

*CHAPTER-V*  
*TAXES ON VEHICLES, GOODS AND*  
*PASSENGERS*

## CHAPTER-V

### TAXES ON VEHICLES, GOODS AND PASSENGERS

#### 5.1 Tax administration

The receipts from the Transport Department are regulated under the provisions of the Central and the State Motor Vehicle Acts and rules made thereunder and are under the administrative control of the Director Transport. The receipts from the goods and passengers tax are regulated under the provisions of the Himachal Pradesh Passengers and Goods Taxation Act 1955, which are administered by the Excise and Taxation Commissioner of the state.

#### 5.2 Results of audit

In 2013-14, test check of the records of 45 units relating to token tax, special road tax, registration fee, permit fee, driving license fee, conductor license fee, penalties and composite fee under the National Permit Scheme showed under assessment of tax and other irregularities involving ₹128.86 crore in 258 cases, which fall under the following categories in the **Table 5.1**:

Table 5.1

|              |                                  |                 | ₹ in crore    |
|--------------|----------------------------------|-----------------|---------------|
| Sr. No.      | Categories                       | Number of cases | Amount        |
| 1.           | <b>Non/ short realisation of</b> |                 |               |
|              | • Token tax and composite fee    | 88              | 5.87          |
|              | • Special road tax               | 81              | 114.06        |
|              | • Passenger and goods tax        | 28              | 3.17          |
| 2.           | <b>Evasion of</b>                |                 |               |
|              | • Token tax                      | 13              | 2.26          |
|              | • Passenger and goods tax        | 16              | 2.49          |
| 3.           | <b>Other irregularities</b>      |                 |               |
|              | • Vehicle tax                    | 26              | 0.87          |
|              | • Passenger and goods tax        | 06              | 0.14          |
| <b>Total</b> |                                  | <b>258</b>      | <b>128.86</b> |

During the course of the year, the Department accepted underassessment and other deficiencies of ₹10.22 crore in 281 cases, which were pointed out in earlier years out of which an amount of ₹2.07 crore was realised in 191 cases during the year 2013-14.

A few illustrative cases involving ₹41.53 crore are discussed in the following paragraphs.

#### 5.3 'Assessment and collection of special road tax'

Special Road Tax (SRT) is a tax which was introduced in lieu of Passenger Tax in January 2000, leviable on all the stage carriages plying in Himachal Pradesh. As per Section 3-A of Himachal Pradesh Motor Vehicle Taxation (HPMVT) Act, 1972, Special Road Tax (SRT) is leviable monthly on all stage carriage transport vehicles and payable in advance on 15<sup>th</sup> of every month at the rates prescribed by the Government from time to time. Further, as per the Transport Department's notification dated 26 July 2006 applicable from 31 July 2002, if the owner of a vehicle fails to pay the SRT within the prescribed period, the owner has to pay penalty at the rate of 25 *per cent* per annum of the tax due.

An audit on ‘*Assessment and collection of special road tax*’ covering the period from 2008-09 to 2012-13, was conducted between June 2013 and March 2014 through test check of the records maintained in the office of all 10 Regional Transport Officers (RTOs)<sup>1</sup>. The following are the audit findings:

### **5.3.2 Monitoring mechanism of assessment and collection of SRT**

Rule 18 of the Himachal Pradesh Motor Vehicle Rules (HPMVR) 1974, provides that all registering and licensing authorities in the State shall submit a return in Form-VIII to the State Transport Authority (STA) within a month of the expiry of each quarter showing the details of number of stage carriages registered, number of route permits issued, class of bus service and assessment of monthly SRT made etc. to maintain centralised data of vehicles at apex level for effective control and checks for levy, charge and collection of SRT and other dues from them. Further, for proper assessment and collection of SRT a monitoring mechanism is to be devised at the apex level.

Audit test checked the records (between June 2013 and March 2014) of the STA and 10 RTOs and noticed that no such centralised data was being maintained at the Directorate level. In the absence of such data, the number of stage carriages registered, permits issued and month wise/ year wise revenue due and realised in respect of stage carriages of each RTOs could not be ascertained.

Further, scrutiny of records and data generated by ‘VAHAN’ software between June 2013 and March 2014 showed that the ‘VAHAN’ software did not contain module for levy and collection of SRT and penalty. No monitoring system by way of maintenance of SRT registers, route permits registers and submission of returns on assessment and collection of revenue from the vehicle owners by the field units (RTOs) at regular interval of time had been devised at the apex level.

