

Chapter V

Motor Vehicle Taxes

5.1 Tax Administration

Transport Department is primarily responsible for enforcement of provisions of various¹ Acts and Rules that include provisions for collection of taxes, fees, issue of driving licences, certificates of fitness to transport vehicles, registration of motor vehicles and grant of regular and temporary permits to vehicles.

The Department is headed by the Principal Secretary at Government level. The organisational set up of the Department for administration of tax is depicted in the organogram given alongside.

Motor vehicle taxes form the sixth largest source of revenue for the State and account for 3.71 *per cent* of the total revenue of the State. It has been increasing from year-to-year since the formation of Telangana State in June 2014. The total revenue from Motor Vehicle Taxes during 2018-19 was ₹3,761.94 crore². The monthly break up of revenue from motor vehicles taxes during the year is given in Chart 5.1.

Figure-5.1: Organogram

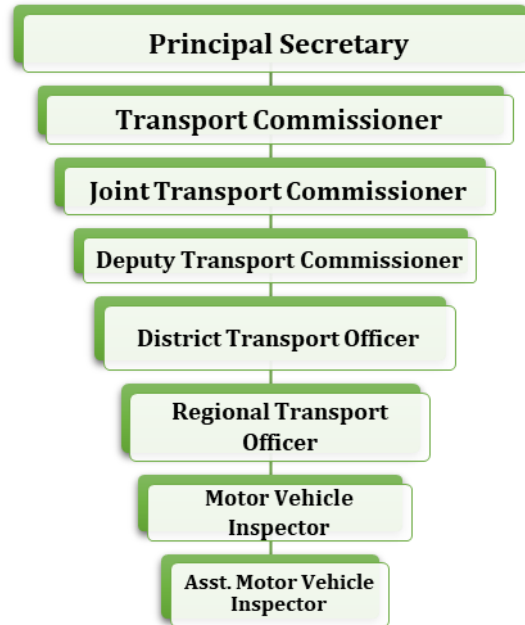
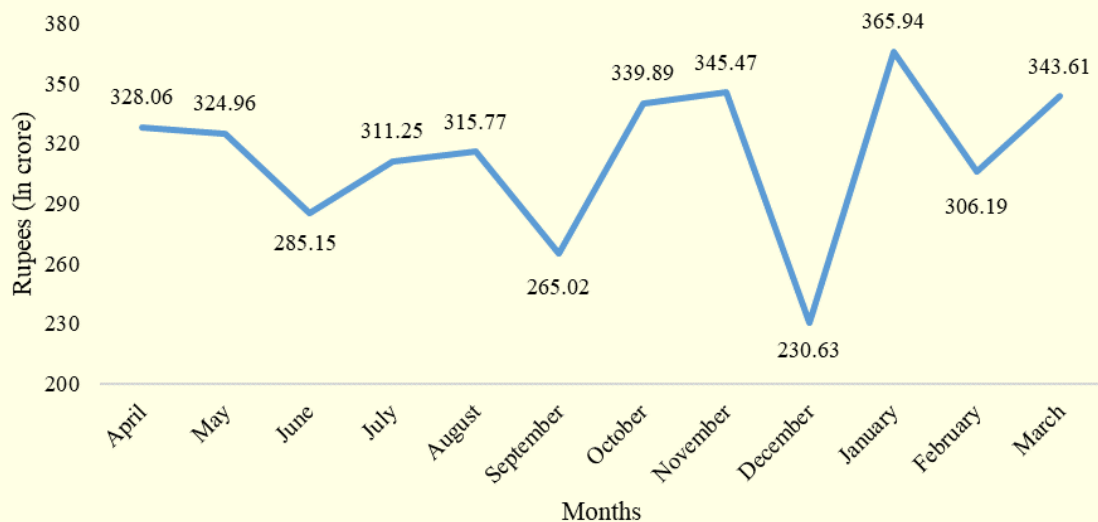


Chart 5.1: Motor Vehicle Taxes Realised for Financial Year 2018-2019



¹ The Transport Department of Government of Telangana is governed by The Motor Vehicles Act, 1988 (Central MV Act), The Central Motor Vehicles Rules, 1989 (Central MV Rules) along with The Telangana Motor Vehicles Taxation Act, 1963 (State MV Taxation Act), The Telangana Motor Vehicles Taxation Rules, 1963 (State MV Taxation Rules) and The Telangana Motor Vehicles Rules, 1989 (State MV Rules) which have been adapted (G.O.Ms. No. 2, Transport, Roads and Buildings (TR-I) Department dated 17 June 2014) by the State of Telangana.

² Source: Finance Accounts of Government of Telangana for 2018-19.

5.2 Audit Methodology and Results of Audit

Transport Department of Telangana computerised its core functions like issue of driving licences, registration of vehicles, collection of revenue, grant of permits, checks of motor vehicles *etc.* through a 'Citizen Friendly Services in Transport Department (CFST)' application.

