

CHAPTER-V Taxes on Vehicles, Goods and Passengers

5.1 Tax administration

The overall charge of the Transport Department vests with the State Transport Commissioner (STC), Punjab, Chandigarh. There are 22 districts each headed by a District Transport Officer (DTO) who monitors due observance of the Punjab Motor Vehicles Taxation Act 1924 and the Rules made thereunder and maintains the records of receipt of motor vehicles taxes and various fees. In addition, there are four Regional Transport Authorities (RTAs) for regulating the transport vehicles in the State in conformity with the Act and collection of motor vehicles taxes in respect of buses of other States.

5.2 Results of audit

Test check of the records of 28 units relating to taxes on vehicles during 2015-16 revealed irregularities involving ₹ 41.39 crore in 2,750 cases which broadly fall under the following categories as in **Table 5.1** below.

Table 5.1: Results of audit

Sl. No.	Categories	No. of cases	Amount (₹ in crore)
1.	Non/Short realisation of MVT	2,338	36.97
2.	Irregular retention of Government money	16	1.96
3.	Other irregularities	396	2.46
	Total	2,750	41.39

In 2015-16, the Department informed audit that they have accepted and recovered ₹ 2.47 crore involved in 527 cases out of which ₹ 3.92 lakh involved in four cases were pointed out in 2015-16 and rest in the earlier years.

Significant cases involving ₹ 96.40 lakh are discussed in the succeeding paragraphs.

5.3 Short realisation of motor vehicle tax from private service vehicles/educational institutes

Motor Vehicle Tax of ₹ 48.02 lakh relating to private service vehicles and vehicles used by educational institutes was short realised from eight companies/institutes operating in the jurisdiction of nine District Transport Officers.

Section 3 of the Punjab Motor Vehicle Taxation (PMVT) Act, 1924 (Act), as amended by the Punjab Motor Vehicle Taxation (Amendment Act), 2007 provides for imposition of tax on every motor vehicle on year to year basis and empowers the Government of Punjab to determine the rate and manner of

payment of the tax. The State Government revised (08 August 2013) the rates¹ of Motor Vehicle Tax (MVT) on the basis of seating capacity in respect of private service vehicles and vehicles used for educational institutes.

Audit scrutiny of the records of seven District Transport Offices (DTOs)² revealed that MVT of ₹ 12.41 lakh for the period of 2014-15 was realised against ₹ 60.43 lakh recoverable from the owners of five private service vehicles/three educational institute buses resulting in short realisation of MVT of ₹ 48.02 lakh.

DTO Hoshiarpur intimated in September 2016 that notice for recovery had been sent. DTO Nawanshahar made part recovery of ₹ 0.52 lakh in one case. The matter was reported to the Government April 2016; its reply was awaited (October 2016).

5.4 Non/short realisation of MVT from stage carriage big buses

Motor Vehicle Tax of ₹ 27.31 lakh was non/short realized from stage carriage buses in eight DTOs.

Section 3(6) of PMVT Act 1924, as amended from time to time (Amended Act, 2007), provides that MVT shall be levied and paid to Government on stage carriages at rate³ per kilometer/per day as may be specified by Government from time to time by the end of every month on the entire distance permitted to be covered. Further, Section 11-A (I) stipulates that failure to pay tax within the prescribed period attracts simple interest at the rate of one and half *per cent* per month following the due date till the default continues as well as penalty under Section 8(4) not exceeding ₹ 5,000 but not less than ₹ 1,000.

Audit scrutiny of the records relating to MVT registers and list of permitted kilometres of three DTOs⁴ revealed that MVT of ₹ 65.47 lakh was collected against ₹ 92.78 lakh worked out on the basis of permitted kms operated by two private transport companies and Punjab Roadways Batala during 2014-15. This resulted in non/short realisation of MVT of ₹ 27.31 lakh. Besides,

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Seating capacity	Rate of MVT per annum (in ₹)		
	Private Service Vehicles	College/other educational institutes	Schools
Up to 12 seats	1,00,000	40,000	15,000
13 to 30 seats	2,00,000	50,000	20,000
31 and above seats	3,00,000	60,000	30,000

2 Hoshiarpur, Jalandhar, Ludhiana, Nawanshahar, Kapurthala, Mansa and Pathankot.

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Period	Rates in ₹	
	Ordinary Buses	HVAC Buses
Upto 7 August 2013	2.75	1.50
8 August 2013 to 2 July 2014	3.00	1.75
3 July 2014 to 31 December 2014	3.13	1.88
1 January 2015 onwards	3.03	1.77

4 Gurudaspur, Jalandhar and Patiala.

penalty and interest is also leviable after giving a reasonable opportunity to the defaulter of being heard.