### **5.3.3 Incorrect assessment of SRT from the stage carriages of other states**

As per sub-section 4 of Section 3A, if a transport vehicle registered in a state other than the state of Himachal Pradesh, enters and is used on any public road, or is kept for use in the State, SRT shall become chargeable on such entry in the prescribed manner. The SRT shall also be applicable and charged in respect of stage carriages of other states<sup>2</sup> on the entire distance covered in Himachal Pradesh on the basis of route permits issued by the State Transport Authority of other States, duly countersigned by the RTOs of Himachal Pradesh under whose jurisdiction the vehicle is plied.

Audit test checked (between August 2013 and March 2014) the records of route permits countersigned by the RTOs/ SRT registers, maintained in the five RTOs<sup>3</sup> for the period of 2008-09 to 2012-13 and noticed that records of number of permits countersigned by the respective RTOs and vehicles which were plying in Himachal Pradesh were not being maintained properly. Audit scrutiny of the permits issued or the reciprocal agreements executed by the respective States and tax paid by the State Transport Authority of other States, showed that

<sup>1</sup> Bilaspur, Chamba, Hamirpur, Kangra, Kullu, Mandi, Shimla, Sirmour at Nahan, Solan and Una

<sup>2</sup> Haryana, Punjab, Chandigarh, Uttar Pradesh and Uttarakhand

<sup>3</sup> RTOs Bilaspur, Kangra, Sirmour, Solan and Una

assessments of SRT in 145 cases were not made correctly as per the distance covered by the other state carriages plying on different routes of Himachal Pradesh. This resulted in short levy of SRT of ₹10.05 crore<sup>4</sup> by the stage carriage owners of other States.

#### 5.3.4 Short assessment of SRT due to application of incorrect rate or mileage

As per the HPMVT (Amendment) Act, 1999, SRT shall be levied and charged on all transport vehicles used or kept for use in Himachal Pradesh and will be payable in advance on the 15<sup>th</sup> of every month. If the owner of a vehicle fails to pay the SRT due within the prescribed period, the taxation authority after giving opportunity of being heard, shall direct the owner to pay penalty at the rate of 25 *per cent* per annum of the tax due. As per the notification of January 2006, the rates<sup>5</sup> of SRT were based on the classification of routes on which vehicles were plying such as National Highways (NH), State Highways (SH), rural roads (RR) and class of bus services. However, the higher rates of SRT are applicable when the vehicles ply on interstate routes.

#### HRTC Buses

Audit scrutiny (between June 2013 and March 2014) of route permits and SRT assessment statements furnished by the HRTC units of four RTOs<sup>6</sup> for the period 2008-09 to 2012-13 showed that the RTO concerned did not scrutinise the SRT statements of 15 cases properly as to whether the rates applied were according to the classification of route or the distance covered as per the authorization in the route permits. This resulted in short assessment of SRT of ₹67.50 lakh<sup>7</sup>, besides, a minimum penalty of ₹16.87 lakh at the prescribed rates was also leviable.

#### Private stage carriages (PSCs)

Audit scrutiny of route permits and SRT registers of six RTOs between June 2013 and March 2014 showed that in 66 cases the RTOs omitted to check the rates, mileage and the classification of the routes prescribed for private stage carriages plying in the State. The tax was assessed and paid at the rates prescribed for intra-state routes instead of inter-state routes (which is higher) for the period 2008-09 to 2012-13. This led to short realisation of revenue of ₹62.11 lakh<sup>8</sup>, besides, a minimum penalty of ₹15.53 lakh was also leviable.

#### 5.3.5 Under assessment of SRT of deluxe, semi-deluxe and air-conditioned buses

The Government of Himachal Pradesh (Department of Transport) vide notification of January 2006 prescribed higher rates of SRT for semi-deluxe, deluxe or air-conditioned buses, being luxury class of bus service.

<sup>4</sup> Bilaspur: ₹103.20 lakh, Kangra: ₹56.01 lakh, Sirmour: ₹17.94 lakh, Solan: ₹500.75 lakh and Una: ₹326.63 lakh

<sup>5</sup> For hilly area roads ₹6.04, ₹5.03, ₹4.03 and for plain area roads ₹3.89, ₹3.23, ₹2.59 per seat per kilometer for ordinary bus service.

