

CHAPTER V: TAXES ON VEHICLES

5.1 Tax administration

The levy of taxes on vehicles is administered by Principal Secretary cum Transport Commissioner (TC) who is assisted by one Additional TC, one Deputy TC, one Assistant TC and one Deputy Director, Finance (DDF) at Headquarters. Besides, there are four Regional Transport Officers (RTOs), two Additional Regional Transport Officers (ARTOs) and 16 District Transport Officers (DTOs) under the administrative control of TC. In addition, 10 check posts are under the supervisory control of RTOs/ARTOs/DTOs concerned.

5.2 Internal Audit

Internal controls which are intended to provide reasonable assurance of proper enforcement of laws, rules and departmental instructions helps in prevention of frauds and other irregularities. Internal audit enables the organisation to assure itself of the degree of compliance with prescribed systems.

We observed that against one sanctioned post, one official was posted during the year 2013-14 in Internal Audit Wing. During the year 2013-14, 17 units were planned for audit by the Department out of which 11 units were audited.

5.3 Results of Audit

In 2013-14, we test checked the records of nine including Transport Commissioner (Exp.), Raipur out of 20 units relating to Transport Department and found under short realisation of trade tax, non realisation of tax and penalty and other irregularities of ₹ 6.13 crore in 1,10,930 cases which fall under the following categories in the **Table 5.1** below:

Table 5.1

(₹ in crore)

| Sl. No. | Category | Number of cases | Amount |
|--------------|---|-----------------|-------------|
| 1. | Short realisation of trade tax/trade fees | 1,09,034 | 2.79 |
| 2. | Non realisation of tax and penalty | 1,647 | 3.23 |
| 3. | Other irregularities | 249 | 0.11 |
| Total | | 1,10,930 | 6.13 |

During the year 2013-14, the Department accepted all the cases raised by the audit but no recovery was made.

A few illustrative cases involving ₹ 4.69 crore are discussed in the following paragraphs.

5.4 Non/short levy of fee on issuing trade certificate

As per Rule 34 (1) of Central Motor Vehicles Rules, 1989, an application for the grant or renewal of trade certificate shall be accompanied by the appropriate fee as specified in Rule 81. Trade fee is leviable at the rate of ₹ 50 per motor cycle/moped and ₹ 200 for other vehicle.

We found during test check of registration records in the four¹ transport offices (April 2010 to March 2013) that 78,271 motor cycles/mopeds and 19,364 other vehicles were registered during 2010-11 to 2012-13. As per the rule *ibid*, trade fees aggregating ₹ 77.86 lakh was to be realised from these vehicles. However, RTO Bilaspur, DTO Baikunthpur and Jashpur levied and collected only ₹ 1.11 lakh while, no trade fee was levied and collected by DTO Raigarh. This resulted in non/short levy of trade fee aggregating ₹ 76.75 lakh (*Appendix 5.1*).

After we pointed this out (between April 2013 and October 2013), the Department replied that ₹ 2.58 lakh has since been recovered.

We reported the matter to the Government for their comments (May 2014); their reply is awaited (December 2014).

Similar issue was raised in Paragraph 5.9 of Audit Report (Revenue Sector) for the year ended 31 March 2012 and Paragraph 5.10 of Audit Report (Revenue Sector) for the year ended 31 March 2013 and the Department had recovered ₹ 35.66 lakh in respect of Paragraph 5.10 and recovery process is under in remaining cases, but the similar omissions were further found in the Department. Therefore, there is need for Government to improve internal control system to avoid recurrence of such irregularities.

5.5 Non-realisation of tax from owners of goods and passenger vehicles

Under Sections 3 and 5 of the Chhattisgarh *Motoryan Karadhan* (CGMK) *Adhiniyam*, 1991 tax shall be levied on the owner of every goods and passenger vehicles used or kept for use in the State at the rate prescribed in the first schedule of the *Adhiniyam*. In case of passenger bus, monthly tax is leviable and for maxi cabs and goods vehicle/truck quarterly tax is levied. Further, in case of non-payment of the tax due, the owner shall, in addition to the payment of tax due, be liable to pay penalty at the rate of one twelfth of unpaid amount of tax for the default of each month or part thereof but not exceeding the unpaid amount of tax as laid down under Section 13(1) of the *Adhiniyam*. Where any owner fails to pay tax, penalty or both, the taxation authority is required to issue a demand notice and take action to recover the amount as arrears of land revenue. Under Section 11 of the said *Adhiniyam* if a vehicle owner wants his vehicle off-road for a particular period, he should submit the declaration in *Praroop* ₹ before starting the period.

