CHAPTER V: TAXES ON VEHICLES, GOODS AND PASSENGERS

5.1.1 Tax administration

5.1.1.1 Taxes on vehicles

Registration of motor vehicles, issue of permits, issue of driving/conductor licenses, levy and collection of token tax, permit fee and license fee are governed by the Motor Vehicles Act, 1988, (MV Act), the Central Motor Vehicles Rules, 1989 (CMVR), the Haryana Motor Vehicles Rules, 1993, the Punjab Motor Vehicles Taxation Act, 1924 (PMVT Act), as applicable to the State of Haryana and the Punjab Motor Vehicles Taxation Rules, 1925. The Additional Chief Secretary to Government of Haryana is the administrative head of the Transport Department and is assisted by the Transport Commissioner who exercises general superintendence over the functioning of the Department. The powers of Registering and Licensing Authority (RLA) are being exercised by Sub-Divisional Officers (Civil) in respect of non-transport vehicles, while Secretaries, Regional Transport Authorities (RTAs) are exercising the powers of RLA in respect of transport vehicles including goods vehicles.

5.1.1.2 Passengers and goods tax

Levy and collection of passengers and goods tax (PGT) are governed by the Punjab Passengers and Goods Taxation Act, 1952 (PPGT Act) and the Rules framed thereunder as applicable to the State of Haryana. The Principal Secretary to Government of Haryana, Excise and Taxation Department is the administrative head at the Government level. Overall charge of the Department vests with the Excise and Taxation Commissioner (ETC), Haryana. The work relating to levy and collection of PGT is carried out by the Assistant Excise and Taxation Officers (AETOs) under Deputy Excise and Taxation Commissioners (DETCs) in the field.

5.1.2 Results of Audit

During 2015-16, test check of the records of 98 units revealed irregularities relating to token tax, fitness/renewal fee, taxes on goods and passengers and penalty involving ₹ 17.26 crore in 44,660 cases which fall under the following categories as detailed in the **Table 5.1**.

Table 5.1: Results of audit

Sr. No.	Categories	Number of cases	Amount (₹ in crore)
1.	Loss of revenue on account of non-renewal of vehicle fitness certificate and registration certificate	1	12.78
2.	Non recovery of fine from overloaded vehicles	119	0.16
3.	Non recovery of fitness/renewal fee on account of renewal of registration certificates	38,391	1.29
4.	Non/short recovery of token/road tax in respect of Stage carriage buses/city buses	16	0.05
5.	Non/short recovery of		
	• passengers tax	525	1.22
	• goods tax	1,223	0.67
	• token tax from private vehicles	3,991	0.89
6.	Miscellaneous irregularities	393	0.20
	Total	**44,660**	**17.26**

During the year, the Department accepted under-assessment and other deficiencies of ₹ 14.13 crore in 1,534 cases out of which 1,506 cases involving ₹ 9.04 crore were pointed out during the year and rest in earlier years. The Department recovered ₹ 0.46 crore in 660 cases out of which ₹ 0.31 crore in 204 cases relates to the year 2015-16 and rest to earlier years.

Significant cases involving ₹ 14.13 crore and a Follow up audit on "Computerisation in Motor Vehicles Department" are discussed in the following paragraphs.

TRANSPORT DEPARTMENT

5.2 *Loss of revenue on account of non-renewal of vehicle fitness certificate and registration certificate*

Under Sections 41 and the 56 of Motor Vehicles Act, 1988 (MV Act), every transport/non-transport vehicle will obtain fitness certificate as per Rule 62 of the Central Motor Vehicle Rules, 1989 (CMVR).

The records of the offices of the Regional Transport Authorities (RTAs) and Registering Authorities (Motor Vehicles) {RA (MVs)} in seven districts[1] out of 21 districts of the State for the years 2012-13 to 2014-15 were test-checked between January to May 2016 to assess whether the system of issue of fitness certificate and registration of vehicles and collection of revenue thereof was effective in the department.