<sup>6</sup> Kullu, Shimla, Solan and Una

<sup>7</sup> Kullu: ₹8.12 lakh, Shimla: ₹21.13 lakh, Solan: ₹29.89 lakh and Una: ₹8.36 lakh

<sup>8</sup> Bilaspur: ₹7.33 lakh, Hamirpur: ₹5.40 lakh, Kullu: ₹4.47 lakh, Shimla: ₹1.15 lakh, Solan: ₹23.06 lakh and Una: ₹20.70 lakh

Scrutiny of the records of SRT assessments of semi-deluxe, deluxe and air-conditioned bus service of HRTC in seven RTOs (between July 2013 and March 2014) showed that 24 stage carriages were plying on 12 routes. The SRT worked out on the basis of rates applicable to ordinary class of bus service instead of applicable higher rates. The RTOs concerned neither checked the assessment statements furnished by the HRTC to rectify the persistent irregularities nor raised any monthly demand against the respective HRTC units. Thus, application of incorrect SRT rates resulted in under assessment of SRT of ₹65.47 lakh,<sup>9</sup> besides, penalty of ₹16.37 lakh was also leviable.

### **5.3.6 Non-assessment of SRT**

As per the provisions contained in Section 14 (2) of HPMVT (Amendment) Act, 1999, when the registered owner or the person having possession or control of a motor vehicle specified in Schedule-I or III has given previous intimation in writing to the taxation authority that the motor vehicle would not be used in any public place, for a particular period and deposits the certificate of registration (RC) of such motor vehicle alongwith route permit with registration authority concerned and obtains an acknowledgement thereof, he shall be exempted from the payment of SRT for that period.

Audit test checked the records between July 2013 and March 2014 of four RTOs and noticed that permits for 10 routes were issued/ renewed by the respective RTOs to the stage carriages of HRTC for the period 2008-09 and 2012-13. Audit further noticed that the assessments of SRT of these route permits were not made. This resulted in non-charging of SRT to the tune of ₹1.02 crore,<sup>10</sup> besides, a minimum penalty of ₹25.28 lakh was also leviable.

### **5.3.7 Non-recovery of SRT from Private Stage Carriages (PSCs)**

As per Section 3-A of HPMVT Act, 1972, SRT is leviable monthly on all stage carriage transport vehicles and payable in advance on 15<sup>th</sup> of every month at the rates prescribed by the Government from time to time.

Audit scrutiny of the records of SRT Registers of seven RTOs between June 2013 and March 2014, showed that in 91 cases out of 310 test checked cases, SRT amounting to ₹95.58 lakh was recoverable from the owners of PSCs. The department had neither demanded the SRT nor was paid by the owners of the vehicles. This resulted in non-recovery of SRT of ₹95.58 lakh.<sup>11</sup> Besides, a minimum penalty of ₹23.89 lakh at the prescribed rate was also leviable for non-payment of tax.

On this being pointed out between June 2013 and March 2014, the Director (Transport), Shimla intimated in June and August 2014 that out of ₹51.18 lakh, and amount of ₹15.17 lakh had been recovered by RTOs Shimla and Solan and efforts were being made to recover the balance amount. The remaining RTOs

<sup>9</sup> Bilaspur: ₹13.70 lakh, Chamba: ₹5.99 lakh, Hamirpur: ₹4.40 lakh, Kangra: ₹13.02 lakh, Kullu: ₹12.08 lakh, Mandi: ₹10.17 lakh and Sirmour: ₹6.11 lakh

<sup>10</sup> Mandi: ₹28.55 lakh, Shimla: ₹37.33 lakh, Solan: ₹22.75 lakh and Una: ₹13.76 lakh

<sup>11</sup> Bilaspur: eight cases: ₹11.16 lakh, Kangra at Dharamshala: 11 cases: ₹4.36 lakh, Kullu: 23 cases: ₹10.60 lakh, Shimla: 22 cases: ₹9.12 lakh, Sirmour at Nahan: four cases: ₹3.33 lakh, Solan: 15 cases: ₹42.06 lakh and Una: eight cases: ₹14.95 lakh

stated that notices were being issued to the concerned stage carriages to deposit the SRT (December 2014).

