

# **CHAPTER-IV**



## CHAPTER IV

### MOTOR VEHICLES TAX

#### 4.1 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 Transport Department. The Transport Department collects motor vehicle taxes, fees and fines through the State Transport Authority (STA), Public Vehicles Department (PVD), Kolkata and Registering Authorities (RAs) comprising of Regional Transport Officers (RTOs) at the district level and Additional Regional Transport Officers (ARTOs) at the Sub-Divisional level.

#### 4.2 Internal audit

Despite being requested (June 2014), the Department did not furnish details regarding Internal Audit Wing (IAW). Therefore, the performance of internal audit conducted by the Department could not be analysed.

#### 4.3 Results of audit

In 2013-14, test check of the records of 14 units relating to road tax, additional tax, special tax, audio fee, special fee, video fee, dealer's tax, permit fee and penalties showed underassessment of tax and other irregularities involving ₹ 253.43 crore in 215 cases, which fall under the following categories in the Table 4.1.

Table 4.1

(₹ in crore)

Sl. No.	Categories	Number of cases	Amount
1.	<b>Non-realisation of</b>		
	• Permit fees and fine	13	32.54
	• Special tax	13	4.91
	• Audio fee	12	1.96
	• Special fee	13	0.95
	• Video fee	10	0.05
	• Re-registration fee	11	0.11
	• Showroom inspection fee	5	0.25
	• Penalty	7	0.11
2.	<b>Non/short realisation of</b>		
	• Tax, additional tax and penalty	88	203.16
	• Dealer's tax	14	6.76
3.	<b>Short realisation of</b>		
	• Fines for delayed production of vehicles for Certificate of Fitness	14	1.16
4.	<b>Other irregularities</b>		
	• Vehicles Tax	15	1.47
	<b>Total</b>	<b>215</b>	<b>253.43</b>

During the course of the year, the Department accepted non-realisation/ blocking of revenue and other deficiencies of ₹ 11.34 crore in 84 cases, of which 27 cases involving ₹ 2.88 crore were pointed out in audit during the year 2013-14 and the rest in earlier years. An amount of ₹ 77.24 lakh was realised in 57 cases at the instance of audit.

A few illustrative cases involving ₹ 151.02 crore are discussed in the following paragraphs.

#### 4.4 Non-realisation of audio fee

Rule 218(7) of the West Bengal Motor Vehicles (WBMV) Rules, 1989 provides for realisation of annual audio fees at rates prescribed in schedule 'F' for installation of radio set, gramophone, tape recorder, cassette recorder or any kind of apparatus producing sound effect or voice in a motor vehicle.

Analysis of data of 11 RAs revealed that against audio sets installed in 1,71,724 vehicles, owners of 52,150 vehicles did not pay the audio fee of ₹ 1.83 crore for different periods during 2009-10 to 2011-12 as detailed in the following table:

**Table 4.2 - Non-realisation of audio fee**

(₹ in lakh)

Sl. No.	Name of the RA	Period	Total no. of audio sets fitted vehicles	No. of defaulter vehicles	Amount of non-realised audio fee
1.	Asansol	2011-12	4,275	2,744	8.29
2.	Balurghat	2010-12	722	126	0.38
3.	Barasat	2011-12	20,020	6,634	19.93
4.	Barrackpore	2011-12	26,117	14,170	42.81
5.	Birbhum	2010-12	1,029	203	0.96
6.	Coochbehar	2010-12	1,549	530	1.95
7.	Howrah	2011-12	12,808	6,485	19.49
8.	Malda	2009-12	4,479	609	2.76
9.	Murshidabad	2010-12	6,003	2,281	11.63
10.	Paschim Medinipur	2009-12	11,944	6,912	40.49
11.	Public Vehicles Department (PVD), Kolkata	2011-12	82,778	11,456	34.43
<b>Total</b>			<b>1,71,724</b>	<b>52,150</b>	<b>183.12</b>

VAHAN<sup>89</sup> software was not customised to make the field "audio fee" mandatory for realisation of the due audio fees at the time of payment of road tax. This deficiency was first pointed out in the Audit Report for the year 2009-10.

<sup>89</sup> VAHAN - software used by the Transport Department for registration of vehicles and collection of taxes and fees thereof.