We scrutinised the Demand and Collection Registers of seven² Transport offices between April 2013 and December 2013 having 71,764 total registered

¹ RTO Bilaspur, DTO Baikunthpur, Jashpur and Raigarh

² RTO Ambikapur, Bilaspur and Raipur; DTO Baikunthpur, Dantewada, Jashpur and Raigarh.

vehicles and found that out of 9,722 test checked vehicles the owners of 780 vehicles did not pay road tax of ₹ 2.34 crore (*Appendix 5.2*) during the period April 2010 to March 2013. No off road declaration was submitted by these vehicle owners. Despite this, the RTOs and DTOs did not initiate any action to issue demand notice for recovery of the tax from the defaulting vehicle owners. This resulted in non-realisation of tax amounting to ₹ 2.34 crore. Besides, penalty was also leviable on the unpaid amount of tax.

After we pointed this out, the Department replied that ₹ 61.71 lakh has since been recovered and process of recovery is in progress in the remaining cases. Report on recovery is awaited (December 2014).

We reported the matter to the Government for their comments (May 2014); their reply is awaited (December 2014).

Though the similar issue was raised in Paragraph 5.10.1 of Audit Report (Revenue Sector) for the year ended 31 March 2012 and Paragraph 5.11 of Audit Report (Revenue Sector) for the year ended 31 March 2013 and the Department had recovered an amount of ₹ 60.58 lakh and recovery process is under progress in other cases, but the similar omissions were further found. Therefore there is need for Government to improve internal control system to avoid recurrence of such irregularities.

5.6 Short levy of vehicle tax

According to Section 3 of the CGMK Act, tax shall be levied on the owner of every passenger vehicle used or kept for use in the State at the rate prescribed in the Sl No.4 of first Schedule of the Act. In case of non-payment of the tax, the owner shall in addition to the payment of tax, be liable to pay penalty at the rate of one twelfth of the unpaid amount of tax for the default of each month or part thereof but not exceeding the unpaid amount of tax as laid down under Section 13 (1) of the Act. Where any owner fails to pay tax, penalty or both, the taxation authority is required to issue demand notice and take action to recover the amount like arrears of land revenue.

During scrutiny of the taxation records of RTO Bilaspur and DTO Raigarh between April 2013 and August 2013 we found that 1,361 vehicles were registered. Audit conducted test check for 64 vehicles and found that tax for 12 vehicles amounting to ₹ 28.05 lakh was levied on lumpsum basis without taking into account the actual distance covered by the vehicles between the period April 2010 and March 2013. The actual tax payable by the owners of these vehicles on the basis of the actual distance covered was ₹ 34.26 lakh. This resulted in short levy of vehicle tax of ₹ 6.21 lakh (*Appendix 5.3*). Besides, penalty was also leviable on the unpaid amount of tax.

After we pointed this out, the Department replied (April 2014) that in one case ₹ 4800 has since been recovered. Replies in remaining cases are awaited (December 2014).

The matter was reported to the Government for their comments (May 2014); their reply is awaited (December 2014).

5.7 Short realisation of trade tax

According to Section 4 of the CGMK Act, read with Rule 33 of CMV Rules 1989, a dealer to whom a trade certificate has been issued under the Motor vehicle's Act, 1988, will pay trade tax in respect of vehicles in his possession during the course of business. Further, Schedule III of CGMK Act specifies the rate of trade tax for first seven vehicles and for every lot of additional seven vehicles in possession of the dealer during the course of his business. Rule 43(1) of CMV Rules 1989, provides that every holder of a trade certificate shall maintain a register in Form 19 in duplicate which shall be in a bound book, with pages numbered serially. Further, sub-rule 3 of Rule 43 stipulates that the register and the duplicate shall be kept open for inspection by the registering authority.

During test check between April 2013 and October 2013 of trade tax register of four³ Transport Offices, we found that automobile dealers had obtained trade certificates from the respective transport officers. Further, we noticed that no record was being maintained by the transport authority regarding the number of vehicles in possession with the dealer, due to which the actual number of vehicles possessed by each dealer could not be ascertained. Neither did the dealers submit the returns nor was any action taken by the Department to obtain the returns and realise the amount due. However, during the audit period (April 2010 to March 2013) 90,549 vehicles of different categories were registered (*Appendix-5.4*). On the basis of registrations made by these transport offices, trade tax aggregating ₹ 1.57 crore was leviable from the dealers. Against this, trade tax of ₹ 4.97 lakh only was levied and collected. This resulted in short realisation of trade tax of ₹ 1.52 crore.

After we pointed out (between April 2013 and October 2013), the Department stated that an amount of ₹ 5.36 lakh has since been recovered.

We reported this to the Government/Department (October 2013 to December 2013) for their comments; their replies are awaited (December 2014).

³ RTO Bilaspur and DTO Baikunthpur, Jashpur and Raigarh