### 5.3.8 Non-recovery of arrears of SRT from HRTC

Section 12 of HPMVT Act, 1972 provides that when a person neglects or refuses to pay an instalment of tax within one month from the expiration of period fixed for such payment, the taxation authority may forward to the Collector a certificate under his signatures specifying the amount of the arrears due from the person and the Collector on receipt of such certificate shall proceed to recover from such person the amount specified therein as if it were an arrear of land revenue. Sub-Section 4 (a) (i) of Section 81 of MVT Act, 1988 further provides that RTOs or STA may reject an application for renewal of permit on the grounds plying of vehicle without payment of tax due on such vehicle.

Audit test checked the records of 10 RTOs<sup>12</sup> between June 2013 and March 2014 and noticed that the SRT for the period 2012-13 aggregating to ₹21.08 crore<sup>13</sup> was neither demanded by the RTOs nor deposited by the HRTC units till March 2014, on which a minimum penalty of ₹5.27 crore was also leviable.

An arrear of SRT of ₹70.91 crore for the year 2008-09 to 2011-12, had already been pointed out by audit and printed in the earlier Audit Reports<sup>14</sup> on which no action had been taken by the department to detain the vehicles of HRTC units. Whereas the route permits of the vehicles of HRTC units were renewed from time to time without verifying the clearance of tax which was in contravention of the provisions of the Act *ibid*.

#### 5.3.8.2 Arrears of off road PSCs

Scrutiny of the information furnished by seven RTOs<sup>15</sup> between July 2013 and March 2014 showed that 159 vehicle owners had not deposited the amount of SRT of ₹6.96 crore<sup>16</sup> including penalty of ₹1.39 crore for the period from January 2000 to September 2012 before their vehicles went off the road or deposited their RCs alongwith route permit with the registration authority concerned. Audit further noticed that out of 159 cases, 152 cases had been referred to the Collector for recovery under ALR whereas seven cases of value ₹22.80 lakh were not referred till March 2014. Though a period of 14 years had already elapsed but recovery was still awaited.

No centralised data of vehicles was maintained at the Directorate level. There was short recovery of SRT of ₹10.05 crore from the stage carriage owners of other States. There was short assessment of SRT amounting to ₹1.30 crore in respect of HRTC buses and PSCs due to application of incorrect rate of mileage.

<sup>12</sup> Bilaspur, Chamba, Hamirpur, Kangra, Kullu, Mandi, Shimla, Sirmour, Solan and Una

<sup>13</sup> Bilaspur: ₹1.07 crore, Chamba: ₹1.18 crore, Hamirpur: ₹1.01 crore, Kangra at Dharamshala: ₹5.06 crore, Kullu: ₹2.05 crore, Mandi: ₹3.15 crore, Shimla: ₹4.95 crore, Sirmour: ₹0.77 crore, Solan: ₹1.02 crore and Una: ₹0.82 crore

<sup>14</sup> Audit Report for the year 2008-09: para 4.3.5, AR-2009-10: para 4.6.15.1, AR 2010-11: para 4.11, AR 2011-12: para 5.8 and AR 2012-13: para 5.4.1

<sup>15</sup> Bilaspur, Kangra, Kullu, Mandi, Shimla, Sirmour and Solan

<sup>16</sup> Bilaspur: ₹2.85 lakh, Kangra : ₹108.99 lakh,, Kullu : ₹86.12 lakh,, Mandi: ₹40.24 lakh, Shimla: ₹308.00 lakh, Sirmour: ₹92.24 lakh and Solan: ₹57.22 lakh



SRT for the period 2012-13 aggregating to ₹21.08 crore<sup>17</sup> was neither demanded by 10 RTOs nor deposited by the HRTC units till March 2014, on which a minimum penalty of ₹5.27 crore was also leviable.

The above points were reported to the Government/ Department (July 2014); the reply of the Government is still awaited (December 2014).

## **5.4 Non-realisation of taxes**

### **5.4.1 Token tax**

Under the Himachal Pradesh Motor Vehicles Taxation (HPMVT) Act, 1972, and rules made thereunder, token tax by vehicle owners is payable in advance quarterly or annually in the prescribed manner. As per Transport Department's notification dated 11 June 2007 and 15 March 2012, token tax in the case of construction equipments vehicles and crane mounted vehicles (based on the maximum prescribed mass) was leviable at the rate of ₹8,000 (light), ₹11,000 (medium) and ₹14,000 (heavy) per annum with effect from June 2007. As per provisions, if an owner of motor vehicle fails to pay the tax due within the prescribed period, the taxation authority after giving him an opportunity of being heard, shall direct him to pay in addition to tax, a penalty at the rate of 25 per cent per annum of the tax due.

