

CHAPTER-IV: TAXES ON VEHICLES

4.1 Tax administration

The Transport Department functions under the overall charge of the Additional Chief Secretary-cum-Transport Commissioner (TC) who is responsible for execution and implementation of policies, direction and administration, initiating proposals for change of tax rates etc. Besides this, he is also the appellate authority for hearing of cases assessed by his subordinates and is assisted by one Additional TC, one Joint TC, one Assistant TC and one Deputy Director, Finance (DDF) at Headquarters. There are five Regional Transport Officers (RTOs), one Additional Regional Transport Officer (ARTO) and 19 District Transport Officers (DTOs) under the administrative control of TC. RTO is responsible for issue of permits, licences, registration of vehicles and assessment and collection of Motor Vehicle Tax and the ARTO/DTO discharges the duties of RTO except for issue of permits. Permits in respect of vehicles registered under ARTO/DTO are issued by the assigned RTO. There are seven¹ regional flying squads, which are working under the control of the respective RTOs/DTOs in the State. Besides this, there is a central flying squad covering the entire State.

The receipts from taxes on vehicles are administered under the provisions of:

- Motor Vehicles (MV) Act, 1988;
- Central Motor Vehicle (CMV) Rules, 1989;
- Chhattisgarh *Motoryan Karadhan*(CGMK) *Adhiniyam*, 1991;
- Chhattisgarh *Motoryan Karadhan Niyam*, 1992;
- Chhattisgarh *Motoryan Niyam*, 1994;and
- Executive orders issued under these Acts and Rules from time to time.

4.2 Internal Audit

The Internal Audit Wing (IAW) of Transport Department comprises of one Internal Audit Officer and two Senior Auditors against a sanctioned strength of one Internal Audit Officer (IAO), three Junior Accounts Officers (JAO), two Senior Auditors and three Junior Auditors. Thus, there was a shortage of manpower in JAO and Junior Auditor cadre during the year 2017-18.

During the year 2017-18, the IAW audited only seven units against 22 units planned. Audit reviewed the IRs of seven units of IAW and noticed that, in almost all the units, the IAW had pointed out non-recovery of taxes from the owners of goods and passenger vehicles. However, similar observations are still being noticed by Audit.

The Department stated (November 2018) that directives had been issued to the audited units for compliance of the observations made by the IAW. The Department further stated that three officials posted in IAW were also looking after other works of the Department, which was the reason for not auditing all planned units. Further, one post of JAO has been filled up (March 2019).

¹ Ambikapur, Bilaspur, Durg, Jagdalpur, Korba, Raigarh and Raipur

Recommendation:

The Government should strengthen IAW by filling the vacant post and providing dedicated staff.

4.3 Results of audit

The Transport Department generated ₹ 985.27 crore in 2016-17 in 23 units. Audit test checked 11 *per cent* cases (33,992 out of 3,19,638) in seven units which constitute 67.42 *per cent* of the total revenue. Audit noticed various irregularities in 60 *per cent* (20,508 out of 33,992) of test checked cases amounting to ₹ 60.14 crore, as mentioned in **Table 4.1**:

Table 4.1: Results of audit

(₹ in crore)

Sl. No.	Category	No. of cases	Amount
1.	Non-realisation of tax/penalty from vehicles	12,892	55.03
2.	Short realisation of tax	229	2.09
3.	Other irregularities ²	7,387	3.02
Total		20,508	60.14

The Department accepted audit observations on short realisation of tax, non-realisation of tax and penalty and other irregularities etc., of ₹ 51.64 crore in 16,574 cases (81 *per cent*) and the Department recovered ₹ 91.94 lakh in 288 cases. In the remaining cases, audit is pursuing the matter with the Department.

After issue of one draft paragraph involving 1,274 cases amounting ₹ 5.05 crore during 2017-18, the Department accepted non/short realisation of ₹ 4.92 crore in 1,259 cases and recovered ₹ 0.37 crore in 136 cases.