5.2.1 Non-renewal of fitness certificates of Transport Vehicles

Under Section 56 of the MV Act, a transport vehicle shall not be deemed to be validly registered for purpose of registration unless it carries a certificate of fitness in such a form containing such particulars and information as may be prescribed by the Central Government. The certificate of fitness issued at the time of registration of new transport vehicle is valid for two years and it has thereafter to be renewed every year on payment of prescribed fee under Rule 81 of CMVR. Fee for conducting test of fitness is to be charged ₹ 100, ₹ 200, ₹ 300 and ₹ 400 for three Wheeled Vehicles, Light Motor Vehicles (LMVs), Medium Motor Vehicles (MMVs) and Heavy Motor Vehicles (HMVs) respectively. In addition ₹ 100 are to be charged for all categories of Motor Vehicles for issue of renewal of certificate of fitness.

Audit scrutiny of records (between January and May 2016) of seven RTAs[2] revealed that 6,29,316 transport vehicles[3] were due for renewal of fitness certificate during the years 2012-13 to 2014-15. Out of these, the owners of 2,46,948 vehicles (39.24 *per cent*) did not renew their fitness certificate even after expiry of its validity. The RTAs had neither issued reminders to the vehicle owners for renewal of fitness certificate nor had they initiated any action to cancel the registration certificate. Non-renewal of fitness certificates resulted in non realisation of revenue of ₹ 8.13 crore.

On this being pointed out, all the RTAs stated (between January and May 2016) that if any vehicle is found without fitness certificate at road side checking, these vehicles would be challaned and fitness fee would be recovered along with penalty.

The reply was not tenable as 2,46,948 transport vehicles were plying without fitness certificate and only eight vehicles had been challaned (Ambala: 5 and Panipat: 3) by the RTAs on account of plying without fitness certificate. It was evident that mere road side checking was neither effective nor adequate to

---

[1]   Ambala, Faridabad, Gurgaon, Hisar, Jhajjar, Panipat and Sonepat.
[2]   Ambala, Faridabad, Gurgaon, Hisar, Jhajjar, Panipat and Sonepat.
[3]   Transport vehicles (2012-13: 1,71,652; 2013-14: 2,12,922 and 2014-15: 2,44,742). Vehicles transferred to the other authorities are excluded and vehicles transferred to this authority are included.

ensure that all vehicles carried valid fitness certificates in accordance with the MV Act. Further, failure to ensure fitness certificate of vehicles plying in a public place constitutes a risk to the public from point of view of road safety and also compromises the standards of air pollution.

5.2.2 Non renewal of registration of non transport vehicles

Under Section 41 of the MV Act read with CMV Rules, a certificate of registration issued for vehicles other than transport vehicles shall be valid for a period of 15 years from the date of issue of such certificate and shall be renewable on payment of prescribed fee[4] for a further period of five years. Under Section 56, the registering authority on receipt of an application after obtaining a certificate of fitness from the authority, renew the certificate of registration.

Further, as per section 55 of the Act, the vehicle owner has to surrender registration certificate of his vehicle to the Registering Authority of his jurisdiction by intimating within fourteen days or as soon as possible that his vehicle has been destroyed or has been rendered permanently incapable of use. The registering authority shall cancel the certificate of registration of his vehicle, if it is satisfied that the vehicle is in such a condition that it is incapable of being used or its use in a public place would constitute a danger to the public and that it is beyond reasonable repair.

Audit scrutiny of records of the offices of 13 RAs (MV)[5] of seven districts revealed that 1,89,786 non transport vehicles were registered during the year 1997-98 to 1999-2000 of which 26,330 vehicles were transferred to other authorities and balance 1,63,456 vehicles were due for renewal during the years 2012-13 to 2014-15 after expiry of validity of registration i.e. after 15 years of registration. Out of these, registration/fitness certificates of only 6,293 vehicles (3.84 *per cent*) were renewed. Thus, owners of 1,57,163 vehicles did not get their fitness/registration certificates renewed even after expiry of validity. Further, Registering Authorities were not issuing any reminder for renewal of registration/fitness certificates. Any effort by Inspectors to check plying of vehicles without renewal registration was also not found on record. Non-renewal of fitness/registration certificates of non transport vehicles resulted in non realisation of revenue amounting to ₹ 4.65 crore.