Audit test checked between May 2013 and February 2014 the Token Tax Registers and data maintained in 'VAHAN' software of 20 RLAs<sup>18</sup>, eight RTOs<sup>19</sup> and STA, Shimla and noticed that out of 11,920 test checked vehicles record, token tax amounting to ₹2.59 crore in respect of 4,196 vehicles for the years 2011-12 and 2012-13, was not deposited by the vehicle owners. There was nothing on record to indicate that any initiative had been taken by the taxation authorities to recover tax from the defaulters. This resulted in non-recovery of token tax of ₹2.59 crore.

On this being pointed out (between May 2013 and February 2014), the Director (Transport) intimated between June 2013 and August 2014 that four RLAs and five RTOs, had recovered token tax of ₹26.74 lakh in respect of 410 vehicles<sup>20</sup> out of ₹107.69 lakh and efforts were being made to recover the balance amount. The remaining taxation authorities intimated (between July 2013 and March 2014) that either notices will be issued to the defaulters to deposit the tax or action would be taken as per the provisions of the Act/ Rules.

<sup>17</sup> Bilaspur: ₹1.07 crore, Chamba: ₹1.18 crore, Hamirpur: ₹1.01 crore, Kangra at Dharamshala: ₹5.06 crore, Kullu: ₹2.05 crore, Mandi: ₹3.15 crore, Shimla: ₹4.95 crore, Sirmour: ₹0.77 crore, Solan: ₹1.02 crore and Una: ₹0.82 crore

<sup>18</sup> Anni, Baijnath, Chamba, Dharamshala, Ghumarwin, Jawali, Kandaghat, Karsog, Kaza, Nadaun, Nahan, Nalagarh, Nurpur, Paonta Sahib, Pooh, Shimla (Urban), Solan, Sundernagar, Theog and Una

<sup>19</sup> Bilaspur, Chamba, Dharamshala, Hamirpur, Kullu, Mandi, Nahan, and Una

<sup>20</sup> **RLAs:** Baijnath: 33 vehicles: ₹1.21 lakh, Dharamshala: 32 vehicles: ₹3.16 lakh, Ghumarwin: 39 vehicles: ₹3.04 lakh, Kandaghat: 10 vehicles: ₹0.60 lakh, Nalagarh: 93 vehicles ₹4.32 lakh, Pooh: three vehicles: ₹4,500, STA Shimla: 30 vehicles: ₹2.06 lakh  
**RTOs:** Chamba: 15 vehicles: ₹88,950, Dharamshala: 35 vehicles: ₹2.56 lakh, Kullu: 30 vehicles: ₹1.41 lakh, Mandi: 50 vehicles: ₹5.10 lakh and Una: 40 vehicles: ₹2.34 lakh

The matter was reported to the Government between June 2013 and April 2014; their replies have not been received (December 2014).

#### 5.4.2 Non/ short realisation of entry tax

According to the Excise and Taxation Department notification of October 2010, issued under the Section 4 (1) of the Himachal Pradesh Tax on Entry of Goods into Local Area Act, 2010, entry tax at the rate of five *per cent* shall be deposited on the invoice value of the motor vehicles purchased from any place outside the State for use in the State and registerable in Himachal Pradesh under the Motor Vehicle Act, 1988. Further provided that no Registering and Licensing Authority shall register such motor vehicle unless the person making application for registration furnishes proof of having deposited the tax payable under this section from the Assessing Authority.

Audit noticed between November 2013 and March 2014 from the registration files of the vehicles maintained in RLA Jawali and two RTOs<sup>21</sup>, that entry tax amounting to ₹7.63 lakh in respect of 11 vehicles registered between May 2011 and March 2013 at the prescribed rate was required to be deposited by the owners of the vehicles with Excise and Taxation department, out of which ₹0.67 lakh had only been deposited by four vehicle owners. This resulted in non/ short realisation of entry tax of ₹6.96 lakh.

After audit pointed out (between November 2013 and March 2014), the Director (Transport) intimated in August 2014 that RLA, Jawali and RTO Nahan had recovered entry tax of ₹3.26 lakh in respect of eight vehicles and the RTO, Solan intimated that notices had been issued to all the defaulters to deposit the entry tax.

The matter was reported to the Government between December 2013 and May 2014; the reply has not been received (December 2014).