After Audit pointed out the cases, RAs, Barasat and Coochbehar admitted (in January and February 2014 respectively) the audit observations in 7,164 cases involving ₹ 21.88 lakh. RA, Barasat also intimated realisation of ₹ 0.43 lakh in 141 cases. In the remaining 44,986 cases involving ₹ 1.61 crore, the RAs did not furnish any specific reply (November 2014).

The cases were reported to the Government between December 2012 and April 2013 followed by reminders issued upto May 2014; their reply has not been received (November 2014).

#### 4.5 Short realisation of fitness fee

Rules 62 and 81 of the Central Motor Vehicles (CMV) Rules, 1989 prescribe that the owner of a transport vehicle shall make application and produce the vehicle for inspection for conducting test of fitness annually for the renewal of certificate of fitness (CF) after completion of two years of registration and pay fees at the prescribed rates. Further, Rule 57(6) of the WBMV Rules, 1989 provides that if the owner fails to produce the vehicle within the stipulated time, he shall be liable to pay 150 *per cent* of prescribed fee for conducting test of fitness together with the amount as prescribed in schedule E14.

During analysis of data of 14 RAs pertaining to period 2009-10 to 2011-12, Audit found that in case of 68,089 vehicles, the owners produced their vehicles belatedly for inspection for renewal of CF. RAs realised the amount as per schedule E14 and the fee for CF at normal rates instead of at 150 *per cent* of the fitness fee. This was due to non-mapping of provision in the VAHAN software regarding realisation of fee for CF at the rate of 150 *per cent* in case of delayed production of vehicles, which resulted in short realisation of fitness fee of ₹ 1.04 crore as detailed in the following table:

**Table 4.3 - Short realisation of fitness fee**

(₹ in lakh)

Sl. No.	Name of the RA	No. of Vehicles produced belatedly for inspection of fitness	Fee realisable (inclusive of application fee @ ₹ 100 per vehicle)	Fee realised (inclusive of application fee @ ₹ 100 per vehicle)	Short-realisation
1.	Asansol	4,751	28.24	20.41	7.83
2.	Balurghat	1,237	6.88	4.18	2.70
3.	Barasat	8,636	45.24	33.04	12.20
4.	Barrackpore	8,124	50.22	36.19	14.03
5.	Birbhum	3,472	20.60	14.89	5.71
6.	Coochbehar	1,138	6.37	3.87	2.50
7.	Howrah	3,775	19.99	14.59	5.40
8.	Jalpaiguri	2,873	18.03	11.05	6.98
9.	Malda	3,762	22.03	13.43	8.60
10.	Murshidabad	4,402	23.84	17.36	6.48
11.	Paschim Medinipur	7,947	42.63	31.07	11.56
12.	Purulia	993	5.03	3.68	1.35
13.	PVD, Kolkata	16,100	66.05	49.40	16.65
14.	Raiganj	879	5.06	3.37	1.69
	<b>Total</b>	<b>68,089</b>	<b>360.21</b>	<b>256.53</b>	<b>103.68</b>

This deficiency in VAHAN was first pointed out in the Audit Report for the year 2009-10.

RAs, Asansol and Purulia admitted (December 2012) the audit observations in 5,744 cases involving ₹ 9.18 lakh; but did not furnish any report on realisation. In the remaining 62,345 cases involving ₹ 94.50 lakh, RAs did not furnish any specific reply (November 2014).

The cases were reported to the Government between December 2012 and April 2013 followed by reminders issued upto May 2014; their reply has not been received (November 2014).

#### 4.6 Non-realisation of showroom inspection fee

Under Rule 60A of the WBMV Rules, 1989, a vehicle shall be inspected at the time of first registration in the showroom/premises of the dealer or sub-dealer and a fee (ranging between ₹ 50 and ₹ 400) as prescribed in Schedule A of the Rules shall be realised from the dealer or the sub-dealer.

During analysis of data of four RAs, Audit found that 1,41,034 new vehicles were registered during the period from 2009-10 to 2011-12, however, showroom inspection fees of ₹ 42.16 lakh were not realised in 65,250 cases. It was also noticed that the VAHAN software was not customised to make the field “showroom inspection fee” mandatory for realisation of fee at the time of first registration.