---

[4]   Fee for renewal of fitness/registration certificate is ₹ 100/60 for two wheelers and ₹ 100/200 for LMVs. In addition ₹ 100 are also chargeable for issue of certificate of fitness of each vehicle.

[5]   Ambala, Bahadurgarh, Ballabgarh, Faridabad, Gohana, Gurgaon, Ganaur, Hisar, Hansi, Jhajjar, Naraingarh, Panipat and Sonepat.

The above points were reported to the Government in June 2016; its reply was awaited (October 2016).

5.3 Follow up audit on "Performance Audit of Computerisation in Motor Vehicle Department"

5.3.1 Introduction

A Performance Audit on "Computerisation in Motor Vehicle Department" covering 13 Registration Authorities (RAs) and six Regional Transport Authorities (RTAs) was incorporated in the Report of the Comptroller and Auditor General of India (Revenue Receipts) for the year ended March 2011. The audit observations and recommendations were discussed by the Public Accounts Committee (PAC) in its seventy second Report in January 2016 which was laid in the State Assembly in March 2016. In the Report, issues relating to deficiencies noticed in planning and implementation of the system, deficiencies in operation of VAHAN Software, mapping of business rules and lack of input validation regarding data accuracy of VAHAN and SARATHI Software were highlighted.

A Follow-up audit on this performance audit report was conducted (between January and May 2016) to examine the corrective actions taken by the Department towards implementation of the recommendations and observations made thereon. The performance audit contained 26 observations and six recommendations. The status of action taken by the Department on these observations and recommendations as discussed in PAC (January 2016) are brought out in the succeeding paragraphs.

5.3.2 Implementation of audit recommendations

The status of implementation of six audit recommendations accepted by the Government has been arranged in three categories viz. (a) insignificant/no progress, (b) partial implementation, and (c) full implementation as tabulated below:

(A)   Insignificant/no progress

Audit findings made in Report	Recommendation Made	PAC Recommendations	Audit findings/Comment
5.2.10.3 Lack of change control mechanism: Audit observed that no procedure was framed for authorisation and documentation of changes at an appropriate level in 13 RAs and six RTAs. Before issuing notification, making any change in business rules, necessary changes in the Software should have been incorporated. Any revision was to be	**5.2.17 (iv):** Maintaining a well documented change management procedure for ensuring transparency and effective internal controls.	The PAC had directed the department to take sincere steps for effective monitoring of the timely implementation of the Government instructions concerning enhanced rates of various taxes/	Analysis of data revealed that delay still persisted. Notifications issued by the Government on 9 April 2013 and 5 June 2015 for enhancement of tax rates for registration of personal vehicles registered in RAs were incorporated in the application on 10 April 2013 and 8 June 2015 respectively. Delayed incorporation of

