

CHAPTER-III: TAXES ON MOTOR VEHICLES

3.1 Tax administration

The Transport Department is responsible for registration of vehicles, grant of permits for vehicles and exercise of control over vehicles plying in the State. The Department also issues licences to drivers, conductors and traders and fitness certificate of vehicles. Levy and collection of taxes, fees and penalties under the provisions of the Motor Vehicles Act, 1988, the Central Motor Vehicles Rules, 1989, the Rajasthan Motor Vehicles Taxation Act (RMVT Act), 1951, the Rajasthan Motor Vehicles Taxation Rules (RMVT Rules), 1951 and the Rajasthan Motor Vehicles Rules, 1990 are other responsibilities of the Department. Works relating to registration and fitness of vehicles, grant of licences, collection of taxes, fees, penalties *etc.* have been computerised in the Department.

The Transport Department is headed by the Transport Commissioner who is assisted by 5 Additional Transport Commissioners and 13 Deputy Transport Commissioners. The entire State is divided into 11 regions, headed by Regional Transport Officers (RTO) cum *ex-officio* Member, Regional Transport Authority. Besides, there are 37 vehicles registration cum taxation offices headed by District Transport Officers (DTO).

3.2 Trend of receipts

Receipts of taxes on motor vehicles during the years from 2008-09 to 2012-13 along with the total tax receipts of the State have been exhibited in the following table:

(₹ in crore)

Year	Budget estimates	Actual Receipts of taxes on motor vehicles	Variation excess (+)/shortfall (-)	Percentage of variation	Total tax receipts of the State	Percentage of 3 to 6
(1)	(2)	(3)	(4)	(5)	(6)	(7)
2008-09	1,200.00	1,213.56	(+) 13.56	(+) 1.13	14,943.75	8.12
2009-10	1,300.00	1,372.87	(+) 72.87	(+) 5.61	16,414.27	8.36
2010-11	1,500.00	1,612.25	(+) 112.25	(+) 7.48	20,758.12	7.77
2011-12	1,725.00	1,927.05	(+) 202.05	(+) 11.71	25,377.05	7.59
2012-13	2,225.00	2,283.13	(+) 58.13	(+) 2.61	30,502.65	7.48

The percentage of receipts of taxes on motor vehicles as compared to total tax receipts of the State showed a declining trend over the years except the year 2009-10. By the year 2012-13, these receipts accounted for 7.48 *per cent* of total tax receipts of the State.

3.3 Analysis of arrears of revenue

The following table depicts the position of arrears of revenue as on 31 March 2013.

(₹ in crore)

Year	Opening balance of arrears as on 1 April 2012	Amount collected during the year 2012-13	Closing balance of arrears as on 31 March 2013
Upto 2007-08	22.11	1.69	20.42
2008-09	6.01	0.55	5.46
2009-10	3.41	0.46	2.95
2010-11	3.91	0.66	3.25
2011-12	18.97	4.98	13.99
Total	54.41	8.34	46.07

It would be seen from the above that arrears of ₹ 20.42 crore are pending for collection for more than five years and with the passage of time the chances of their recovery are bleak.

It is recommended that the Government may issue instructions to the Department to take appropriate action to recover the arrears within a definite time-frame.

3.4 Cost of collection

The gross collection of the revenue receipts, expenditure incurred on collection and the percentage of such expenditure to gross collection during the period from 2008-09 to 2012-13 along with the relevant All India average percentage of expenditure on collection to gross collection for the same period are as follows:

(₹ in crore)

Sl. No.	Year	Gross collection	Expenditure on collection of revenue	Percentage of expenditure on collection	All India average percentage of expenditure
1.	2008-09	1,213.56	29.25	2.41	2.93
2.	2009-10	1,372.87	27.04	1.97	3.07
3.	2010-11	1,612.25	30.82	1.91	3.71
4.	2011-12	1,927.05	40.65	2.11	2.96
5.	2012-13	2,283.00	40.45	1.77	NA

It was observed that the percentage of expenditure on collection of taxes on motor vehicles to gross collection was lower in comparison to the All India average percentage.

3.5 Impact of Audit Reports

During the last five years (2007-08 to 2011-12), 25 paragraphs on non-levy/short-levy, non-realisation/short realisation, underassessment/loss of revenue, application of incorrect rate of tax, incorrect computation of tax *etc.*

with revenue implication of ₹ 120.52 crore were pointed out. Of these, the Department/Government had fully/partly accepted 21 paragraphs involving ₹ 88.68 crore and had since partly recovered ₹ 32.64 crore in 18 paragraphs (December 2013) as shown in the following table:

(₹ in crore)

Year of Audit Reports	Paragraphs included		Paragraphs accepted		Recovery	
	Number	Amount	Number	Amount	Number of Paragraphs	Amount
2007-08	9	25.15	8	21.50	8	16.07
2008-09	3	47.75	2	19.98	1	0.79
2009-10	4	15.02	4	14.82	3	6.80
2010-11	5	16.72	5	16.72	4	4.75
2011-12	4	15.88	2	15.66	2	4.23
Total	25	120.52	21	88.68	18	32.64

The Department has recovered only 36.80 per cent of the accepted amount.