This resulted in non-realisation of showroom inspection fee of ₹ 42.16 lakh as detailed in the following table:

**Table 4.4 - Non-realisation of showroom inspection fee**

(₹ in lakh)

Sl. No.	Name of the RA	No. of new vehicles registered	No. of cases of non-realisation	Amount of non-realisation
1.	Balurghat	993	159	0.35
2.	Birbhum	39,724	37,807	21.87
3.	Malda	49,979	280	0.79
4.	PVD, Kolkata	50,338	27,004	19.15
<b>Total</b>		<b>1,41,034</b>	<b>65,250</b>	<b>42.16</b>

This deficiency in VAHAN was first pointed out in the Audit Report for the year 2009-10.

After the cases were pointed out, RA, Birbhum admitted (November 2012) the audit observations involving ₹ 5.40 lakh in 9,766 cases and stated that ₹ 0.18 lakh had been realised in 94 cases. In the remaining 55,484 cases involving ₹ 36.76 lakh, the RAs did not furnish any specific reply (November 2014).

The cases were reported to the Government between May 2011 and March 2013 followed by reminders issued upto May 2014; their reply has not been received (November 2014).

#### 4.7 Non-realisation of dealer's tax and penalty for delayed payments

Section 3(2) of the West Bengal Motor Vehicles Tax (WBMVT) Act, 1979 prescribes that every dealer or manufacturer who keeps in his possession or control any motor vehicle shall pay dealer's tax on such motor vehicle at the time of its first registration at the prescribed rates. Further, Section 11(b)(iii) of the Act provides that in case of delay in payment of tax exceeding 60 days after the expiry of grace period of 15 days, penalty equal to the amount of tax payable is also realisable from a defaulting dealer.

During analysis of data of 11 RAs between November 2012 and March 2013, Audit found that in case of 1,094 vehicles newly registered during 2009-2012, dealer's tax of ₹ 22.59 lakh was not realised from the dealers. Further, in case of 1,353 vehicles, penalty of ₹ 4.02 lakh was not levied for delayed payment.

It was noticed that the VAHAN software was not customised to make the field "Dealer's tax" mandatory for realisation of the dealer's tax at the time of first registration. Also, imposition of penalty for delayed payment of dealer's tax was not customised in the software. This resulted in non-realisation of dealer's tax and penalty of ₹ 26.61 lakh as detailed in the following table:

**Table 4.5 – Non-realisation of dealer's tax and penalty for delayed payments**  
(₹ in lakh)

Sl. No.	Name of the RA	Non-realisation of dealer's tax and penalty leviable thereon		Non-realisation of penalty for delayed payment of dealer's tax		Total amount of non-realisation of dealer's tax and penalty
		No. of vehicles	Amount	No. of vehicles	Amount	
1.	Asansol	124	1.86	131	0.49	2.35
2.	Balurghat	131	2.89	45	0.09	2.98
3.	Barasat	93	2.17	316	1.02	3.19
4.	Barrackpore	22	0.21	24	0.05	0.26
5.	Birbhum	58	0.32	-	-	0.32
6.	Howrah	203	1.50	21	0.04	1.54
7.	Jalpaiguri	-	-	62	0.06	0.06
8.	Malda	286	10.91	50	0.54	11.45
9.	Murshidabad	24	0.19	65	0.17	0.36
10.	Paschim Medinipur	96	1.70	269	1.00	2.70
11.	PVD, Kolkata	57	0.84	370	0.56	1.40
	<b>Total</b>	<b>1,094</b>	<b>22.59</b>	<b>1,353</b>	<b>4.02</b>	<b>26.61</b>

The deficiency in VAHAN was first pointed out in the Audit Report for the year 2009-10.

After Audit pointed out the cases, RAs, Asansol and Barasat (in December 2012 and February 2014 respectively) admitted the audit observations in 447 cases involving ₹ 1.51 lakh in respect of non-realisation of penalty; but did not furnish any report on realisation. In the remaining cases, RAs did not furnish any specific reply (November 2014).

The cases were reported to the Government between December 2012 and April 2013 followed by reminders issued upto February 2014; their reply has not been received (November 2014).

#### 4.8 Short levy of additional tax

Schedule-I appended to Section 3 of the West Bengal Additional Tax & One-time Tax on Motor Vehicles (WBAT & OTMV) Act, 1989 prescribes levy of additional tax on the goods vehicles registered in other states at the rate of 80 per cent of the annual tax payable under the WBMVT Act, 1979.