Audit findings made in Report	Recommendation Made	PAC Recommendations	Audit findings/Comment
carried out uniformly throughout the State from the date of notification to avoid any loss to the State exchequer. No monitoring cell had been established in the Department with the result that there was delayed implementation of instructions concerning enhanced rate of various taxes/penalties resulting short realisation of revenue.		penalties so as to protect the State revenue.	revised tax rates resulted into short levy of tax amounting to ₹ 1.82 crore in addition to penalty of ₹ 0.07 crore in 13 RAs.
5.2.10.4 Lack of proper documentation and system development controls: It was pointed out in the report that documentation i.e. data flow diagram, data dictionary, relationship amongst multiple tables, etc. was not available at test checked locations.	**5.2.17 (ii):** Preparation and maintenance of system documentation and manuals including training manuals.	The PAC had recommended that these documents be made available in the offices of all Registering and Licensing Authorities in the State so as to have proper documentation.	Documents were not available in the test checked units.
5.2.10.6 Non-development of technical expertise within the department: It was pointed out in the report that no training was provided to the staff of RAs/RTAs in operation of these systems, with the result, the department was dependent on the third party outsourcing agencies.	**5.2.17 (ii):** Preparation and maintenance of system documentation and manuals including training manuals.	The PAC had recommended that the department would take immediate steps to provide training to the staff of RAs/RTAs so that VAHAN and SARATHI software could be operated efficiently and the department may not be depended on the third party outsourcing agencies.	Training was not imparted for use of VAHAN and SARATHI applications to the staff of RAs/RTAs to minimise the dependency on the outsourcing staff. Action plan for imparting training to RAs/RTAs staff was sought from State Transport Controller, Haryana (STC); reply is still awaited (October 2016).
5.2.10.5 Inordinate delay in finalisation of tenders for smartcards: One of the objectives of VAHAN and SARATHI was to issue driving licences and registration certificates by using Smart Card technology.	**5.2.17 (iii):** Ensure issue of RCs and driving licences on smart cards.	The committee recommended the department to take sincere and effective steps for the implementation/ adoption of web based SARATHI and VAHAN Version 4.0 and issuance of smart card based DLs/RCs in the said version in a time bound manner.	Smart Card based licences were not being issued at any of these locations. VAHAN Version 4.0 has not been implemented in any authorities.
5.2.12.3 Non availability of MIS report to identify the vehicle required to be re-registered: An observation was made in the report that MIS report to identify the vehicles requiring renewal of	**5.2.17 (vi):** Making generation of exception reports at regular intervals mandatory to	The PAC had desired that the department take vigorous steps to achieve the objectives of	No report to identify the vehicles requiring renewal of registration was available in the VAHAN application.

Audit findings made in Report	Recommendation Made	PAC Recommendations	Audit findings/Comment
registration was not available in the application.	identify vehicles violating the MV Act and Rules.	VAHAN and SARATHI project.	
5.2.13.2 Tampering of chassis number: It had been observed in the PA that data entry operators were altering the chassis numbers by adding additional character(s), reducing/increasing the number of characters of chassis code to circumvent the validation check enforced in the application to block duplicate chassis number.	**5.2.17 (v):** Strengthening the validation control at the time of data capture and proper supervision of data entry process and strengthening of input and processing controls to prevent entry of incorrect and redundant data into the system.	The PAC had directed the department to take vigorous steps to achieve the objectives of the VAHAN and SARATHI software project in its true spirit.	The said version has not been implemented (October 2016).
5.2.13.3 Incomplete capture of chassis code It was pointed out in the Report that due to inadequate validation checks in the application incomplete chassis codes were captured by the data entry operators.	**5.2.17 (v):** Strengthening the validation control at the time of data capture and proper supervision of data entry process and strengthening of input and processing controls to prevent entry of incorrect and redundant data into the system.	The PAC had directed the department to take vigorous steps to achieve the objectives of the VAHAN and SARATHI software project in its true spirit.	Appropriate validation check(s) to ensure the capturing of complete chassis code of 17 characters were not available in the application.
5.2.15.1 Insufficient logical controls and non-segregation of duties:	**5.2.17 (ii):** drawing up an IT security policy with a credible threat assessment mechanism and disaster recovery and business continuity plan for harnessing optimum output from the system.	The PAC had directed the department to take vigorous steps to achieve the objectives of the VAHAN and SARATHI software project in its true spirit.	Test-checked units in replies to the questionnaire, replied that due to shortage of staff, user_ids and passwords are shared by the users amongst themselves.

(B) Partial implementation

Audit findings made in Report	Recommendation Made	PAC Recommendations	Audit findings/Comment
5.2.10.1 Lack of IT strategy and planning resulting in implementation of unauthorised software: It was pointed out in the report that unauthorised software was	**5.2.17 (i):** setting a time frame for different stages of the computerisation and ensuring implementation of the project in a	The PAC had desired to know when the project of updation of legacy data in all districts of the State would be completed.	Legacy data was digitised at RAs Ambala and Karnal and scanning stage of documents to be digitised was completed at 12 authorities. However, at four authorities[6], work for digitisation of legacy data was not taken up.

