decreasing trend and it was lower than the all India average in all the above years. We appreciate the performance of the Department in this regard.

4.4 Working of Internal Audit Wing

The Department informed us that as it has no Internal Audit Wing of its own, the Internal Audit was being conducted by the auditors of the Finance Department. The Department did not furnish overall picture of audit conducted by the Finance Department during 2012-13. Position of audit conducted only in one unit covering the period 2008-09 to 2010-11 was furnished. However, the corrective measures taken thereon was not furnished to us.

The Government may consider setting up an Internal Audit Wing so as to ensure effective implementation of the Acts/Rules for prompt and correct realisation of revenue.

4.5 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2013 were ₹ 250.70 crore. The year-wise position of arrears of revenue during the period 2008-09 to 2012-13 is depicted in the following table:

(₹ in crore)		
Year	Opening balance of arrears	Closing balance of arrears
2008-09	174.30	136.52 ⁴
2009-10	136.52	140.05
2010-11	140.05	117.87
2011-12	117.87	137.31
2012-13	137.31	250.70

Source: Transport Department, Government of Jharkhand.

The arrears of revenue increased from ₹ 137.31 crore as on 31 March 2012 to ₹ 250.70 crore on 31 March 2013 registering a growth of arrears (₹ 113.39 crore⁵) of 83 per cent. The Department did not furnish information regarding addition and clearance of arrears during the year. As regards fixation of target for collection of arrears the Department stated that no such target had been fixed by the Finance Department.

As per information furnished by the Department, out of ₹ 250.70 crore, demands of ₹ 48.14 crore were certified for recovery as arrears of land revenue. Recovery of ₹ 1.41 lakh was stayed by the High Court and other judicial authorities. Specific action taken in respect of the remaining arrears of ₹ 202.55 crore has not been intimated (December 2013).

The Government may consider issuing directions to the Department for speedy settlement of the arrear cases by constant monitoring and recovering the arrears as arrears of land revenue by invoking the provisions of the Bihar and Orissa Public Demands Recovery Act, 1914.

4.6 Impact of Audit

4.6.1 Status of compliance to Audit Reports (2007-08 to 2011-12)

During the period 2007-08 to 2011-12 we had pointed out cases of non/short levy, non/short realisation of tax, fee etc. with financial implication of ₹ 99.64 crore in 27 paragraphs, of which the Department/Government accepted our observation of ₹ 79.43 crore and reported recovery of ₹ 98.66 crore upto 2012-13. The details are shown in the following table:

(₹ in crore)				
Year	No. of paragraphs	Amount objected	Accepted recoverable amount	Amount recovered ⁶ upto 2012-13 out of Col. 4
1	2	3	4	5
2007-08	6	29.80	29.80	33.52
2008-09	6	22.79	2.58	49.15
2009-10	5	12.16	12.16	13.09
2010-11	5	21.41	21.41	2.60
2011-12	5	13.48	13.48	0.30
Total	27	99.64	79.43	98.66

⁴ The closing balance of arrears as on 31 March 2009 has been reconciled on the basis of figures furnished by the Department.

⁵ Year-wise bifurcated figures of arrears as furnished by the Department reflected amount of arrears as ₹ 20.87 crore for the year 2012-13. The Department needs to reconcile the figures of arrears.

⁶ Though the objected money value under Taxes on Vehicles was ₹ 29.80 crore, ₹ 22.79 crore and ₹ 12.16 crore for the Audit Report 2007-08, 2008-09 and 2009-10 respectively, the Department/Government reported recovery of ₹ 33.52 crore, ₹ 49.15 crore and ₹ 13.09 crore respectively.

4.6.2 Status of compliance to outstanding Inspection Reports (2007-08 to 2011-12)

During the period 2007-08 to 2011-12 we test checked 82 units and pointed out in our Inspection Reports cases of non/short levy, non/short realisation of tax, fee etc., with revenue implication of ₹ 177.24 crore in 1,24,389 cases. Of these, the Department/Government accepted our observations in 1,08,159 cases involving ₹ 115.32 crore and recovered ₹ 3.48 crore upto 2012-13. The details are shown in the following table:

(₹ in crore)

Year	No. of units audited	Amount objected		Amount accepted		Amount recovered upto 2012-13 out of Col. 6
		No. of cases	Amount	No. of cases	Amount	
1	2	3	4	5	6	7
2007-08	15	58,554	36.97	58,554	36.97	0.30
2008-09	18	26,574	77.79	21,385	26.81	Nil
2009-10	13	3,560	20.74	3,557	17.08	Nil
2010-11	19	6,885	20.55	6,829	20.47	2.31
2011-12	17	28,816	21.19	17,834	13.99	0.87
Total	82	1,24,389	177.24	1,08,159	115.32	3.48

It may be seen from the above table that recovery of only ₹ 3.48 crore (3.02 per cent) against the accepted amount of ₹ 115.32 crore has been effected by the Department against the Inspection Reports for the period 2007-08 to 2011-12.