During analysis of data of six RAs, Audit found that in 3,187 cases of goods vehicles of other states, additional tax of ₹ 29.23 lakh were assessed and realised between April 2009 and March 2012. On further analysis, Audit found that the additional tax was assessed by VAHAN at the rates below the prescribed rate of 80 per cent of tax payable under the WBMVT Act, 1979. This resulted in levy and realisation of additional tax of ₹ 29.23 lakh instead of leviable amount of ₹ 46.69 lakh. Thus, improper mapping of Section 3 of the WBAT & OTMV Act, 1989 in VAHAN resulted in short levy and subsequent short realisation of additional tax of ₹ 17.46 lakh as detailed in the following table:

**Table 4.6 – Short levy of additional tax**

(₹ in lakh)

Sl. No.	Name of the RA	No. of vehicles	Amount of additional tax leviable	Amount of additional tax levied	Short levy of additional tax
1.	Asansol	1,417	21.92	13.70	8.22
2.	Birbhum	474	7.53	4.71	2.82
3.	Malda	141	2.66	1.64	1.02
4.	Murshidabad	19	0.32	0.20	0.12
5.	Purulia	990	11.21	7.06	4.15
6.	Tamluk	146	3.05	1.92	1.13
	<b>Total</b>	<b>3,187</b>	<b>46.69</b>	<b>29.23</b>	<b>17.46</b>

The deficiency in VAHAN had previously been pointed out in the Audit Report of the year 2012-13. No rectificatory action had been taken resulting in continued short levy and realisation of additional tax.

After Audit pointed out the cases, RAs, Asansol and Purulia admitted (December 2012) the audit observations in 2,099 cases involving ₹ 11.09 lakh and stated that action would be taken for realisation of the dues or demand notices would be issued to realise the amount, but did not furnish any report



on realisation. In the remaining cases, the RAs did not furnish any specific reply (November 2014).

The cases were reported to the Government between May 2011 and March 2013 followed by reminders issued upto May 2014; their reply has not been received (November 2014).

#### 4.9 Non-realisation of video fee

Schedule F to Rule 218(7) of the WBMV Rules, 1989 provides for realisation of annual video fees at prescribed rates for installation of video set, television set, or any other apparatus, to display any object on the screen with or without amplification of any sound or voice.

During analysis of data between January 2012 and March 2013 of six RAs, Audit found that out of 2,713 vehicles fitted with video sets, owners of 734 vehicles did not pay the video fee for different periods between 2009-10 and 2011-12. It was also noticed that the VAHAN software was not customised to make the field "video fee" mandatory for realisation of the due video fee at the time of payment of road tax. This resulted in non-realisation of video fee of ₹ 5.93 lakh as detailed in the following table:

Table 4.7 - Non-realisation of video fee

(₹ in lakh)

Sl. No.	Name of the RA	Total no. of vehicles fitted with video sets	No. of defaulter vehicles	Amount of non-realisation
1.	Asansol	105	80	1.30
2.	Barasat	716	213	1.35
3.	Barrackpore	403	229	1.25
4.	Howrah	716	126	1.23
5.	Nadia	204	26	0.47
6.	PVD, Kolkata	569	60	0.33
	<b>Total</b>	<b>2,713</b>	<b>734</b>	<b>5.93</b>

After Audit pointed out the cases, RAs, Barasat, Barrackpore and Howrah admitted (between January 2013 and February 2014) the audit observations in 289 cases involving ₹ 2.18 lakh and RAs, Barasat and Barrackpore also intimated realisation of ₹ 0.23 lakh in 36 cases. However, they did not furnish further report on realisation of the balance amount. In the remaining 445 cases involving ₹ 3.75 lakh, the RAs did not furnish any specific reply (November 2014).

The cases were reported to the Government between March 2012 and April 2013 followed by reminders issued upto February 2014; their reply has not been received (November 2014).