---

[6]   RAs: Faridabad, Panipat, Rohtak and RTA Faridabad

Audit findings made in Report	Recommendation Made	PAC Recommendations	Audit findings/Comment
implemented instead of VAHAN. The data captured through these unauthorised softwares could not be migrated to VAHAN and SARATHI software.	complete manner.		
5.2.10.2 Partial utilisation of the system: It was pointed out in PA that manual receipts and cashbook was in existence and enforcement module was not put to use.	**5.2.17 (i):** setting a time frame for different stages of the computerisation and ensuring implementation of the project in a complete manner.	The PAC had recommended that the implementation of complete workflow of the VAHAN software be so as to fully utilise the processing capability available in the system be completed at the earliest possible.	Manual system of cash book had been dispensed with in all the RTAs and RAs. However, functions related to basic permit, challaning of vehicles, pollution check centers and driving training schools had not been digitised in the RTAs.
5.2.10.7 Non-provision of citizen centric service: One of the objectives of the project was to provide hassle-free services in an efficient and prompt manner by providing on line services like downloading of application forms, seeking appointment, submission of applications, making on-line payment through payment gateway, etc. to reduce dependency upon commission agents.	**5.2.17 (i):** setting a time frame for different stages of the computerisation and ensuring implementation of the project in a complete manner.	The committee had desired the department to take vigorous steps to achieve the objective of the project in a time bound manner.	Citizen services like e-payment (road tax) for RTAs, National Permit Schemes, Vehicle Search, downloading of forms, etc. have been made available to general public. However, e-payment of taxes/fees for vehicles registered with Registering Authorities (MV), seeking on-line appointment, on-line submission of applications have not been introduced. SARATHI was also implemented at five locations which provides for on-line payment of fees for licence.
5.2.13.1 Assigning of same engine number and chassis number to more than one vehicle: Analysis of data maintained by test checked units revealed that same engine number and/ or same chassis number for vehicles having different registration numbers was captured.	**5.2.17 (v):** strengthening the validation control at the time of data capture and proper supervision of data entry process and strengthening of input and processing controls to prevent entry of incorrect and redundant data into the system.	Committee desired the department to take vigorous steps to achieve the objectives of VAHAN and SARATHI project.	Application does not allow entry of same chassis number for another vehicle. However, there was no validation check present in the application to restrict entry of same engine number for vehicles having different registration numbers.
5.2.14.1 Issue of double licences: Due to inadequate validation checks, application could not detect cases of double issue of driving licences to the same person.	**5.2.17 (v):** Strengthening the validation control at the time of data capture and proper supervision of data entry process and strengthening of input and processing controls to prevent entry of incorrect and redundant data into	Committee desired the department to take vigorous steps to achieve the objectives of VAHAN and SARATHI project in its true spirit in a time bound manner.	Analysis of the data provided by the test-checked units revealed cases of issue of double licences to the same applicant.

Audit findings made in Report	Recommendation Made	PAC Recommendations	Audit findings/Comment
	the system.		
5.2.15.2 Absence of business continuity and disaster recovery plan: It was pointed out that department did not have a formal business continuity and disaster recovery plan for continuation of the departmental activities in the event of system failure.	**5.2.17 (ii):** drawing up an IT security policy with a credible threat assessment mechanism and disaster recovery and business continuity plan for harnessing optimum output from the system.	The committee had desired the department to take vigorous steps to achieve the objectives of VAHAN and SARATHI project in its true spirit and time bound manner.	Of the 19 test-checked locations, back-up server was not installed at 17 locations and off-site storage was not being maintained at five locations.