The CFST data is in a central server located in the Transport Commissionerate. The Regional Transport Authorities (RTAs) are connected to the Data Centre (Transport Commissionerate) through Telangana State Wide Area Network (TSWAN). The service access is also available at each Regional Transport Office.

Data in CFST relating to the 37 sampled units was downloaded by the Audit team and analysed with the help of analytical tools like Interactive Data Extraction and Analysis (IDEA) and Microsoft Excel during local audits. At local offices regular establishment audit and verification of receipts with treasuries were also done. Audit enquiries based on the information extracted/gaps identified after analysis of the data as per the applicable criteria, rules, provisions and business rules were issued.

Audit of Motor Vehicles Tax receipts was conducted through a test check of relevant records and transaction data in 37 out of 38 offices in the State during 2018-19 to gain assurance that the fees are levied, collected and accounted for in accordance with the relevant Acts, Codes and Manuals, and the interests of the Government are safeguarded. Audit brought out instances of deviations/non-compliance with the provisions of the Acts and Rules in 192 cases involving an amount of ₹43.79 crore, as detailed in **Table 5.1**.

Table-5.1: Category of Audit Observations on Revenue Receipts

(₹ in crore)

Sl. No.	Category of Audit observations	No. of deviations	Amount
1	Non-levy of quarterly tax and penalty	35	18.16
2	Vehicles plying without valid fitness certificates	36	6.03
3	Short levy of tax in respect of Second and Subsequent personalised vehicles owned by individuals	21	0.20
4	Non-collection of green tax	35	1.63
5	Non-disposal of vehicle check reports and consequential non-realisation of compounding fee	30	1.57
6	Vehicles plying without valid registration certificates	35	16.20
	Total	192	43.79

There are six broad categories of audit observations under Motor Vehicle Taxes. There may be similar irregularities, errors/omissions not covered in the test audit. The Department may, therefore, examine all the transactions to ensure that the taxes are levied as per provisions of the Acts and Rules.

The Telangana Motor Vehicles Taxation Act, 1963, The Motor Vehicles Act, 1988 and rules made thereunder and The Central Motor Vehicle Rules, 1989 respectively provide for:

- Motor Vehicle tax/ additional tax from the vehicle owner at the prescribed rate in advance and within the grace period provided;
- Levy and collection of fitness fee from the vehicle owners after completion of the prescribed period; and
- Levy and collection of green tax from the owners of vehicles after completion of the prescribed age from the date of registration.

Significant cases of non-compliance with the provisions of the Acts/ Rules in 134 cases amounting to ₹ 27.65 crore are discussed in the succeeding paragraphs.

5.3 Non-realisation of Quarterly Tax and Non-levy of Penalty

Every owner of a transport vehicle is liable to pay tax at specified rates³ within the specified period. Belated payment of tax beyond two months from the beginning of a quarter attracts penalty at the rate of 50 *per cent* of quarterly tax (QT) if the tax is paid voluntarily; it is twice the rate of QT if the non-payment is detected in enforcement⁴.

Audit analysed the data (between April 2018 and March 2019) for the period 2014-15 to 2017-18 in the offices of Joint Transport Commissioner (JTC), Hyderabad Central Zone, Khairatabad, 28 District Transport Offices (DTOs)⁵ and four Regional Transport Offices (RTOs)⁶. In 7,393 instances, owners of transport vehicles did not pay QT. The Department had not issued any demand notices to collect the dues. This resulted in non-realisation of QT of ₹8.31 crore and non-levy of penalty of ₹4.15 crore respectively.

DTO, Siddipet replied that show-cause notices were issued. JTC and other DTOs/RTOs replied that action would be taken to realise the QT due alongwith penalty.

The matter was referred to the Department in August 2019 and to the Government in September 2019. Reminders were issued to the Government in May 2020 and October 2020; replies have not been received.

5.4 Non-renewal of Fitness Certificate

Fitness Certificate⁷ (FC) in respect of transport vehicles is to be renewed every year⁸ on payment of FC fee at the prescribed rates⁹ and after conduct of stipulated tests.

³ Section 3 of The Telangana Motor Vehicles Taxation Act, 1963 read with G.O.Ms. No. 68 Transport, Roads and Buildings (TR-I) Department dated 13 April 2006.

⁴ Sections 4 and 6 of The Telangana Motor Vehicles Taxation Act, 1963 read with G.O.Ms.No.318, Transport, Roads and Buildings (TR-I) Department dated 03 November 2008.