As the recovery made by the Department in accepted cases is very low, we recommend that the Department may take suitable measures to ensure expeditious recovery of revenue in respect of these cases.

4.6.3 Status of compliance to Inspection Reports (2012-13)

Our test check of the records of 16 units having revenue collection of ₹ 327.35 crore, out of 27 units during 2012-13 relating to 'Taxes on Vehicles' revealed non/short levy of taxes, short levy of taxes due to wrong fixation of seating capacity/registered laden weight, non-issue of certificate of registration in Smart Card, non-imposition of fees, fines and penalties etc. involving ₹ 41.96 crore in 18,533 cases detailed as under:

(₹ in crore)

Sl. No.	Categories	No. of cases	Amount
1	Non/short levy of taxes	4,537	14.64
2	Short-levy of taxes due to wrong fixation of seating capacity/registered laden weight	75	0.08
3	Non-issue of certificate of registration in Smart Card	8,928	0.18
4	Non-imposition of fees, fines and penalties	3	0.13
5	Other cases	4,990	26.93
Total		18,533	41.96

During the course of the year, the Department accepted non/short levy of motor vehicles tax, fees, penalties, fines etc. of ₹ 39.87 crore in 18,165 cases, of which 18,046 cases involving ₹ 39.36 crore were pointed out by us in 2012-13 and 119 cases in 2011-12. The Department recovered ₹ 2.26 crore in 893 cases.

In this chapter we present a few illustrative cases having financial implications of ₹ 36.23 crore. These are discussed in the succeeding paragraphs.

4.7 Non-observance/compliance of the provisions of Acts/Rules

The Jharkhand Motor Vehicles Taxation (JMVT) Act, 2001, Motor Vehicles Act, 1988, Bihar Financial Rules (as adopted by the Government of Jharkhand) and Rules made thereunder provide for:

- (i) *payment of motor vehicles tax by the owner of the vehicle at the prescribed rate;*
- (ii) *timely deposit of collected revenue into the Government account;*
- (iii) *payment of registration fee at the prescribed rate;*
- (iv) *issue and renewal of authorisation of national permit; and*
- (v) *issue and renewal of driving licence.*

We noticed that the Transport Department did not observe the provisions of the Act/Rules in the cases mentioned in the succeeding paragraphs.

4.8 Non-collection of taxes on vehicles

Under the provisions of Sections 5 and 9 of the JMVT Act, 2001 and the Rule 4 of the JMVT Rules, 2001, the owner of a registered vehicle (other than personal vehicles) is liable to pay tax after the date of expiry of the period for which the tax had been paid to the taxation officer in whose jurisdiction the vehicle is registered. The vehicle owner can pay the tax to the new taxing authority in case of change of residence/ business, subject to the production of No Objection Certificate (NOC) from the previous taxing authority. In case of non-payment of tax within the stipulated period, the taxation authority may impose penalty at the prescribed rates. If the delay in payment of tax exceeds 90 days, penalty at twice the amount of taxes due may be imposed. Further, the Rules provide that every taxation officer is required to maintain the Demand, Collection and Balance (DCB) Register which shall be updated periodically in October and March every year to keep effective control over regular and timely realisation of taxes. The district transport officers are required to issue demand notices to the defaulters.