(C)   Full implementation

Audit Findings in Report	Recommendation Made	PAC Recommendations	Audit findings/Comment
5.2.11.1 Generation of Daily Collection Registers (DCRs)/ cashbook by designing unauthorised print reports facilitating short deposit of revenue in the Government account: In RA Rohtak, in house report was designed for generation of receipts and cash book by using the data captured through VAHAN application instead of in-built report available in the application. While designing the cash book report mapping of few field(s) was missed. Improper mapping of fields, total money collected through general public did not reflect in this report causing short deposit of revenue in the Government account.	**5.2.17(iv):** maintaining a well-documented change management procedure for ensuring transparency and effective internal controls.	The committee has recommended to take necessary action against the defaulting official in accordance with the laws/rules.	Un-authorised print report was withdrawn by the NIC and in-built report of VAHAN application was implemented. Department in its reply further stated that after being pointed out by audit, a detailed enquiry was conducted by the Accounts Officer, District Town Planner, Rohtak and short deposit of fee/tax amounting to ₹ 8.08 lakh was recovered from the concerned official and deposited in the treasury.
5.2.11.2 Usage of local software having no linkage with VAHAN: In RA Faridabad, work relating to preparation of DLs/RCs was outsourced to an external agency. The agency was using its own application developed in Foxpro for capturing the financial data. As such, receipts and cash book generated through this application had not linkage with data stored in VAHAN and SARATHI applications.	**5.2.17 (i):** setting a time frame for different stages of the computerisation and ensuring implementation of the project in a complete manner.	The committee had recommended to take immediate effective steps for monitoring and evaluation of VAHAN & SARATHI projects.	RA Faridabad in its reply stated that work relating to issue of DLs and RCs was withdrawn from the external agency and complete workflow of the VAHAN and SARTHI applications was implemented from the year 2012. Analysis of the data provided by the unit also revealed that in addition to other information, financial data was also being captured through VAHAN and SARATHI applications.
5.2.11.3 Dual Database:	**5.2.17 (i):** setting a time frame for different stages of	The committee had recommended to take immediate	RA Gurgaon stated that the whole workflow of VAHAN has now been hosted at single

Audit Findings in Report	Recommendation Made	PAC Recommendations	Audit findings/Comment
At RA Gurgaon, two separate databases of VAHAN were in use. In one database, data relating to collection of fee and taxes was being stored and in the other database, details of vehicles and owner were being stored. The information stored in both databases was not linkable with each other.	the computerisation and ensuring implementation of the project in a complete manner.	effective steps for monitoring and evaluation of the project so that the objective of single database is maintained in all the Registering Authorities in the State.	server. Audit analysis of VAHAN data provided by RA Gurgaon also revealed that complete information being captured in the single database.
5.2.13.4 Unreliable data: It was pointed out that in many cases there was a mis-match between amount due and amount calculated by the software. Analysis also revealed that details of owners were interchanged in favour of certain applicants for allotment of registration numbers of their choice.	**5.2.17 (v):** strengthening the validation control at the time of data capture and proper supervision of data entry process and strengthening of input and processing controls to prevent entry of incorrect and redundant data into the system.	Committee desired the department to take vigorous steps to achieve the objectives of VAHAN and SARATHI project in its true spirit.	Study of application revealed that editing of vehicle class and chassis number has been withdrawn whereas rights to edit other information has also been restricted upto administrator only. Further, a mandatory field has also been added to store the reasons for editing the approved data to restrict the swapping of registration numbers as pointed out in the report.
5.2.13.5 Registration of two or more vehicles with same insurance cover note: It was pointed out in the report that there was no validation check in the application to block the same insurance cover-note issued by the same insurance company.	**5.2.17 (v):** strengthening the validation control at the time of data capture and proper supervision of data entry process and strengthening of input and processing controls to prevent entry of incorrect and redundant data into the system.	Committee desired the department to take vigorous steps to achieve the objectives of VAHAN and SARATHI project in its true spirit in a time bound manner.	Study of VAHAN application revealed that application does not allow the entry of same insurance cover-note number of the same insurance company against more than one vehicle.
5.2.14.2: Issue of licence to under-age persons **5.2.14.3: Issue of regular licences within 30 days of issue of Learning Licence** **5.2.14.4: Issue of driving licence on the basis of expired learning licences** **5.2.14.5: Issue of driving licence of four wheelers on the basis of learning licences of two wheelers:** It was reported that due to inadequate validations checks, SARATHI application was not capable to block the cases as mentioned in paras 5.2.14.2 to 5.2.14.5.	**5.2.17 (v):** strengthening the validation control at the time of data capture and proper supervision of data entry process and strengthening of input and processing controls to prevent entry of incorrect and redundant data into the system.	Committee desired the department to take vigorous steps to achieve the objectives of VAHAN and SARATHI project in its true spirit in a time bound manner.	Adequate validation checks were incorporated in SARATHI Version 1.0 to address the observations made in the afore-mentioned paragraphs relating to issue of DL to underage applicants, issue of DL within 30 days from the issue of learner's licence (LL), issue of DL on the basis of expired LL and approval of vehicles other than those mentioned in the LL.