#### 5.5 Non-deposit of user charges

The Government of Himachal Pradesh vide Notification dated 3 September 2005 accorded approval to the formation of e-Governance Societies, one at the level of Directorate of Transport and one each at the district level for computerisation of all transport related activities in the offices of the RLAs. These e-Governance Societies have been functioning since September 2005 under the Chairmanship of the Deputy Commissioner of the respective district. The societies collect user charges as approved by the Government and 25 *per cent* of these charges are required to be deposited in the Government account.

Audit noticed from the 'Service charges collection registers' of seven RLAs<sup>22</sup> between May 2013 and September 2013 that e-Governance Societies collected ₹69.02 lakh on account of user charges during 2011-12 and 2012-13. However, 25 *per cent* of receipts collected on account of user charges which worked out to ₹17.26 lakh<sup>23</sup> was not deposited in the Government account as required. Thus,

<sup>21</sup> RTOs Nahan and Solan

<sup>22</sup> Kandaghat, Nadaun, Nalagarh, Paonta Sahib, Pooh, Shimla (Urban) and Solan

<sup>23</sup> Kandaghat : ₹0.83 lakh, Nadaun: ₹1.57 lakh, Nalagarh: ₹4.66 lakh, Paonta Sahib: ₹4.90 lakh, Pooh: ₹0.44 lakh, Shimla (Urban): ₹1.62 lakh and Solan : ₹3.24 lakh



₹17.26 lakh remained out of the Government account, which also resulted in understatement of revenue to that extent. However, the schedule of periodical payment of 25 per cent of the user charges and interest/ penalty to be levied in case of delayed payments etc. had not been prescribed by the Government.

On this being pointed out (between May 2013 and September 2013), the Director (Transport) intimated in August 2014 that an amount of ₹10.17 lakh had been deposited by four RLAs. The remaining taxation authorities intimated that however, the amount of user charges had been deposited in the office of the concerned DC for further deposit in government treasury and challan will be transmitted separately to audit.

The matter was reported to the Department and to the Government between June 2013 and October 2013; their replies have not been received (December 2014).

## **5.6 Non-registration of Goods and Passenger vehicles with Excise and Taxation Authorities**

Section-8 of the Himachal Pradesh Passengers and Goods Taxation (HPPGT) Act, 1955 and the rules made thereunder provides that owners of stage/ contract carriages and goods carriers are required to register their vehicles with the concerned excise and taxation offices and pay passenger tax and goods tax at the prescribed rates. Administrative instructions issued in December 1984 stipulate that the Excise and Taxation Department shall take suitable measures to ensure registration of all vehicles under the HPPGT Act and for that purpose maintain close co-ordination with the RLAs/ RTOs. As per Excise and Taxation Department notification dated 5 May 2004, issued under the HPPGT Act 1955, the lump-sum passengers tax, in case of Educational Institution Bus as specified in sub-clauses (i), (ii) and (iii) of clause (a) of this sub-rule shall payable in equal quarterly instalments payable within 30 days of the commencement of the quarter to which it relates. Passenger tax is to be realized on the basis of seating capacity<sup>24</sup> of the vehicle. For failure to apply for registration, penalty not exceeding five times the amount of tax so assessed, subject to a minimum of ₹500 is also leviable.

Audit cross verified the registration records between July 2013 and February 2014 of 12 RLAs and six RTOs with that of six AETCs<sup>25</sup> and ETO Kinnaur and noticed that out of 6,825 test checked commercial vehicles (Goods/ Passenger/ Educational Institution Vehicles), which were registered with concerned RLAs/ RTOs during 2010-11 to 2012-13, 3,581 vehicles were not found registered with the six AETCs and ETO Kinnaur<sup>26</sup> as required under HPPGT Act. Audit further noticed that there was no co-ordination between the concerned RLAs/ RTOs and AETCs to ensure registration of all the vehicles with Excise and Taxation Authorities. As a result, passengers and goods tax amounting to ₹2.29 crore for the period 2010-11 to 2012-13 was not realised from the owners of the vehicles. Besides, a minimum penalty of ₹17.91 lakh was also leviable as per the details given below in **Table 5.2:**

<sup>24</sup> Mini bus seating capacity up to 30, Big bus seating capacity more than 30