4.8.1 We noticed from test check of the Taxation Register, DCB Registers, Surrender Registers and the computerised data in 16 District Transport Offices⁷ between April 2012 and February 2013 that the owners of 2,103 vehicles out of 35,397 vehicles test checked did not pay tax between July 2009 and February 2013. In none of these cases, change of address of the owners or surrender of documents for securing exemption from payment of tax was found on record. As such, they were liable to pay tax. Further, owing to failure of the DTOs to update the DCB Register periodically, they did not have details of the number of defaulting vehicle owners and taxes

⁷ Bokaro, Chaibasa, Deoghar, Dhanbad, Dumka, Giridih, Godda, Hazaribag, Jamshedpur, Jamtara, Koderma, Pakur, Palamu, Ranchi, Sahebganj and Saraikela-Kharsawan.

to be realised from them. The District Transport Officers also did not raise demand for tax and penalty against the defaulting vehicle owners resulting in non-levy of tax of ₹ 16.55 crore⁸ including penalty of ₹ 11.04 crore.

After we pointed out the cases (between April 2012 and March 2013), the Government stated (July 2013) that in case of 13 DTOs⁹ notices of demand had been issued in 1,612 cases involving ₹ 12.38 crore, of which certificate cases were instituted in 350 cases involving ₹ 2.38 crore pertaining to three DTOs¹⁰ and ₹ 54.44 lakh involved in 78 cases had been recovered by nine DTOs¹¹. In respect of three DTOs¹², the Government issued instruction to realise the amount involved. Further reply has not been received (December 2013).

4.8.2 We noticed from test check of the Taxation Register and the computerised data in 15 District Transport Offices¹³ between April 2012 and February 2013 that the owners of 2,101 trailers out of 12,109 trailers test checked did not pay road tax and additional motor vehicle tax for the period between May 2009 and February 2013. Owing to failure of the DTOs to update the DCB Register, they did not have details of the number of defaulting vehicle owners and taxes to be realised from them. The Department failed to raise demand on the defaulters. Failure of the Department to enforce the provisions of the Act/Rules resulted in non-levy of tax of ₹ 2.42 crore including penalty of ₹ 1.61 crore.

After we pointed out the cases (between April 2012 and February 2013), the Government stated (July 2013) that in case of 13 DTOs¹⁴ demand notice had been issued in 1,886 cases involving ₹ 2.20 crore, of which certificate cases were instituted in 327 cases involving ₹ 35.89 lakh pertaining to three DTOs¹⁵ and ₹ 7.48 lakh involved in 58 cases had been recovered by eight DTOs¹⁶. In respect of two DTOs, Deoghar and Jamtara, the Government issued instruction to realise the amount involved. Further reply has not been received (December 2013).

Similar issue was pointed out in Paragraph No. 4.9 of the Audit Report (Revenue Sector) for the year ending 31 March 2012, the Government/

⁸ **Goods carriage vehicle:** Road Tax (RT) leviable is ₹ 1,662.50 *per annum* and ₹ 136.50 for every additional 250 Kg or part thereof above 8,000 kg registered laden weight (RLW). Additional Road Tax (AT) of ₹ 310 *per annum* and ₹ 232.50 for every additional 500 kg or part thereof above 500 Kg RLW.

Passenger vehicles: RT ₹ 3,485 for seating capacity of 33 persons plus ₹ 53 for every additional person beyond 33 persons. Additional Road Tax ₹ 416 *per annum* having seating capacity more than 32 persons.

⁹ Bokaro, Chaibasa, Dhanbad, Dumka, Giridih, Godda, Jamshedpur, Koderma, Pakur, Palamu, Ranchi, Sahebganj and Saraikela-Kharsawan.

¹⁰ Chaibasa, Dumka and Ranchi.

¹¹ Bokaro, Chaibasa, Dhanbad, Giridih, Jamshedpur, Koderma, Ranchi, Sahebganj and Saraikela-Kharsawan.

¹² Deoghar, Hazaribag and Jamtara.

¹³ Bokaro, Chaibasa, Deoghar, Dhanbad, Dumka, Giridih, Godda, Hazaribag, Jamshedpur, Jamtara, Koderma, Pakur, Palamu, Ranchi and Sahebganj.

¹⁴ Bokaro, Chaibasa, Dhanbad, Dumka, Giridih, Godda, Hazaribag, Jamshedpur, Koderma, Pakur, Palamu, Ranchi and Sahebganj.

¹⁵ Chaibasa, Dumka and Ranchi.

¹⁶ Bokaro, Chaibasa, Dhanbad, Dumka, Giridih, Jamshedpur, Ranchi and Sahebganj.

Department accepted our observation and stated that demand had been raised in 2,422 cases involving ₹ 10.12 crore of which recovery had been made in 133 cases involving ₹ 36.24 lakh . However, the nature of lapses/irregularities are still persisting which shows ineffectiveness of the Internal Control System of the Department to prevent recurring leakage of revenue.