5.3.3 Status of other Audit observations

Insignificant/No progress

5.2.12.1 Delay in implementation of revised rates of road tax

It was pointed out that application was not modified in time to implement enhanced rates of taxes notified on 13 January 2011 causing a loss of tax amounting to ₹ 1.26 crore. The PAC had desired the department take effective steps to achieve the objectives of VAHAN and SARATHI project. During follow up audit, it was noticed that no amount has been recovered (October 2016).

Partial implementation

5.2.10.8 Monitoring and evaluation of the project

It was reported that department had not established any monitoring cell to ensure effective programme implementation. Internal audit staff was not involved in the use of electronic data of these applications. Further, physical verification of the assets provided by GOI was never conducted. The PAC had recommended the department to take immediate necessary steps for the monitoring and evaluation of the project in its true spirit. During follow up audit, it was observed that physical verification of assets provided by the Government to the test-checked RAs/RTAs was not conducted.

5.2.12.2 Delay in implementation of revised penalty rates

Department in its notification (July 2011) notified that if any vehicle is registered after 21 days of its purchase, penalty at the rate of 0.5 *per cent* of the tax due will be charged. Audit had pointed out that the application (software) was not modified to compute penalty on delayed registration of vehicles causing loss of ₹ 45.08 lakh to the State Exchequer. The PAC had desired that the department should take effective steps to achieve the objectives of VAHAN and SARATHI project. During follow-up audit, it was noticed that no amount has been recovered. It was further revealed that application was modified by incorporating a patch to compute the penalty due on delayed registration of vehicles.

Conclusion

The extent of implementation of audit observations accepted by the Government was 35 *per cent* implemented, 30 *per cent* partially implemented and 35 *per cent* not implemented (May 2016). Many of the deficiencies that had been pointed out in audit in 2011 continued to persist thereby undermining

the effectiveness and utility of the computerisation efforts undertaken by the department.

The matter was reported to the Government in June 2016; its reply was awaited (October 2016).

<div style="text-align:center">

EXCISE AND TAXATION DEPARTMENT

</div>

Passengers and goods tax

5.4   Non/short realisation of Goods Tax

Goods tax is leviable in lump sum on public or private carriers plying in or passing through the State at rates prescribed on the basis of loading capacity as per the MV Act with effect from 25 March 2011. The rates are ₹ 4,000 per annum (not exceeding 10 tons), ₹ 5,600 per annum (exceeding 10 tons but not exceeding 17 tons) and ₹ 12,000 per annum (exceeding 17 tons). Tax is payable in equal quarterly instalments within 30 days of the commencement of quarter to which the payment relates. Rule 22 of the Punjab Passengers and Goods Taxation (PPGT) Rules, 1952 provides that if any sum is payable by an owner under the Act or these rules, the assessing authority shall serve a demand notice and fix a date not less than 15 days from the date of service by which the owner shall furnish the receipted challan in proof of such payment. Further, as per Section 14 (B) of the PPGT Act, where any tax or penalty is not paid within the prescribed time, the owner of the vehicle shall be liable to pay interest at the rate of two *per cent* per month on the unpaid amount of tax.

Audit scrutiny of records (August 2014 to September 2015) of 12 offices[7] of Deputy Excise and Taxation Commissioner (Passenger and Goods Tax) {DETC (PGT)} revealed that vehicle owners of 647 public or private carriers used for carrying goods had not deposited Goods tax of ₹ 41.45 lakh for different periods between April 2013 and March 2015. No demand notices had been issued by the department nor was there any system for monitoring the recovery of dues. This resulted in non/short realisation of Goods tax of ₹ 41.45 lakh. In addition, interest of ₹ 19.36 lakh was also leviable as per the PPGT Act.

---

[7]   Bhiwani, Faridabad (East), Faridabad (West), Fatehabad, Hisar, Jhajjar, Jind, Kaithal, Kurukshetra, Rewari, Sonepat and Yamunanagar.