⁵ DTOs - Adilabad, Bhadradi Kothagudem, Jagtial, Jangaon, Jayashankar Bhupalapally, Jogulamba Gadwal, Karimnagar, Khammam, Komarabheem Asifabad, Mahabubabad, Mahabubnagar, Mancherial, Medak, Medchal-Malkajigiri, Nagarkurnool, Nalgonda, Nirmal, Nizamabad, Peddapally, Rajanna Sircilla, RangaReddy (Attapur), Sangareddy, Siddipet, Suryapet, Vikarabad, Warangal (Urban), Wanaparthy, Yadadri Bhuvanagiri.

⁶ RTOs - Ibrahimpatnam (Ranga Reddy), Hyderabad North Zone (Tirumalgiri, Secunderabad), Hyderabad South Zone (Bandlaguda) and Hyderabad West Zone (Tolichowki).

⁷ Section 56 of The Motor Vehicles Act, 1988.

⁸ Rule 62 of The Central Motor Vehicles Rules, 1989.

⁹ Rule 81 of The Central Motor Vehicles Rules, 1989 read with GSR 1183 (E) dated 29 December 2016 of Ministry of Road Transport and Highways.

Audit analysed (between April 2018 and March 2019) the data for the period 2014-15 to 2017-18 relating to issue of FCs of the offices of Joint Transport Commissioner (JTC), Hyderabad Central Zone, Khairatabad, 29 DTOs¹⁰ and four RTOs¹¹. It was observed that FCs for 1,52,280 transport vehicles were not renewed resulting in non-realisation of FC fees amounting to ₹ 9.30 crore. Non-renewal of fitness certificates has both social and monetary impacts.

The JTC/DTOs/RTOs replied that action would be taken to collect the dues from the owners of the vehicles when they approach the office for any kind of transactions.

The matter was referred to the Department in August 2019 and to the Government in September 2019. Reminders were issued to the Government in May 2020 and October 2020; replies have not been received.

5.5 Non-realisation of Registration Certificate Renewal Fee

According to The Central Motor Vehicles Rules, 1989¹² the Registration Certificate (RC) of any motor vehicle (other than a transport vehicle) is to be renewed after expiry of its validity period of 15 years¹³ on payment of renewal fee at the stipulated rates¹⁴.

Audit analysed (between May 2018 and March 2019) the data for the period 2014-15 to 2017-18 relating to validity of RCs of the offices of JTC, Hyderabad Central Zone, Khairatabad, nine DTOs¹⁵ and three RTOs¹⁶.

It was observed that RCs in respect of 69,473 vehicles were not renewed after expiry of validity period, which resulted in non-realisation of renewal fee amounting to ₹3.28 crore. The JTC/DTOs/RTOs replied that action would be taken to book cases and collect the outstanding dues when the vehicle owners approach the offices for any kind of transactions.

The matter was referred to the Department in August 2019 and to the Government in September 2019. Reminders were issued to the Government in May 2020 and October 2020; replies have not been received.

5.6 Non-realisation of Compounding Fee

As per Section 200 of The Motor Vehicles Act, 1988 read with Government Order¹⁷, offences¹⁸ under the Act are to be compounded by collecting fee at the rates specified by

¹⁰ DTOs - Adilabad, Bhadradi Kothagudem, Yadadri Bhuvanagiri, Jagtial, Jangaon, Jayashankar Bhupalapally, Jogulamba Gadwal, Karimnagar, Kamareddy, Khammam, Komarabheem Asifabad, Mahabubabad, Mahabubnagar, Mancherla, Medak, Medchal Malkajigiri, Nagarkurnool, Nalgonda, Nirmal, Nizamabad, Peddapally, Rajanna Sircilla, Ranga Reddy (Attapur), Sangareddy, Siddipet, Suryapet, Vikarabad, Warangal (Urban) and Wanaparthy.

¹¹ RTOs - Hyderabad North Zone (Tirumalgiri, Secunderabad), Hyderabad South Zone (Bandlaguda), Hyderabad West Zone (Tolichowki) and Ibrahimpatnam (Ranga Reddy).

¹² Rule 52(3) of The Central Motor Vehicles Rules, 1989.

¹³ Section 41(7) of The Motor Vehicles Act, 1988.

¹⁴ Rule 81 of The Central Motor Vehicles Rules, 1989 amended vide GSR 1183 (E) dated 29 December 2016 of Ministry of Road Transport and Highways.

¹⁵ DTOs - Adilabad, Karimnagar, Khammam, Medak, Nalgonda, Ranga Reddy (Attapur), Sangareddy, Warangal (Urban) and Yadadri Bhuvanagiri.

¹⁶ RTOs - Hyderabad North Zone (Tirumalgiri, Secunderabad), Hyderabad South Zone (Bandlaguda) and Hyderabad West Zone (Tolichowki).

¹⁷ G.O.Ms.No.108, Transport, Roads and Buildings (TR-I) Department, dated 18 August 2011.