We recommend that the Government may issue necessary instructions for strengthening the Internal Control System by enforcing adherence to the prescribed rules in respect of periodical updating of the DCB Register.

4.9 Non-levy of one time tax on personalised vehicles

Under the provisions of Section 2(g) of Jharkhand Motor Vehicles Taxation (Amendment) Act, 2011, Motor car, Omni Bus or Station wagon, having seating capacity of more than four but not exceeding 10 including driver, which are used solely for personal purpose, was brought under the purview of personalised vehicles. The revised rate of one time tax was leviable on cost of the vehicle depending on seating capacity and age of the vehicle as per substituted Schedule 1 Part (A) of the Act. Further, Section 7(1) of the Act envisaged interest at the rate of two *per cent* per month on delayed payment of one time tax. Prior to the amendment (upto 22 May 2011) tax was leviable at the annual rate under Section 7(3) of the JMVT Act, 2001 and penalty was also leviable for non/delayed payment of tax. Further, the Rules provide that every taxation officer is required to maintain the Demand, Collections and Balance (DCB) Register which shall be updated periodically in October and March every year to exercise control over regular and timely realisation of taxes.

We noticed from test check of the Taxation Register and the computerised data in 15 District Transport Offices¹⁷ between May 2012 and February 2013 that in case of 3,495 private vehicles out of 27,247 vehicles with seating capacity six to 10, whose tax validity had expired between June 2008 and December 2012, road tax and one time tax of ₹ 8.13 crore¹⁸ including interest of ₹ 1.65 crore was not levied by the Department as DTOs did not review the DCB Registers periodically. Besides, tax of ₹ 14.38 lakh including penalty of

₹ 9.59 lakh upto 22 May 2011 was also leviable.

¹⁷ Bokaro, Chaibasa, Deoghar, Dhanbad, Dumka, Giridih, Godda, Hazaribag, Jamshedpur, Jamtara, Koderma, Pakur, Ranchi, Sahebganj and Saraikela-Kharsawan.

¹⁸ **One Time Tax:** At the time of registration, ₹ 9,000 or 3 *per cent* of cost of vehicle, ₹ 20,000 or 4 *per cent* of cost of vehicle and ₹ 25,000 or 5 *per cent* of cost of vehicle, whichever is more for personalised vehicles with seating capacity of more than 3 persons but not more than 5 persons, more than 5 persons but not more than 8 persons and more than 8 persons but not more than 10 persons respectively and in cases where vehicles are already registered, one time tax is leviable on percentage basis depending on the age of the vehicles.

After we pointed out the cases (between May 2012 and February 2013), the Government stated (July 2013) that in case of 13 DTOs¹⁹ demand notice had been issued in 3,125 cases involving ₹ 7.62 crore, of which certificate cases were instituted in 209 cases involving ₹ 37.91 lakh pertaining to four DTOs²⁰ and ₹ 1.64 crore involved in 754 cases had been recovered by 11 DTOs²¹. In respect of two DTOs, Deoghar and Jamtara, the Government issued instruction to realise the amount involved (December 2013).

4.10 Non-realisation of interest due to delay in deposit of revenue collected by banks

Under the provisions of Rule 37 of the Bihar Financial Rules (adopted by the Government of Jharkhand), all money received as Government dues should be credited to Government Account. As per instructions of State Transport Commissioner, Jharkhand (January 2001) the amount collected by the banks during April to February should be transferred to the State Bank of India (SBI), Doranda Branch, Ranchi in such a manner that all receipts during a particular month are transferred latest by the first week of the following month. The amount deposited in the month of March, is to be transferred by 31st March positively so that all amounts deposited in the financial year are transferred to the Government account in the same financial year. As per the instructions issued by the Reserve Bank of India penal interest, on balance exceeding rupees one lakh, is payable by the banks at the rate notified from time to time on delayed remittances to Government Account.

We noticed during the test check of bank statements of remittances of revenue collected in the office of State Transport Commissioner, Jharkhand and seven District Transport Offices²² between July 2012 and February 2013 that the collecting banks i.e. Punjab National Bank, Bank of India and State Bank of India did not credit a sum of ₹ 1,122.60 crore for the years 2009-10 to 2011-12 into SBI, Doranda Branch, for credit into Government Account within the prescribed time. The delay ranged from one month to 11 months. The collecting banks did not credit

interest of ₹ 7.60 crore²³ for delayed transfer of the Government revenue into SBI, Doranda, Ranchi. This indicated that the Department did not monitor and effectively pursued the matter of payment of interest with the collecting banks.