<sup>25</sup> Chamba, Hamirpur, Kullu, Mandi, Nurpur and Una

<sup>26</sup> Chamba (525 - ₹22.05 lakh), Kullu (384 - ₹11.73 lakh), Hamirpur (1288 - ₹92.27 lakh), Mandi (504 - ₹37.25 lakh), Nurpur (407 - ₹51.66 lakh), Una (438 - ₹13.38 lakh) and Kinnaur (35 - ₹1.10 lakh)

Table 5.2

| ₹ in lakh    |  |                     |   |                    |              |                          |  |
|--------------|--|---------------------|---|--------------------|--------------|--------------------------|--|
| Sr. No.      | Nature of vehicle                                  | Period              | Total No. of vehicles not found registered with E & T Department/ Test checked vehicles | Amount recoverable |              |                          |  |
|              |  |                     |   | Passenger tax      | Goods tax    | Total amount recoverable | Minimum penalty at the rate of ₹500/-per vehicle |
| 1.           | Passenger Vehicles (Maxi Cabs/ Taxi)               | 2010-11 and 2012-13 | 742/ 1,660  | 28.65              | --           | 28.65                    | 3.71   |
| 2.           | Passenger Vehicles (Educational Institution Buses) | 2010-11 and 2012-13 | 449/ 725  | 121.42             | --           | 121.42                   | 2.25   |
| 3.           | Goods vehicles (HGV/MGV/LGV/ Tractors)             | 2010-11 and 2012-13 | 2,390/ 4,440  | --                 | 79.17        | 79.17                    | 11.95  |
| <b>Total</b> |  |                     | <b>3,581/ 6,825</b>   | <b>150.07</b>      | <b>79.17</b> | <b>229.24</b>            | <b>17.91</b>                                     |

On this being pointed out (between July 2013 and February 2014), the ETC, Shimla intimated in April 2014 that out of ₹94.39 lakh an amount of ₹12.68 lakh (Passenger Tax: ₹3.82 lakh and Goods Tax: ₹8.42 lakh) had been recovered from the owners of 162 vehicles in three districts<sup>27</sup> and efforts were being made to recover the balance amount. The remaining AETCs had not been furnished any reply.

The matter was reported to the Government between August 2013 and April 2014; their replies have not been received (December 2014).

### 5.7 Non-realisation of Goods and Passenger tax

Under the Himachal Pradesh Passenger and Goods Taxation (HPPGT) Act, 1955, and rules made thereunder, owners of vehicle are required to pay tax etc. at the prescribed rates either monthly or quarterly. However, if the owner of vehicle fails to pay the tax due, the taxation authority may direct him to deposit the tax due alongwith a penalty not exceeding five times of the amount of tax so assessed subject to a minimum of ₹500. Section 9-B (2) of Act *ibid* and Rule 22 of the HPPGT Rules, 1957 further provide that the taxation authority can be served a demand notice to the owners of the vehicle to deposit tax.

Audit test checked the Demand and Collection Registers (DCR) between July 2013 and February 2014 maintained in the offices of six AETCs<sup>28</sup> and ETO Kinnaur and noticed that in respect of 647 out of 2,953 test checked vehicles, passenger and goods tax amounting to ₹66.78 lakh was not recovered from the owners of the vehicles for the period 2009-10 to 2012-13. The certificates of registration of the vehicles were not deposited by the owners of the vehicles with the registering authorities and entries in support of this were also not found on record for allowing exemption of tax. The Assessing Authorities did not issue demand notices to the owners of the vehicles. This resulted in non-realisation of tax of ₹66.78 lakh, besides, minimum penalty of ₹3.23 lakh was also leviable on these vehicles as per the details given below in **Table 5.3:**

<sup>27</sup> ETO Kinnaur: 14 vehicles: ₹0.44 lakh, AETC Mandi: 112 vehicles: ₹7.66 lakh and AETC Nurpur: 36 vehicles: ₹4.58 lakh

