

CHAPTER V

TAXES ON VEHICLES

5.1 Tax administration

Levy and collection of taxes and other receipts under the Motor Vehicles sector are regulated by the Central Motor Vehicles Act, 1988, the Maharashtra Motor Vehicle Tax Act, 1958, the Maharashtra Motor Vehicles Transportation of Passengers Act, 1958, and the Rules made there under. These Acts and Rules are implemented by the Transport Commissioner under the overall control of the Principal Secretary (Transport) to the Government in Home Department, assisted by an Additional Commissioner, a Joint Commissioner, Deputy Commissioners and Regional and Deputy Transport Officers. The motor vehicles receipts mainly comprise of taxes on motor vehicles and taxes on goods and passengers.

5.2 Internal Audit

Each Regional Transport Office is having an internal audit wing headed by an Accounts Officer. The criteria for taking up audit has been laid down in order dated 1 September 1971, which prescribes checking of assessment of tax in case of newly registered vehicles, checking of cash book, dead stock etc.

Information regarding position of units planned to be taken up for audit and actually audited is given in **Table 5.2**.

Table 5.2

Year	No. of units planned	No. of units audited	Audit observations raised	Audit observations settled till 31.03.2015	Pending observations as on 31.03.2015
2010-11	19	19	454	362	92
2011-12	18	18	332	258	74
2012-13	29	29	1,171	806	365
2013-14	32	32	693	193	500
2014-15	2	2	35	0	35

Source: Information furnished by the Department

It can be seen from the above table that the number of units planned and audited was reduced from 32 in 2013-14 to two in 2014-15. The reasons for the same, though called for, have not been received.

5.3 Results of audit

In 2014-15, test check of the records of 48 units relating to Maharashtra Motor Vehicles Tax Act, etc. showed under assessment of tax and other irregularities involving ₹ 75.31 crore in 299 observations, which fall under the following categories shown in **Table 5.3**.

Table 5.3

(₹ in crore)			
Sr. No.	Category	Number of observations	Amount
1	Non/short levy of tax due to application of incorrect rates	183	74.95
2	Short levy of tax due to incorrect exemption/classification	3	0.02
3	Excess refund and miscellaneous	113	0.34
Total		299	75.31

During the year 2014-15, the concerned Department accepted underassessment, short levy of motor vehicle tax of ₹ 35.72 crore in 166 observations and recovered the entire amount, of these, 20 observations involving ₹ 15.28 lakh related to 2014-15 and the rest to earlier years.

Audit observations involving ₹ 8.85 crore are discussed in the following paragraph.

5.4 Audit observations

Scrutiny of the records of Regional Transport Offices (RTOs)/Dy. Regional Transport Offices (Dy. RTOs) revealed several cases of non-observance of provisions of the Maharashtra Motor Vehicles Tax Act, 1958 (MMVT Act) and other allied Acts, as mentioned in the succeeding paragraphs of this chapter. These cases are illustrative and are based on a test check carried out in audit. Such omissions are pointed out in audit every year, but not only the irregularities do persist; these remain undetected till an audit is conducted. There is need for the Government to improve the internal control system so that recurrence of such instances can be avoided.

5.4.1 Non-recovery of passenger tax

Non-payment of Passenger Tax from the tax collected by the agency resulted in short recovery of Passenger Tax of ₹ 7.86 crore

In exercise of powers conferred by Section 21 read with Rule 3-A of the Bombay Motor Vehicles (Taxation of Passengers) Act, 1958 (Bom. LXVII of 1958) as amended from time to time, the Government of Maharashtra exempts the passengers carried by stage carriages from payment of only so much of the tax as is in excess of 3.5 per cent of the inclusive amount of fares payable to the operators of stage carriage plying exclusively within the municipal areas in any part of the State of Maharashtra and on the routes serving municipal and adjacent rural areas.

During scrutiny of documents / instruments of Regional Transport Officer (Urban), Nagpur (RTO) it was noticed (March 2013) that Nagpur Municipal Corporation (NMC), who has taken over the City Bus Transport System in Nagpur city from Maharashtra State Road Transport Corporation in February 2007, has entered into an agreement and supplementary agreement with an agency (February 2007 and March 2010 respectively) for providing bus transport services on Build, Operate and Own (BOO) basis in the Nagpur city. As per clause 4.1 of the said agreement, the agency was liable to pay all taxes to Government. Accordingly, the agency had provided city bus service on

behalf of NMC. However, the details of amount collected by way of sale of tickets was neither available with RTO nor with NMC. Scrutiny of audited accounts of the agency revealed that the agency had collected aggregate amount of ₹ 234.45 crore from sale of tickets during 2006-07 to 2013-14 which includes passenger tax of ₹ 7.93 crore due to the Government but had paid only ₹ seven lakh into Government account till date. Thus, there was non-payment of passenger tax of ₹ 7.86 crore by NMC/agency.

After this being pointed out by audit (March 2013), the RTO stated that NMC did not furnish the returns in terms of Bombay Motor Vehicle (Taxation of Passengers) Act, 1958 and has accepted (April 2015) the fact about short recovery of ₹ 7.86 crore on account of passenger tax. Further progress in the matter has not been received.

We reported the matter to the Government in May 2015; their reply has not been received (February 2016).

5.4.2 Non-recovery of Motor Vehicle Tax

RTO- Aurangabad, Dhule, Nashik, Pune and Tardeo ; Dy. RTO – Akluj, Ambejogai, Hingoli, Jalna, Kalyan, Parbhani, Pen, Shrirampur and Vashi

Motor Vehicle Tax amounting to ₹ 99.31 lakh on various types of vehicles was not recovered in 330 cases

Under section 4 of the MMVT Act and the rules made thereunder, tax at prescribed rate is payable on all vehicles kept for use in the State, as per the registered laden weight or seating capacity. In case of equipment fitted vehicles kept for use in the State, tax at prescribed rates is payable on the basis of their unladen weight. The details of recoveries made from the vehicle owners, issue of demand notices etc. is maintained in the cash balance review register (CBRR).

During test check of 14 offices between January 2013 and March 2014, we noticed from the CBRR that tax amounting to ₹ 99.31 lakh in respect of transport series vehicles (Buses)/ transport series vehicles (Goods)/ equipment fitted vehicles was not recovered in respect of 330 vehicles for periods ranging from 1 month to 47 months between July 2009 and March 2014 as shown in **Table 5.4.2.**

Table 5.4.2

Types of Vehicles	No of cases	(₹ in lakh)
		Amount
Transport series vehicles (Buses)	84	59.15
Transport series vehicles (Goods)	209	31.58
Equipment fitted vehicles	37	8.58
Total	330	99.31

After this being pointed out between January 2011 and March 2014, the Department accepted the observation and communicated recovery of ₹ 24.22 lakh in 119 cases between May 2013 and December 2015. A report on the balance recovery has not been received.

We reported the matter to the Government in May and June 2015; their reply has not been received (February 2016).