

**CHAPTER-V**  
**OTHER TAX RECEIPTS**



## CHAPTER-V: OTHER TAX RECEIPTS

### TAXES ON VEHICLES, GOODS AND PASSENGERS

#### 5.1 Tax administration

The levy and collection of motor vehicles tax and fee in the State is governed under the Motor Vehicles (MV) Act, 1988, the Central Motor Vehicles (CMV) Rules, 1989, the Uttar Pradesh Motor Vehicles Taxation (UPMVT) Act, 1997, the Uttar Pradesh Motor Vehicles Taxation (UPMVT) Rules, 1998, the Carriage by Road (CBR) Act, 2007, the Carriage by Road (CBR) Rules, 2011 and various Notifications, Circulars and Government Orders (GOs) issued by the Government and the Department from time to time.

The Principal Secretary, Transport, Uttar Pradesh is the administrative head at the Government level. The entire process of assessment and collection of taxes and fee is administered and monitored by the Transport Commissioner (TC), Uttar Pradesh, who is assisted by five Additional Transport Commissioners at the Headquarters.

There are six<sup>1</sup> Deputy Transport Commissioners (DTCs), 19 Regional Transport Officers<sup>2</sup> (RTOs) and 75 Assistant Regional Transport Officers (ARTOs) (Administration) in the field. RTOs perform the overall work of issue and control of permits of transport vehicles. The ARTOs perform the work of assessment, levy of taxes and fee regarding both transport vehicles and other than transport vehicles. Respective RTOs are responsible for the overall administration of the Sub-Regional Transport Offices.

There are 114 Enforcement squads in the State, each consisting of one ARTO (Enforcement), one supervisor and three Enforcement constables. These are attached to the Headquarters and deployed at the district level.

**FOR VEHICLES:** The Department is using Vahan application for registration/renewal of registration of vehicles, transfer of ownership, change of address, issue of NOC certificate, issue/renewal of fitness certificate, issue/renewal of all types of permit and collection of taxes and penalty. Implementation of Vahan-1.0 application started in October 2006 and was completed by August 2013 in all the districts of Uttar Pradesh. The Department implemented latest version of Vahan viz. Vahan 4.0 in all its offices during January 2016 and February 2019. It is a web based system.

**FOR DRIVING LICENCES:** The Department is using Sarathi application for issue of learning driving licence and issue/renewal of permanent driving licence and for collection of fees and penalty. Implementation of Sarathi-2.0

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<sup>1</sup> Agra, Bareilly, Kanpur Nagar, Lucknow, Meerut and Varanasi.

<sup>2</sup> Agra, Aligarh, Azamgarh, Banda, Bareilly, Basti, Faizabad, Ghaziabad, Gonda, Gorakhpur, Jhansi, Kanpur Nagar, Lucknow, Meerut, Mirzapur, Moradabad, Prayagraj, Saharanpur and Varanasi.

application started in June 2011 and was completed by April 2013 in all the districts of Uttar Pradesh. The Department implemented latest version of Sarathi viz. Sarathi 4.0 in all its offices during October 2016 and May 2018. It is also a web based system.

**FOR ENFORCEMENT:** E-Challans App is an integrated enforcement solution to manage traffic violations through an Android based mobile app and back-end web application for use by the Transport Enforcement wing and traffic police. Field offices are using this App for issue of challan and settlement of compounding fee. This is in operation since June 2017.

## 5.2 Results of audit

During the year 2022-23, test-check of records in 29 units<sup>3</sup> out of 83 auditable units of the Transport Department revealed instances of tax/penalty/additional tax, fitness fee short/not realised and other irregularities involving ₹ 753.97 crore in 76,645 cases, as shown in **Table-5.1**.