¹⁸ Offences like overloading, driving without licence, registration certificate, fitness certificate, under-age driving, driving at excessive speed etc.

the Government. In case offences are not compounded on the spot, the Vehicle Check Reports (VCRs) are to be sent to the regional transport authorities concerned.

Audit analysed (between April 2018 and March 2019) the data for the period 2014-15 to 2017-18 relating to VCRs in the offices of Joint Transport Commissioner (JTC), Hyderabad Central Zone, Khairatabad, 16 DTOs¹⁹ and three RTOs²⁰. In respect of 1,659 cases, the Compounding Fees (CF) for the offences under transport laws was not collected resulting in non-realisation of CF of ₹1.52 crore.

It was replied by the officers concerned that action would be taken to dispose of the VCRs and collect the outstanding compounding fees.

The matter was referred to the Department in August 2019 and to the Government in September 2019. Reminders were issued to the Government in May 2020 and October 2020; replies have not been received.

5.7 Loss of revenue due to Non-levy of Green Tax

‘Green Tax’ (GT) is to be levied²¹ at the stipulated rates on ‘transport and non-transport vehicles’ completing 7 years and 15 years of age respectively, from the date of their registration²².

Audit analysed (June 2018 to March 2019) the data for the period 2014-15 to 2017-18 relating to GT in the offices of 23 DTOs²³ and three RTOs²⁴. It was observed that GT in respect of 38,605 transport vehicles and 4,509 non-transport vehicles amounting to ₹94.71 lakh was not levied.

DTOs/RTOs concerned replied that the cases would be booked in respect of vehicles found plying without payment of GT and the dues would be collected whenever the owners of the vehicles approach the offices in subsequent transactions.

The matter was referred to the Department in June 2019 and to the Government in September 2019. Reminders were issued to the Government in May 2020 and October 2020; replies have not been received.

¹⁹ DTOs - Jangaon, Jayashankar Bhupalapally, Karimnagar, Khammam, Mahabubabad, Mahabubnagar, Medak, Medchal Malkajigiri, Nalgonda, Peddapally, Ranga Reddy (Attapur), Sangareddy, Suryapet, Vikarabad, Warangal (Urban) and Yadadri Bhongir.

²⁰ RTOs - Ibrahimpatnam (Ranga Reddy), Hyderabad South Zone (Bandlaguda) and Hyderabad West Zone (Tolichowki).

²¹ G.O.Ms. No. 238, Transport, Roads and Buildings (TR-1) Department, dated 23 November 2006.

²² The rates of Green Tax are ₹200 per annum for transport vehicles; ₹250 for motorcycles and ₹500 for other than motorcycles (every five years).

²³ DTOs - Adilabad, Bhadradi Kothagudem, Jayashankar Bhupalapally, Jagityal, Jangaon, Jogulamba Gadwal, Khammam, Komarambheem Asifabad, Mahabubnagar, Mahabubabad, Mancheri, Medak, Nalgonda, Nirmal, Peddapally, Rajanna Siricilla, Ranga Reddy (Attapur), Sangareddy, Siddipet, Suryapet, Wanaparthy, Warangal (urban) and Yadadri Bhuvanagiri.

²⁴ RTOs - Hyderabad South Zone (Bandlaguda), Hyderabad North Zone (Tirumalagiri, Secunderabad) and Hyderabad West Zone (Tolichowki).

5.8 Short Levy of Tax in respect of Second and Subsequent Personalised Vehicles owned by Individuals

As per The Telangana Motor Vehicles Taxation Act, 1963²⁵, every second and subsequent personalised vehicle having a seating capacity of upto 10 in all, owned by an individual, shall be taxed at the rate of 14 *per cent* of the cost of the vehicle with effect from 02 February 2010²⁶.

Audit analysed (between August 2018 and March 2019) the data for the period 2014-15 to 2017-18 in the offices of six DTOs²⁷ and two RTOs.²⁸ It was observed that the taxes in respect of 335 second and subsequent personalised vehicles owned by individuals were collected at the rate of nine *per cent* for two wheeled motor vehicles and 12 *per cent* for four wheeled motor vehicles respectively instead of the enhanced rate of 14 *per cent* which resulted in short levy of tax amounting to ₹ 14.22 lakh.

It was replied by the officers concerned (between July 2018 and March 2019) that details of the vehicles would be verified and action taken.

The matter was referred to the Department in August 2019 and to the Government in September 2019. Reminders were issued to the Government in May 2020 and October 2020; replies have not been received.

²⁵ As per fifth proviso to Section 3(2) of The Telangana Motor Vehicles Taxation Act, 1963.

²⁶ As per Act No. 11 of 2010 (31 July 2010).

²⁷ DTOs - Adilabad, Karimnagar, Khammam, Nizamabad, Ranga Reddy (Attapur) and Warangal (Urban).

²⁸ RTOs: Hyderabad South Zone (Bandlaguda) and Hyderabad West Zone (Tolichowki).