After we pointed out the cases (between July 2012 and February 2013), the Government stated (July 2013) that all seven DTOs had issued instruction to the concerned banks for timely transfer of the collected revenue and to deposit

¹⁹ Bokaro, Chaibasa, Dhanbad, Dumka, Giridih, Godda, Hazaribag, Jamshedpur, Koderma, Pakur, Ranchi, Sahebganj and Saraikela-Kharsawan.

²⁰ Chaibasa, Dumka, Ranchi and Saraikela-Kharsawan.

²¹ Bokaro, Chaibasa, Dhanbad, Dumka, Giridih, Godda, Jamshedpur, Koderma, Ranchi, Sahebganj and Saraikela-Kharsawan.

²² Bokaro, Deoghar, Dhanbad, Dumka, Hazaribag, Koderma and Sahebganj.

²³ Amount of penal interest calculated at the rate of 8 per cent per annum upto February 2012 and thereafter at 11.5 per cent per annum.

penal interest. In case of the STC, it stated that delay was due to time taken in clearance of Bank Drafts. The reply is not inconsonance with the instructions issued by the Department.

Similar issue was pointed out in Paragraph No. 4.12 of the Audit Report (Revenue Sector) for the year ending 31 March 2012. In reply, the Government accepted our observation and stated (September 2012) that DTOs, Bokaro and Dhanbad had issued necessary instructions to the concerned bank for timely transfer of the collected revenue and deposit the penal interest. However, the Department has not yet been able to ensure timely transfer of collected money to Government Account and issue still persists.

4.11 Non-renewal of authorisation of National Permit

Under the provisions of Section 81 of the Motor Vehicles (MV) Act, 1988 and Rule 87 of the Central Motor Vehicles (CMV) Rules, 1989, a permit other than a temporary or special permit shall be effective for a period of five years and the period of validity of an authorisation shall not exceed one year at a time. The owner of the vehicle had to pay in advance the authorisation fee of ₹ 500 along with composite fee in the shape of bank drafts for transmission to the States where the vehicle is intended to ply. This authorisation is a continuous process unless the permit expires or is surrendered by the permit holder. Further, under the Central Motor Vehicle (Amendment) Rules, a new national permit system was made effective with effect from 8 May 2010 which envisaged levy of ₹ 1,000 towards home state authorisation fee and ₹ 15,000 towards consolidated fee per annum per vehicle authorising the national permit holder to operate throughout the country.

We noticed (July 2012) from test check of the National Permit Register in the office of the Transport Commissioner, Jharkhand that in cases of 290 vehicles out of 33,589 vehicles, subsequent authorisation for national permit for the period between October 2009 and March 2013 was not renewed during the validity period of the permits. We also observed that there was absence of mechanism in the office of the Transport Commissioner for monitoring the subsequent authorisation during currency of the national permits. This resulted in non-realisation of composite/

consolidated fee and authorisation fee of ₹ 76.10 lakh²⁴.

After we pointed out the cases (July 2012), the Government stated (July 2013) that show cause notices had been issued to the vehicle owners. Further reply has not been received (December 2013).

Similar issue was pointed out in Paragraph No. 4.12 of the Audit Report (Revenue Receipts) for the year ending 31 March 2010, where the Department accepted our observation and stated that demand notices would be issued

24

No. of permit	Authorisation fee	Consolidated fee	(Amount in ₹)
			Total
290	4,25,500	71,84,500	76,10,000

against the defaulters. Further action taken in this regard has not yet been received (December 2013).

4.12 Non-levy of taxes from the date of possession of vehicles

Under the provisions of Rule 4(1) of the JMVT Rules, in cases where no tax had previously been paid, the date of acquisition of the vehicle or the date when such tax is imposed by law shall be the due date for tax payment. Further, Rules 42 and 47 of the CMV Rules, 1989 provides that no holder of a trade certificate shall deliver a motor vehicle to a purchaser without registration, whether temporary or permanent and application for registration has to be made within seven days from taking delivery of the vehicle. Non-payment of taxes in time attracts penalty at the rates prescribed depending upon the period of delay, which ranges from 25 to 200 *per cent* of the tax due.