**Table-5.1**

Sl. No.	Categories	Number of cases	Amount (₹ in crore)
1	Short realisation of tax/additional tax	29,340	319.18
2	Vehicle plying without certificate of fitness	26,384	19.62
3	Recovery not done against issued Recovery Certificates	8,621	28.20
4	Non-realisation of Penalty from UPSRTC buses	2,144	8.94
5	Other irregularities <sup>4</sup>	10,156	378.03
<b>Total</b>		<b>76,645</b>	<b>753.97</b>

## 5.3 Penalty not imposed on delayed payment of additional tax by UPSRTC buses

**Penalty of ₹ 6.43 crore was not imposed on 985 UPSRTC buses for delay in payment of additional tax.**

Under UPMVT Act<sup>5</sup>, 1997, no public service vehicle owned or controlled by a State Transport Undertaking shall be operated in any public place in Uttar Pradesh unless an additional tax, as may be notified by the State Government, in addition to tax payable has been paid in respect thereof. Further, as per UPMVT Act,<sup>6</sup> 1997 read with UPMVT Rules<sup>7</sup>, 1998, where the tax or additional tax is not paid within the period specified (15<sup>th</sup> of each calendar month), penalty at the rate of five *per cent* of the due tax/additional tax per month or part thereof (not exceeding the due amount) shall be payable. While

<sup>3</sup> This includes office of Principal Secretary/Transport Commissioner, 17 RTOs and 11 ARTOs.

<sup>4</sup> Revenue not realised from surrendered vehicles for more than three months, Revenue not realised due to seized vehicle not auctioned, Loss of revenue due to vehicles having more than 15 years of not reregistered, Loss of revenue due to penalty under Carriage by Road Act, 2007 not imposed etc.

<sup>5</sup> Section 6(1) of UPMVT Act, 1997.

<sup>6</sup> Section 9 (1) and (3) of UPMVT Act, 1997.

<sup>7</sup> Section 6(1) of UPMVT Act read with Rules 24 of UPMVT Rules, 1998.

mapping of the business Rules relating to additional tax, penalty clause for delayed payment of additional tax should also be mapped in *Vahan* application.

Audit test-checked the records of two<sup>8</sup> RTOs, for the period from December 2020 to September 2022 and noticed (May 2022 and October 2022) that 985 out of 1,002 test-checked cases of UPSRTC buses, additional tax was paid by UPSRTC with delay ranging from 1 to 57 Months. However, the Department did not impose and realise penalty of ₹ 6.43 crore, as detailed in **Appendix-XIX**, on delayed payment of additional tax. Audit further noticed that though the Department had mapped penalty provisions for delayed payment of taxes other than additional tax in *Vahan* application, it had neither mapped penalty provisions of additional tax in *Vahan* application nor levied and recovered it manually. Mapping of penalty provisions in *Vahan* application would have facilitated automatic calculation of penalty by the application system.

Audit reported the matter to the Department (November 2022). The reply of the Department is still awaited (January 2024).

#### **5.4 Vehicles plying without renewal of Permit and without payment of application fees, permit fees and penalty**

**Application fees, Permit fees and penalty amounting to ₹ 2.02 crore was not levied on 1,222 vehicles plying without Permit.**

As per MV Act<sup>9</sup>, 1988, a permit other than a temporary permit shall be effective for a period of five years and no owner of a motor vehicle shall use or permit the use of the vehicle as a transport vehicle in any public place without permit. UPMVT Rules<sup>10</sup> prescribed rates for issue of new permit and its renewal and application fees. Rates were revised<sup>11</sup> (February 2019) by the Government of Uttar Pradesh. Further plying a vehicle without permit is compoundable under the MV Act<sup>12</sup>, at the rate<sup>13</sup> of ₹ 10,000.

Due to pandemic, Ministry of Road Transport and Highways (MoRTH) extended<sup>14</sup> the validity of permit of the vehicles, whose validity of permit had expired since 1 February 2020, up to 31 October 2021.

On the analysis of data of *Vahan*, audit noticed that during the audit period (May 2022 to October 2022), 39,918 Transport vehicles covered under various permits were registered in two<sup>15</sup> RTOs. Out of these, validity of

<sup>8</sup> RTO Ghaziabad and RTO Kanpur.

<sup>9</sup> Section 81 and 66 of MV Act.

<sup>10</sup> Rule 125 of UPMVT Rules.

<sup>11</sup> Notification no. 4/2019/215/30-4-2019-4(02)/2010 dated 26 February 2019.

<sup>12</sup> Section 192A of MV Act.

<sup>13</sup> Vide order dated 30.07.2020.

<sup>14</sup> MoRTH notification no. RT-11036/35/2020-MVL dated 30 September 2021.