4.4 Follow up of previous Audit Reports

In the Audit Reports for the period from 2012-13 to 2016-17, Audit had pointed out various observations amounting to ₹ 38.45 crore in 10 paragraphs against which the Department accepted observations involving ₹ 36.92 crore and recovered ₹ 2.18 crore.

The PAC had selected 15 paragraphs of nine Audit Reports for the years 2003-04, 2004-05, 2006-07 to 2011-12 and 2013-14 for discussion and gave its recommendations on six paragraphs of Audit Reports for the years 2003-04, 2004-05, 2006-07 to 2008-09. However, ATN has not been received in three paragraphs for the year 2007-08 and 2008-09.

4.5 Motor vehicle tax from the owners of vehicles not realised

Inaction by RTOs/ARTOs/DTOs in recovery of tax of ₹ 2.60 crore and penalty of ₹ 2.84 crore from 1,138 vehicle owners.

Chhattisgarh *Motoryan Karadhan (CGMK) Adhiniyam*, 1991 prescribes that tax shall be levied on every goods and passenger vehicle used or kept for use in the State at the rate of ₹ 1,200 to ₹ 36,000 per month in respect of passenger

² Other irregularities includes plying of overage vehicles, plying of vehicles without fitness certificate and non-renewal of permit by transport vehicles etc.

vehicle and ₹ 300 per quarter for gross vehicle weight of goods vehicle up to 2,000 Kgs and additional ₹ 100 for each 500 Kgs or part thereof. In case of non-payment of the tax, the owner of goods and passenger vehicles is liable to pay penalty³ not exceeding the amount of unpaid tax. Where any owner fails to pay tax, penalty or both, the taxation authority is required to issue a demand notice and take action to recover the amount as arrears of land revenue. If a vehicle owner wants his vehicle off-road for a particular period, he shall submit the intimation of non-use before the commencement of the period of non-use to the Taxation Authority concerned.

During test check of Demand and Collection Register and VAHAN 2.0 database relating to 10,012 registered vehicles in five Transport Offices for the period 2013-14 to 2017-18, Audit noticed that in respect of 1,274 vehicles⁴ (12.72 per cent) in five Transport Offices⁵ tax for the period from April 2013 to October 2017 amounting to ₹ 2.90 crore was not paid by the owners of these vehicles. There was no evidence on record to prove that the vehicles were off the road. The RTOs/ARTOs/DTOs did not initiate any action to realise the tax due, even after availability of report generating facility in VAHAN software. The VAHAN software has provision to generate list of defaulters for non-payment of motor vehicle tax and penalty if any. Despite having the software facility, the RTOs/ARTOs/DTOs did not take action to recover tax and penalty from the owners of 1,274 vehicles. Thus, failure on the part of RTOs/ARTOs/DTOs in taking appropriate action resulted in non-realisation of tax of ₹ 2.90 crore and penalty of ₹ 2.91 crore.

On this being pointed out (March 2019), the Department replied (April 2019) that an amount of ₹ 37.00 lakh (Tax: ₹ 29.41 lakh and penalty: ₹ 7.59 lakh) had been recovered from 136 vehicle owners. The Department further stated that directions have been issued to the concerned Transport Officers to recover the remaining outstanding amount. Thus, the amount of ₹ 5.44 crore (Tax ₹ 2.60 crore and penalty ₹ 2.84 crore) is still outstanding from 1,138 vehicle owners.

Similar observations were pointed out in Audit Reports for the years 2012-13 to 2016-17 but concrete and effective action was not taken by the Department to check the persistence of such irregularities.

Audit had recommended (Audit Report 2016-17) the Department to evolve a mechanism to ensure full recovery of taxes and penalty. However, non-recovery still persists.

³ One twelfth of the unpaid amount of tax for the default of each month and part thereof.

⁴ 1,062 (Goods vehicles) + 212 (Passenger vehicles)= 1,274 vehicles

⁵ ARTO, Durg; ARTO, Rajnandgaon; DTO, Baikunthpur (Koria); DTO, Mahasamund; and RTO, Raipur