We noticed from test check of the Taxation Register and the computerised data in five district transport offices²⁵ between August 2012 and February 2013 that the owners of 163 vehicles out of 311 vehicles applied for registration of their vehicles with delay between 36 to 811 days. The registering authority levied tax from the date of registration instead of from the date of possession or date of

expiry of the temporary registration of the vehicles. We observed that till the date of audit (between August 2012 and February 2013) neither the owner of the vehicles paid the taxes nor did the registering authority levy tax and penalty on the defaulting vehicles for the intervening periods from the date of possession of vehicles to the date of their registration. Thus, non-compliance with the provisions of the rule resulted in non-levy of revenue amounting to ₹ 40.83 lakh²⁶ including penalty of ₹ 27.22 lakh. As the tax remained unpaid even after delays ranging between 635 days and 1393 days vehicles owners were liable to pay tax and maximum penalty at the rate of 200 *per cent*.

After we pointed out the cases (between August 2012 and February 2013), the Government stated (July 2013) that in case of DTO, Bokaro and Dhanbad notices of demand had been issued in 77 cases involving ₹ 24.55 lakh. In respect other DTOs, the Government issued instruction to realise the amount involved. Further reply has not been received (December 2013).

Similar issue was pointed out in Paragraph No. 4.8 of the Audit Report (Revenue Receipts) for the year ending 31 March 2006. The Department in

²⁵ Bokaro, Deoghar, Dhanbad, Giridih and Hazaribag.

²⁶

(Amount in ₹)					
Sl. No.	Name of DTO	No. of vehicles	Tax	Penalty	Total
1	Bokaro	53	5,93,764	11,87,528	17,81,292
2	Deoghar	19	2,16,893	4,33,786	6,50,679
3	Dhanbad	24	2,24,406	4,48,812	6,73,218
4	Giridih	18	61,911	1,23,822	1,85,733
5	Hazaribag	49	2,63,951	5,27,902	7,91,853
Total		163	13,60,925	27,21,850	40,82,775

their Departmental notes accepted the audit observation and stated that notices of demand had been issued in all 13 cases involving ₹ 5.50 lakh. Thus, despite assurance of the Department the irregularities are still persisting.

4.13 Non-realisation of trade tax

Under the provisions of Section 6 of the JMVT Act, trade tax at the annual rate specified in Schedule-III shall be paid by a manufacturer/dealer in respect of motor vehicles held in possession by him in the course of business. Trade tax is payable (based on the type of vehicle) on a block of seven vehicles, for which returns are required to be submitted in Form B2 by the manufacturer/dealer. The taxation authority after verifying the amount of trade tax renews the trade certificate. In case of non-payment of tax within the stipulated period, the taxation authority may impose penalty at the prescribed rates. If delay in payment exceeds 90 days, penalty at twice the amount of tax due may be imposed.

We noticed during test check of the Trade Tax Register and files of five District Transport Offices²⁷ between April 2012 and February 2013 that 18 dealers out of 220 dealers of motor vehicles were liable to pay trade tax along with penalty of ₹ 15.57 lakh for the period between 2009-10 and 2011-12. However, neither did the dealers submit the returns nor was any action taken by the Department to obtain the returns and realise the amounts due. Thus, non-prescribing the

periodicity of submission of return B2 and periodical check of the Trade Tax Register resulted in non-realisation of Trade tax and penalty of ₹ 15.57 lakh²⁸ including maximum penalty of ₹ 10.38 lakh.

After we pointed out the cases (between April 2012 and February 2013), the Government stated (July 2013) that in case of three DTOs²⁹, demand notices had been issued in case of five dealers involving ₹ 5.13 lakh, of which certificate cases were instituted in one case involving ₹ 24,000 pertaining to DTO, Ranchi and ₹ 51,800 involved in three cases had been recovered by three DTOs³⁰. Further reply has not been received (December 2013).

²⁷ Deoghar, Giridih, Koderma, Palamu and Ranchi.