<sup>28</sup> Chamba, Hamirpur, Kullu, Mandi, Nurpur and Una

Table 5.3

| ₹ in lakh    |  |                     |   |                    |              |                          |  |
|--------------|--|---------------------|---|--------------------|--------------|--------------------------|--|
| Sr. No.      | Nature of vehicle                                  | Period              | Total No. of vehicle by which tax was not paid/ Test checked vehicles | Amount recoverable |              |                          |  |
|              |  |                     |   | Passenger tax      | Goods tax    | Total amount recoverable | Minimum penalty at the rate of ₹500/-per vehicle |
| 1.           | Passenger Vehicles (Maxi Cabs/ Taxi)               | 2010-11 and 2012-13 | 186/ 1,040  | 21.56              | --           | 21.56                    | 0.93   |
| 2.           | Passenger Vehicles (Educational Institution Buses) | 2010-11 and 2012-13 | 51/ 175   | 9.63               | --           | 9.63                     | 0.25   |
| 3.           | Good Vehicles (HGV/ MG/ LGV/ Tractors)             | 2010-11 and 2012-13 | 410/ 1,738  | --                 | 35.59        | 35.59                    | 2.05   |
| <b>Total</b> |  |                     | <b>647/ 2,953</b>   | <b>31.19</b>       | <b>35.59</b> | <b>66.78</b>             | <b>3.23</b>                                      |

On this was pointed out (between July 2013 and February 2014), the ETC, Shimla intimated in April 2014 that out of ₹26.96 lakh, an amount of ₹6.21 lakh (Passenger Tax: ₹2.59 lakh and Goods Tax: ₹3.62 lakh) had been recovered from the owners of 69 vehicles in three AETCs<sup>29</sup>/ ETO Kinnaur and efforts were being made to recover the balance amount. The remaining AETCs had not been furnished any reply.

The matter was reported to the Government between August 2013 and April 2014; their replies have not been received (December 2014).

## 5.8 Non-recovery of the tax after registration of vehicles

### 5.8.1 Non-payment of tax

Section 19 (A) and (B) of the Himachal Pradesh Passenger and Goods Taxation Rules 1957 provide that there shall be maintained in the Excise and Taxation office of each district a daily collection register in form PGT-23 and demand and collection register (DCR) in form PGT-24 in which the particulars of every challan received in proof of payment of tax, surcharge or penalty on any other amount due under the Act as made by the owners of motor vehicle shall be recorded. Rule 20 of the Act provides that Challans shall be filled up in quadruplicate, one copy of the challan shall be retained by the treasury, one copy shall be sent by the treasury to the Assessing Authority and other two copies duly signed shall be returned to the owners of the vehicle, in proof of payment, one copy shall be attached to the monthly return and other copy shall be retained by the owner for his record.

Audit scrutiny of DCR maintained in the office of AETC, Hamirpur showed that owners of 101 vehicles registered their vehicles between 2010-11 and 2012-13 with Excise and Taxation Department and had paid only one instalment of tax at the time of registration. Thereafter neither demand notices were issued by the department nor was paid by the owners of the vehicles. Inaction on the part of the department resulted in non-recovery of tax of ₹13.72 lakh.

<sup>29</sup> ETO Kinnaur: 26 vehicles: ₹1.45 lakh, AETC Hamirpur: six vehicles: ₹0.94 lakh AETC Mandi: 34 vehicles: ₹3.68 lakh and AETC Nurpur: 3 vehicles: ₹0.14 lakh

After this was pointed out (August 2013), the ETC, Shimla intimated in September 2014 that an amount of ₹3.50 lakh had been recovered from owners of 27 vehicles and efforts were being made to recover the balance amount. Further report on recovery has not been received.

### **5.8.2 Non-recovery of Goods Tax from construction companies**

Audit test checked the registration register and demand and collection register maintained in the office of the AETCs Chamba and Hamirpur (August 2013) and noticed that two construction companies were engaged in construction work and had 54 goods vehicles,<sup>30</sup> registered between March 2007 and December 2010 with Excise and Taxation Authorities under the HPPGT Act. The payment of goods tax in respect of 46 vehicles had been received up to October 2010 as per records whereas the payment of goods tax in respect of 8 vehicles had not been made since their registration. After that (November 2010 and onwards) neither the goods tax was paid by these companies nor the Assessing Authority made any assessment of tax. There was nothing on record to show that demand notices were ever issued by AETCs Chamba and Hamirpur to these companies or owners of the vehicles to deposit the goods tax. Thus, due to inaction on part of the assessing authority, goods tax of ₹10.13 lakh was not recovered for the period from November 2010 to March 2013.

After this was pointed out (August 2013), the ETC, Shimla intimated in September 2014 that an amount of ₹9.65 lakh had been recovered from owners of the 46 vehicles and efforts were being made to recover the balance amount. Further report on recovery had not been received.

The matter was reported to the Government in September 2013; their replies have not been received (December 2014).

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<sup>30</sup> Chamba: 18 vehicles: ₹3.30 lakh and Hamirpur: 36 vehicles: ₹6.83 lakh