#### 4.10 Non-realisation of tax, additional tax, penalty and special fee

Section 3 of the WBMVT Act, 1979 and Sections 3 and 4 of the WBAT & OTMV Act, 1989 respectively prescribe the rates of tax and additional tax on vehicles. Further, section 11 of the WBMVT Act and

Section 10 of the WBAT & OTMV Act provide for imposition of penalty in case of non-payment of taxes. In addition, Rule 121 of the WBMV Rules, 1989 prohibits plying of heavy goods vehicles having gross vehicle weight (GVW) above 22,542 kg within the State. However, the Government relaxed this restriction and permitted plying of such vehicles on payment of a special fee at varying rates<sup>90</sup> depending on the GVW.

During analysis of data of 13 RAs between November 2012 and March 2013, Audit found that owners of 2,14,327 vehicles did not pay tax, additional tax and penalty of ₹ 125.12 crore during 2009-2012. Audit also found that owners of 1,890 vehicles having GVW more than 22,542 kg did not pay special fee of ₹ 55.85 lakh. Although provided in VAHAN for generation of list of defaulters, concerned RAs did not monitor such defaults and did not issue demand notices to the owners for realisation of dues. This resulted in non-realisation of tax, additional tax, penalty and special fee of ₹ 125.68 crore as detailed in the following table:

**Table 4.8 - Non-realisation of tax, additional tax, penalty and special fee**  
(₹ in lakh)

Sl. No.	Name of the RA	Tax, additional tax and penalty		Special fee		Total amount of non-realisation
		No. of defaulter vehicles	Amount of non-realisation	No. of defaulter vehicles	Amount of non-realisation	
1.	Asansol	5,662	358.35	261	6.63	364.98
2.	Balurghat	1,743	171.79	182	4.22	176.01
3.	Barasat	19,730	917.79	349	7.17	924.96
4.	Barrackpore	10,584	590.87	201	4.52	595.39
5.	Birbhum	3,938	635.18	285	12.75	647.93
6.	Coochbehar	748	43.94	-	-	43.94
7.	Howrah	8,555	690.97	62	1.13	692.10
8.	Jalpaiguri	1,030	96.37	40	1.14	97.51
9.	Malda	4,210	348.60	64	1.87	350.47
10.	Murshidabad	4,736	459.63	232	8.14	467.77
11.	Paschim Medinipur	7,040	846.06	173	7.64	853.70
12.	Purulia	1,734	112.41	-	-	112.41
13.	PVD, Kolkata	1,44,617	7,240.01	41	0.64	7,240.65
<b>Total</b>		<b>2,14,327</b>	<b>12,511.97</b>	<b>1,890</b>	<b>55.85</b>	<b>12,567.82</b>

RA, Barasat admitted (February 2014) audit observations in 20,079 cases involving ₹ 9.25 crore and intimated realisation of ₹ 68.34 lakh in 1,781 cases. In the remaining cases, the RAs did not furnish any specific reply (November 2014).

<sup>90</sup> Ranging between ₹ 3,000 and ₹ 13,000 per annum as per GVW vide Government Order No. 2160-WT/3M-121/85, dated 22 February 1991.

The cases were reported to the Government between December 2012 and April 2013, followed by reminders issued upto February 2014; their reply has not been received (November 2014).

#### 4.11 Non-realisation of special tax from air-conditioned vehicles

Section 3(3) of the WBMVT Act, 1979 and Sections 9B and 10 of the WBAT & OTMV Act, 1989 provide for realisation of special tax from air-conditioned vehicles at the prescribed rates based on their use, seating capacity, engine capacity and category of the vehicle. Further, Section 11 of the WBMVT Act and Section 10 of the WBAT & OTMV Act provide for imposition of penalty in case of non-payment of taxes.

During analysis of data of 13 RAs between November 2012 and March 2013, Audit found that out of 3,43,628 air-conditioned vehicles, owners of 69,390 vehicles did not pay the special tax for different periods between 2009-10 and 2011-12. However, the concerned RAs did not monitor such non-payments and did not issue demand notices to the defaulters for realisation of dues. This led to non-realisation of special tax and penalty of ₹ 20.77 crore as detailed in the following table:

**Table 4.9 - Non-realisation of special tax**

(₹ in lakh)