<sup>15</sup> RTO Ghaziabad and RTO Kanpur.

permit of 1,222 vehicles has expired during January 2020 to September 2022. Audit observed that permits of these vehicles were not renewed till the time of audit. Audit further observed that neither owners of these vehicles had surrendered the certificate of registration for non-use of vehicles nor the Department had cancelled their registration. Tax in respect of these vehicles had been paid for periods after expiry of permit. This indicates that these vehicles were plying on road without permit. Application fees, permit fees and penalty amounting to ₹ 2.02 crore was not realised from owners of these vehicles, as detailed in **Appendix-XX**.

Audit reported the matter to the Department (December 2022). The reply of the Department is still awaited (January 2024).

**5.5 Additional tax on JNNURM buses not levied**

**Additional tax of ₹ 1.97 crore was not levied on 112 JNNURM buses plying outside the designated municipal areas.**

No transport vehicle of the State Transport Undertaking (STU) shall be used in any public place in Uttar Pradesh unless additional tax prescribed under the UPMVT Act, 1997<sup>16</sup> (as amended on 28 October 2009) has been paid. Motor Vehicles of STU operating within the limits of Municipal Corporation or Municipality are however exempted from payment of additional tax.

Rate of additional tax under Section 6 (1) of the UPMVT Act on the buses of STU is given in **Table-5.2** below.

**Table-5.2**

Sl. No.	Description of Vehicles	Rate of additional tax per seat (in ₹)		
		Monthly	Quarterly	Annual
1	Vehicles up to 2 years old	600	1,800	6,500
2	Vehicle more than two years but upto four years old	500	1,500	5,400
3	Vehicle more than four years but upto six years old	400	1,200	4,800
4	Vehicles more than six years old	150	450	1,600

Rate of tax per seat in respect of air conditioned vehicles shall be 25 per cent more than the rate mentioned in above table.

Audit test checked the records<sup>17</sup> of two<sup>18</sup> RTOs during the year 2022-23. Cross-check of the list of Jawaharlal Nehru National Urban Renewal Mission (JNNURM) buses with routes defined under municipal corporations revealed (between September and November 2022) that 112 JNNURM buses under two<sup>19</sup> STUs were plying outside the designated municipal areas of these cities

<sup>16</sup> Section 6(1) of UPMVT Act, 1997.

<sup>17</sup> VAHAN database, records of route files of areas (inside/outside) from Nagar Nigam/ Nagar Palika, records of additional tax deposit, Nagar Nigam route list, etc.

<sup>18</sup> RTO Meerut and RTO Varanasi.

<sup>19</sup> Varanasi City Transport Services (104 buses) and Meerut City transport Services (08 buses).

for periods between January 2020 and October 2022, for which they were liable to pay additional tax of ₹ 1.97 Crore. The STUs did not pay additional tax of ₹ 1.97 crore for 112 JNNURM buses.

The concerned RTOs did not check the route chart of these buses as mentioned in their permits and therefore failed to notice that these JNNURM buses were plying outside the municipal areas as defined by the concerned municipal corporation. As a result, additional tax of ₹ 1.97 crore was not levied as detailed in **Table-5.3** below:

Table-5.3

(Amount in ₹)

Sl. No.	Name of unit	No. of buses under STUs	No. of buses in which irregularity noticed	Period for which additional tax leviable	Total additional tax
1	RTO, Meerut	88	8	01/2020 to 08/2022	40,99,750.00
2	RTO, Varanasi	118	104	01/2020 to 10/2022	1,56,14,400.00
<b>Total</b>		<b>206</b>	<b>112</b>	<b>01/2020 to 10/2022</b>	<b>1,97,14,150.00</b>

In reply, RTOs of Varanasi & Meerut stated that notices would be sent, and recovery of additional tax would be made from Varanasi City Transport Services Ltd. and Meerut City Transport Services Ltd. respectively.

Audit reported the matter to the Department (March 2023). The reply of the Department is still awaited (January 2024).


Lucknow  
The **9 June 2024**



(TANYA SINGH)  
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New Delhi  
The **21 JUN 2024**



(GIRISH CHANDRA MURMU)  
Comptroller and Auditor General of India