²⁸

(Amount in ₹)

District	Type of vehicles	No. of dealers	No. of vehicles	Block of seven	Rate per seven vehicles	Amount of trade tax	Penalty	Total	Amount realised	Non-realisation
Deoghar	Two-wheeler	5	574	84	400	33,600	67,200	1,00,800	0	1,00,800
	LMV	5	951	138	500	69,000	1,38,000	2,07,000	0	2,07,000
Giridih	Two-wheeler	2	2,693	386	400	1,54,400	3,08,800	4,63,200	0	4,63,200
Koderma	Two-wheeler	1	58	9	400	3,600	7,200	10,800	0	10,800
Palamu	Two-wheeler	2	4,160	595	400	2,38,000	4,76,000	7,14,000	0	7,14,000
	LMV	1	103	15	500	7,500	15,000	22,500	0	22,500
Ranchi	LMV	2	175	26	500	13,000	26,000	39,000	0	39,000
Total		18	8,714			5,19,100	10,38,200	15,57,300	0	15,57,300

(Block of seven calculated on individual dealers)

²⁹ Giridih, Koderma and Ranchi.

³⁰ Giridih, Koderma and Ranchi.

Similar issue was pointed out in Para 4.10.1 of the Audit Report (Revenue Sector) for the year ending 31 March 2012, the Government/ Department accepted our observation and stated that demand had been raised against 25 dealers and recovery of ₹ 1.14 lakh had been made from four dealers. The nature of lapses/irregularities are still persisting which shows ineffectiveness of the Inter Control System of the Department to prevent recurring leakage of revenue.

We recommend that the Government may consider prescribing periodicity for submission of return in Form B2 for timely realisation of Government revenue.

4.14 Non-issue of certificate of registration in Smart Card

Under the provisions of Rules 48 and 81 of the Central Motor Vehicles Rules, the registering authority shall issue to the owner of the motor vehicle a certificate of registration in Form 23 or Form 23 A (Smart Card). Further, Rule 81 provides that an additional amount of fee of rupees two hundred shall be charged for issue of certificate of registration in smart card effective from May 2002. The Government of Jharkhand had signed an agreement with M/s A K S Smart Card Ltd. in September 2004 and allowed the firm to recover service fee of ₹ 99 for issue of vehicle registration certificate in Smart Card. Issuance of Smart Card based driving licence and registration certificate was introduced to prevent the use of forged and fake documents in respect of motor vehicles. It was further clarified in December 2004 that the above service fee would be in addition to the fee leviable under the Rules. Further, the data from the package VAHAN was being transmitted to the vendor for issuance of registration certificate in Smart Card (Form 23A).

We noticed during test check of the Registration Register for the period 2010-11 and 2011-12 of District Transport Offices, Jamtara and Pakur between June 2012 and August 2012 that 8,928 certificate of registrations were not issued in smart card even though *Vahan* package was installed in the offices. It was further observed that as per the terms of agreement, in Pakur district installation of hardware and software for issuance of Smart Card was to be completed in 16 weeks from the date of agreement (September 2004). The Government did not enter into any agreement for Jamtara district. In the absence of issuance of Smart Card

based certificate of registration, possibility of use of forged and fake documents in respect of Motor Vehicles cannot be ruled out. Delay on the part of Government in implementation of scheme led to non-achievement of the core objective of the scheme.

After we pointed out the cases (between June 2012 and August 2012), the Government stated (July 2013) that matter for issue of registration certificates in Smart Card was under process. Further reply has not been received (December 2013).

4.15 Short levy of tax due to incorrect determination of seating capacity

Under the provisions of Section 7(3) of Jharkhand Motor Vehicles Taxation (Amendment) Act, 2011, taxes shall be paid by the owner of a transport vehicle on seating capacity determined on the criteria of wheelbase. The provision came into effect from 23 May 2011. Further, Section 5 of the Act provides that every owner of a transport vehicle is required to pay road tax and additional motor vehicles tax at the rates specified therein.

We noticed from test check of the Registration/Taxation Register along with verification of the computerised data in District Transport Offices, Deoghar and Hazaribag in February 2013 that out of 247 transport vehicles test checked, 99 vehicles paid taxes for the period from May 2011 to 2012-13 adopting seating capacity

lower than the seating capacity as per their wheelbase. This indicated that the DTO did not enforce the new provision of the Act during realization of tax from transport vehicles which resulted in short levy of taxes amounting to ₹ 5.87 lakh.

After we pointed out the cases (February 2013), the Government stated (July 2013) that instructions had been issued to the concerned DTOs for realisation of amount involved. Further reply has not been received (December 2013).