Sl. No.	Name of the RA	Total no. of air-conditioned vehicles	No. of defaulter vehicles	Amount of non-realisation
1.	Asansol	18,058	943	27.23
2.	Balurghat	504	19	0.72
3.	Barasat	25,909	3,752	119.12
4.	Barrackpore	25,013	5,198	154.38
5.	Birbhum	1,247	112	6.56
6.	Coochbehar	1,574	8	0.27
7.	Howrah	11,327	919	27.74
8.	Jalpaiguri	798	24	1.15
9.	Malda	3,723	26	1.70
10.	Murshidabad	4,659	358	21.58
11.	Paschim Medinipur	8,007	798	55.59
12.	PVD, Kolkata	2,42,465	57,224	1,661.11
13.	Purulia	344	9	0.33
	<b>Total</b>	<b>3,43,628</b>	<b>69,390</b>	<b>2,077.48</b>

RAs did not furnish any reply/specific reply (November 2014).

The cases were reported to the Government between December 2012 and April 2013 followed by reminders issued upto February 2014; their reply has not been received (November 2014).

#### 4.12 Non/short realisation of permit fee

Section 66 of the Motor Vehicles (MV) Act, 1988 provides that the owner of a transport vehicle can use his vehicle in a public place only after obtaining a permit from the prescribed authority. Further, Rules 126 and 127 of the WBMV Rules, 1989 prescribe that fees for application and grant/renewal of permit in respect of different kinds of vehicles are realisable as per rates specified in Schedule-‘A’ of the Rules.

From scrutiny of permit registers of 12 RAs, Audit found between October 2012 and March 2013 that 922 public transport vehicles plied with expired permits during 2009-12. Audit also noticed that owners of those vehicles were paying fitness fee and road taxes which is indicative of those vehicles being on road and not lying idle. However, RAs did not realise permit fees from them while collecting other taxes. This resulted in non-realisation of permit fee of ₹ 71.63 lakh.

It was also observed in three<sup>91</sup> RAs that permit fee of ₹ 10.75 lakh was realised in lieu of ₹ 16.80 lakh in case of 303 public transport vehicles due to application of pre-revised rate<sup>92</sup> of permit fee. This resulted in short realisation of permit fee of ₹ 6.05 lakh.

Thus, there was an overall non/short realisation of permit fee in case of 1,225 public transport vehicles of ₹ 77.68 lakh as detailed in the following table:

**Table 4.10 – Non/short realisation of permit fee**

(₹ in lakh)

Sl. No. (1)	Name of the RA (2)	Permit fee non-realised (no. of vehicles) (3)	Permit fee short realised			Total (3+6)
			Permit fee realisable (4)	Permit fee realised (5)	Short realisation of Permit fee (no. of vehicles) (6)	
1.	Balurghat	3.60(49)	-	-	-	3.60(49)
2.	Barasat	2.93(27)	-	-	-	2.93(27)
3.	Birbhum	7.43(92)	3.05	1.95	1.10(28)	8.53(120)
4.	Coochbehar	0.86(13)	5.64	4.83	0.81(162)	1.67(175)
5.	Howrah	8.03(88)	-	-	-	8.03(88)
6.	Jalpaiguri	5.68(68)	-	-	-	5.68(68)
7.	Malda	11.80(173)	-	-	-	11.80(173)
8.	Murshidabad	10.81(133)	-	-	-	10.81(133)
9.	Paschim Medinipur	5.79(71)	-	-	-	5.79(71)
10.	PVD, Kolkata	10.17(166)	-	-	-	10.17(166)
11.	Purulia	1.96(23)	8.11	3.97	4.14(113)	6.10(136)
12.	State Transport Authority (STA), WB	2.57(19)	-	-	-	2.57(19)
	<b>Total</b>	<b>71.63(922)</b>	<b>16.80</b>	<b>10.75</b>	<b>6.05(303)</b>	<b>77.68(1,225)</b>

<sup>91</sup> Birbhum, Coochbehar and Purulia.

<sup>92</sup> Rates of the permit fees and security deposits were revised in October 2005 vide Notification No. 4026-WT/6M-13/2005 dated 5 October 2005.

All RAs, except RA, Barasat admitted (between November 2012 and May 2014) the audit observations in 1,198 cases involving ₹ 74.75 lakh, but did not furnish any report on realisation. In the remaining 27 cases involving ₹ 2.93 lakh, RA, Barasat did not furnish any specific reply (November 2014).

The cases were reported to the Government between December 2012 and April 2013 followed by reminders issued upto February 2014; their reply has not been received (November 2014).