On this being pointed out, all the DETCs (PGT) stated between September 2015 and June 2016 that Goods tax of ₹ 8.42 lakh including interest had been recovered and notices had been issued to the remaining vehicle owners to recover the outstanding amount of ₹ 52.39 lakh.

The matter was reported to the Government in April 2016; its reply was awaited (October 2016).

5.5 Non/short realisation of passengers tax

Sections 9 (1) (iv), (iv-a) and 9 (2F) (i) of PPGT Act and the rules framed thereunder, provides for levy of passenger tax on taxi cars/maxi cabs and buses[8] of educational institutions. As per notification of August 2014, permit holders of co-operative society buses plying on link routes of the State are required to pay passenger tax at the prescribed rates. Further, as per Section 14 B of the PPGT Act, interest is also leviable at the rate of two *per cent* per month on the delayed payment of passenger tax. Audit scrutiny of the records relating to passenger tax revealed non/short levy of passenger tax amounting to ₹ 73.69 lakh, including interest of ₹ 21.93 lakh, as detailed below.

5.5.1 Audit scrutiny of records (August 2014 to August 2015) of five offices[9] of DETC (PGT) revealed that vehicle owners of 247 taxi cars/maxi cabs used for carrying passengers had not deposited passenger tax of ₹ 12.45 lakh for different periods between April 2013 and March 2015. This resulted in non/short realisation of passenger tax of ₹ 12.45 lakh. In addition, interest of ₹ 6.61 lakh was also leviable as per the PPGT Act.

On this being pointed out, all the DETCs (PGT) stated between November 2014 and December 2015 that an amount of ₹ 1.43 lakh had been recovered and efforts would be made to recover the balance amount of ₹ 17.63 lakh.

---

[8] "Educational Institutional Bus" means an omnibus which is owned by a college, school or other educational institution and used solely for the purpose of transporting students or staff of the educational institution in connection with any of its activities.
[9] Bhiwani, Gurgaon, Kaithal, Panipat and Rewari.

5.5.2 Audit scrutiny of records (between August 2014 and September 2015) of six offices[10] of DETC (PGT) revealed that owners of 100 educational institution buses used for carrying students had not deposited the passenger tax of ₹ 16.60 lakh for different periods between July 2013 and March 2015. The department did not raise the demand to realise tax from the defaulting bus owners. This resulted in non/short realisation of passenger tax of ₹ 16.60 lakh. In addition, interest of ₹ 7.00 lakh was also leviable as per the PPGT Act.

On this being pointed out, four DETCs (PGT)[11] stated between November 2014 and May 2016 that an amount of ₹ 7.33 lakh had been recovered and efforts would be made to recover the balance amount of ₹ 7.99 lakh. Further progress report on recovery for the outstanding amount of ₹ 8.28 lakh including interest from DETCs (PGT) Jhajjar and Kurukshetra was awaited (October 2016).

5.5.3 Audit scrutiny of records (June 2014 to July 2015) of seven offices[12] of DETC (PGT) revealed that vehicle owners of 35 transport co-operative society buses had not deposited the monthly passenger tax either in full or in part for different periods between April 2013 and March 2015. No action had been taken by the department to recover the passenger tax. This resulted in non/short realisation of passenger tax of ₹ 22.71 lakh. In addition, interest of ₹ 8.32 lakh was also leviable as per the PPGT Act.

On this being pointed out, all the DETCs (PGT) stated between December 2015 and May 2016 that an amount of ₹ 6.42 lakh including interest had been recovered and efforts would be made to recover the outstanding amount of ₹ 24.61 lakh. Further progress on recovery was awaited (October 2016).

These were reported to the Government in April 2016; its reply was awaited (October 2016).

---

[10]   Gurgaon, Jagadhri, Jhajjar, Karnal, Kurukshetra and Sonipat.
[11]   Gurgaon, Jagadhri, Karnal and Sonipat.
[12]   Ambala, Bhiwani, Jhajjar, Jind, Kaithal, Kurukshetra and Sirsa.