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

5.5 Non-levy of interest for delayed payment of MVT

Interest of ₹ 7.21 lakh on delayed payment of Motor Vehicle Tax was not realized from the stage carriage buses of Punjab Roadways.

Section 3 of PMVT Act, as amended from time to time, provides that motor vehicle tax shall be levied and paid to Government on stage carriages at the rate per kilometer/per day as may be specified by Government from time to time by the end of every month on the entire distance permitted to be covered. Further, under Section 11A (I), failure to pay tax within the prescribed period attracts simple interest at the rate of one and half *per cent* per month following the due date till the default continues.

Audit scrutiny (August 2015) of the records relating to MVT registers of DTO Jalandhar revealed that two depots⁵ of Punjab Roadways, Jalandhar deposited regular MVT as well as the arrear of MVT of ₹ 1.83 crore during 2014-15 with delay ranging between one and fourteen months. DTO Jalandhar did not charge any interest on the delayed payments as prescribed under the section mentioned *ibid.* This resulted into non-realisation of interest of ₹ 7.21 lakh.

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

5.6 Non-realisation of additional fee

Additional fee of ₹ 7.80 lakh was not realized by the State Transport Commissioner while allotting the registration marks of choice to 156 owners of tourist vehicles.

Rule 42-A of the Punjab Motor Vehicles Rules, 1989 (Rules) provides that the Registering Authority shall assign a registration mark to the owner of a motor vehicle of his choice from amongst the registration marks, as specified in the Sixth Schedule to these Rules on payment of such additional fee, as may be fixed by the Government. The Government, in exercise of these powers, notified (09 January 2014) additional fee for registration marks of choice in each series⁶.

Audit scrutiny of the records of State Transport Commissioner, Chandigarh revealed that Secretary, State Transport Authority registered 2,312 tourist

⁵ Jalandhar-I and Jalandhar-II.

⁶ ₹ 5,000/- for any registration mark of choice other than the specified numbers or out of turn number [S.No.4(s) of Sixth Schedule].

vehicles during the period 2014-15. Out of them, 579 registrations were analysed by audit and it was found that 156 registration marks of choice were allotted to vehicle owners out of turn without charging additional fee. This resulted into non-realisation of additional fee of ₹ 7.80 lakh.

The matter was reported to the Government/Department (February 2016). The department replied (August 2016) that ₹ 2.05 lakh in 41 cases had since been recovered and recovery in the remaining cases would be made. The reply of Government was awaited. (October 2016)

5.7 Short realisation of MVT on account of excess plying of kilometers against reciprocal agreement

Motor Vehicle Tax of ₹ 6.06 lakh was short realized from four depots of Himachal Road Transport Corporation due to application of incorrect rates applicable under the reciprocal agreement.

Section 3 of the Punjab Motor Vehicle Taxation Act, 1924, provides for imposition of tax on every motor vehicle on year to year basis and empowers the Government of Punjab (Government) to determine the rate and manner of payment of the tax. The Government, in exercise of these powers, notified the rates⁷ of MVT for stage carriage buses of other States plying in State of Punjab having permits which were countersigned under reciprocal agreement, and having permits which were not countersigned under the reciprocal agreement.

Audit scrutiny (August 2015) of the MVT registers of Regional Transport Authority, Jalandhar revealed that four depots⁸ of Himachal Road Transport Corporation (HRTC) operated 1,470 kilometers in the State of Punjab during 2014-15 which were not covered/countersigned under the reciprocal agreement but paid MVT at the rates which were applicable to the kilometers countersigned under the reciprocal agreement. This resulted into short payment of MVT of ₹ 6.06 lakh.

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

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Period	Rate of MVT per kilometre (₹)			
	If kilometres countersigned under reciprocal agreement		If kilometres not countersigned under reciprocal agreement	
1.4.2014 to 2.7.2014	4.50		6.00	
3.7.2014 to 31.12.2014	4.63		6.13	
1.1.2015 to 31.3.2015	4.53		6.03	

⁸ Bilaspur, Nahan, Solan and Una.