The Government may issue instructions to the Department to recover the amount involved in the audit paragraphs on priority, especially in those cases which have already been accepted by the Department.

3.6 Working of Internal Audit Wing

Internal Audit Wing is headed by the Financial Adviser and assisted by one Senior Accounts Officer and two Accounts Officers. Five internal audit parties are working in the Department each headed by an Assistant Accounts Officer. The position of last five years of internal audit was as under:

Year	Units pending for audit	Units due for audit during the year	Total units due for audit	Units audited during the year	Units remained unaudited	Shortfall in per cent
2008-09	4	79	83	67	16	19
2009-10	16	79	95	89	6	6
2010-11	6	43	49	49	-	-
2011-12	-	43	43	43	-	-
2012-13	-	43	43	43	-	-

It was noticed that 11,234 paragraphs upto 2012-13 were outstanding at the end of 2012-13. Year-wise break up of outstanding paragraphs of internal audit reports is as under:

Year	1991-92 to 2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	Total
Paras	7,358	585	725	731	832	1,003	11,234

7,358 paragraphs of internal audit reports were outstanding up to the year 2007-08. The huge number of outstanding paragraphs indicates that the Department needs to pay more attention for settlement of the observations raised by the Internal Audit Wing.

The Government may issue appropriate instructions to the Department for early disposal of outstanding observations raised by the Internal Audit Wing.

3.7 Results of Audit

On test check of the records of 22 out of 44 units during 2012-13, audit noticed irregularities involving ₹ 16.05 crore in 5,898 cases, which broadly fall under the following categories:

(₹ in crore)			
Sl. No.	Category	Number of cases	Amount
1.	Non-recovery/short recovery of tax, penalty, interest and compounding fee	3,716	8.88
2.	Non-computation/short computation of motor vehicle tax/special road tax	2,082	7.14
3.	Other irregularities	100	0.03
Total		5,898	16.05

The Department accepted underassessment and other irregularities of ₹ 7.02 crore in 5,680 cases, of which 797 cases involving ₹ 2.73 crore were pointed out in audit during the year 2012-13 and the rest in the earlier years. During the year 2012-13, an amount of ₹ 4.97 crore was realised in 2,176 cases, of which ₹ 0.68 crore in 238 cases were pointed out in 2012-13 and ₹ 4.29 crore in 1,938 cases in the earlier years.

A few illustrative audit observations involving ₹ 10.66 crore are mentioned in the succeeding paragraphs.

3.8 Audit observations

During test check of records of Transport Department, we noticed several cases of non-levy of tax, fee and penalty. Some of these omissions were also pointed out in earlier years. However, it is seen that similar irregularities persist year after year and remain undetected till the next audit is conducted. These cases are illustrative and are based on a test check carried out by Audit. It was observed that no computerised system existed in the Department to monitor proper maintenance of tax ledgers of registered vehicles to ensure recovery of tax, fee and other charges. Besides, no return was prescribed to show the number of vehicles from which tax was due but not received. There is need to improve the internal control system including strengthening of internal audit and putting in place a monitoring mechanism by way of periodical returns to ensure collection of tax, fee etc.

3.9 Non-compliance of provisions of the Acts/Rules

The RMVT Act, RMVT Rules and notifications provide, inter alia, for:

- (i) levy and collection of tax on all motor vehicles used or kept for use in the State at the rates prescribed by the State Government from time to time;*
- (ii) levy of lump sum tax on transport vehicles at the rates prescribed by the State Government from time to time; and*
- (iii) levy of special road tax and surcharge on tax at the rate prescribed.*

During test check of the records, it was noticed that Departmental authorities did not observe some of the above provisions in cases mentioned in paragraphs 3.9.1 to 3.9.3.

3.9.1 Taxes on motor vehicles not realised

Under Sections 4 and 4-B of the Rajasthan Motor Vehicles Taxation Act, 1951 and rules made thereunder, motor vehicle tax/special road tax are to be levied and collected on all motor vehicles used or kept for use in the State at the rates prescribed by the State Government from time to time. Further, vide notification dated 9 March 2011, surcharge at the rate of 5 per cent on tax is also payable in respect of vehicles not paying lump sum tax.

During test check of the registration records, tax ledgers and general index registers of 19 RTOs and DTOs for the period from 2009-10 to 2011-12, it was noticed (between May 2012 and February 2013) that motor vehicle tax and special road tax in respect of 3,705 vehicles for the period between April 2009 and March 2012 were either not paid or paid short by the owners of these vehicles. There was nothing on record to show that the vehicles were off the road or their liability was transferred to any other

taxation officer. This resulted in non/short realisation of tax and

surcharge amounting to ₹ 10.12 crore as mentioned below:

Sl. No.	Category of vehicles	No. of vehicles	Period of tax	Amount (₹ in crore)	Name of offices
1.	Goods vehicles	1,434	April 2009 to March 2012	2.66	RTO- Ajmer, Alwar, Bikaner, Chittorgarh, Jodhpur, Kota and Udaipur; DTO- Jhunjhunu, Kotputli, Pali, Jaipur (goods), Deedwana, Sawai Madhopur, Baran, Ramganjmandi, Karauli, Jaisalmer and Barmer.
2.	Contract carriages (seating capacity upto 13 persons excluding driver)	1,168	April 2009 to March 2012	2.28	RTO- Alwar, Chittorgarh, Ajmer, Bikaner, Udaipur, Kota, Jodhpur, Pali; DTO- Jhunjhunu, Kotputli, Sawai Madhopur, Baran, Ramganjmandi, Karauli, Jaisalmer and Barmer.
3.	Contract carriages (seating capacity more than 13 persons excluding driver)	121	April 2009 to March 2012	1.94	RTO - Jodhpur, Udaipur, Kota, Bikaner; DTO Jhunjhunu, Kotputli, Pratapgarh and Barmer.
4.	Stage carriages	86	April 2009 to March 2012	0.51	RTO- Alwar; DTO-Jhunjhunu, Deedwana, Korauli and Barmer.
5.	Articulated goods vehicles	400	April 2009 to March 2012	1.04	RTO- Ajmer, Bikaner, Chittorgarh, Jodhpur and Udaipur; DTO - Jaipur (goods), Kotputli and Sawai Madhopur.
6.	Passenger vehicles kept without permits	27	April 2010 to March 2012	0.26	RTO- Jodhpur, Bikaner; DTO- Kotputli.
7.	Dumpers/ tippers	469	April 2009 to March 2012	1.43	RTO- Alwar, Ajmer, Bikaner, Udaipur, Kota, Jodhpur; DTO- Jhunjhunu, Kotputli, Jaipur (goods), Deedwana, Baran, Ramganjmandi, Pratapgarh, Jaisalmer and Barmer.
Total		3,705		10.12	

After the matter was pointed out (between June 2012 and March 2013), the Government stated (September 2013) that in respect of 945 vehicles, ₹ 2.04 crore had been recovered and in respect of 18 vehicles, ₹ 0.13 crore were not recoverable due to issue of no objection certificates to transport vehicles for registration in other State, cancellation of registration certificates and deposit of lump sum tax. Reply in respect of the remaining cases is awaited (February 2014).

3.9.2 Non-recovery/short recovery of outstanding instalments of lump sum tax

Under Section 4-C of the RMVT Act, 1951, a lump sum tax on transport vehicles shall be levied at the rates prescribed by notification from time to time by the State Government. The lump sum tax may be paid in full or in three equal instalments within a period of one year. Further, vide notification dated 9 March 2011, surcharge at the rate of 10 *per cent* on tax is also payable in respect of vehicles paying lump sum tax.

During test check of records of three RTOs Jodhpur, Udaipur, Pali and DTO Ramganjmandi for the years 2009-10 to 2011-12, it was noticed (between October 2012 and February 2013) that in respect of 117 transport vehicles, the vehicle owners opted for lump sum payment of tax in three equal instalments. However, it was observed that either the last

two instalments or the third instalment were not paid or paid short by the owners of these vehicles. The taxation officers also did not initiate any action to realise the amount of the tax due. This resulted in non-realisation of lump sum tax amounting to ₹ 49.13 lakh.

The matter was reported to Department and Government between December 2012 and September 2013. The Government stated (October 2013) that in respect of 37 vehicles ₹ 13.68 lakh had been recovered, while in the remaining cases, recovery was under progress. Further, development was awaited (February 2014).

3.9.3 Short levy of special road tax in respect of stage carriages of Rajasthan State Road Transport Corporation

As per notification no. F 6/96/Trans/ tax/ HQ/III/7D dated 1 August 2007 issued under Section 4-B of the Rajasthan Motor Vehicles Taxation Act, 1951, special road tax on stage carriages owned by a fleet owner shall be payable at the rate of 2.05 *per cent* of the cost of chassis of the entire fleet of vehicles (other than those plying exclusively within the municipal limits) used or kept for use as stage carriages in the fleet. Further, vide notification dated 9 March 2011, surcharge at the rate of 5 *per cent* on tax was also payable in respect of vehicles not paying lump sum tax.

During test check of records of RTO Jaipur, for the period 2011-12, it was noticed (December 2012) that special road tax in respect of 677 stage carriages, owned by Rajasthan State Road Transport Corporation (a fleet owner) was levied short due to under-valuation of cost of chassis of vehicles for the purpose of computation of special road tax.

Further, in respect of 10 stage carriages no special road tax was levied. This resulted in short levy of special road tax amounting to 5.27 lakh¹.

The omission was pointed out to the Department and reported to the Government (December 2012 and October 2013), their reply is awaited (February 2014).

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(₹ in lakh)						
S. No.	Model	Cost as per Audit	Cost adopted	Difference	No. of vehicles	Differential value
1	Ashok Leyland	11.84	11.65	0.19	665	126.35
2	Tata Model LP	11.53	11.38	0.15	12	1.80
3	Tata Model	11.68	-	11.68	10	116.80
Total value						244.95
Tax + Surcharge leviable = 2.1525 per cent of differential value. Therefore, Special Road Tax = 244.95 lakh x 2.1525 per cent = ₹ 5.27 lakh.						
