Chapter 4

Taxes on Vehicles

CHAPTER-4

TAXES ON VEHICLES

4.1 Tax administration

Registration of motor vehicles, issue of permits, issue of driving/conductor licenses, levy and collection of token tax, permit fee and license fee are governed by the Motor Vehicles Act, 1988, (MV Act), the Central Motor Vehicles Rules, 1989 (CMVR), the Haryana Motor Vehicles Rules, 1993, the Punjab Motor Vehicles Taxation Act, 1924 (PMVT Act), as applicable to the State of Haryana and the Punjab Motor Vehicles Taxation Rules, 1925. The Additional Chief Secretary to Government of Haryana is the administrative head of the Transport Department and is assisted by the Transport Commissioner who exercises general superintendence over the functioning of the Department. The powers of Registering and Licensing Authority (RLA) are being exercised by Sub-Divisional Officers (Civil) in respect of non-transport vehicles, while Secretaries, Regional Transport Authorities (RTAs) are exercising the powers of RLA in respect of transport vehicles including goods vehicles.

4.2 Results of audit

In 2023-24, test check of the records of 13 out of 22 units of the Regional Transport Authorities (RTAs) and 22 out of 74 units of Registering Authority (MV), Additional Chief Secretary, Transport Department and State Transport Commissioner, Chandigarh during 2023-24 revealed non/short recovery of motor vehicle tax (MVT) from goods carriage vehicles, maxi/motor cabs, educational/institutional buses, fine from overloaded vehicles and non/short remittance of revenue receipts into Government Treasury and other irregularities involving ₹ 13.95 crore in 3,185 cases which fall under in the following categories as depicted in **Table 4.1**

Table 4.1: Results of audit

Sr. No.	Categories	Number of cases	Amount (₹ in crore)
1.	Non/short remittance of revenue receipts into Government	5	5.44
2.	Non/short recovery of motor vehicles tax from goods carriage vehicles /Institutional buses/ maxi/motor cab and state carriage buses	2,135	5.11
3.	Non recovery of fine from overloaded vehicles	223	1.03
4.	Non collection of renewal authorisation/ consolidated fees from vehicles holding national permit	125	0.44
5.	Non/short recovery of motor vehicles tax under Registering and Licensing Authority	40	0.27
6.	Miscellaneous irregularities	657	1.66
	Total	**3,185**	**13.95**

The department acknowledged non/short recovery of MVT and other deficiencies amounting to ₹ 13.95 crore involving in 3,163 cases which were pointed out during the year. The department recovered ₹ 3.25 lakh in 16 cases during the year 2023-24 pertaining to earlier years.

Significant cases involving ₹ 8.17 crore are discussed in the following paragraphs.

4.3 Suspected misappropriation of Government Receipt

Non-observance of the financial rules by the Controlling Officer in Regional Transport Authority, Panchkula resulting in suspected misappropriation of Government money of ₹ 5.43 crore.

Rule 2.1 (b) of the Punjab Financial Rules (PFR) as adopted by the Government of Haryana provided that every Government employee is personally responsible for the money which passes through his hands and for the prompt record of receipts and payments in the relevant account as well as for the correctness of the account in every respect. Rule 2.2 and 2.4 of the PFR as adopted by the Government of Haryana, requires a Drawing and Disbursing Officer (DDO) to satisfy himself that all the monetary transactions should be entered in the Cash Book as soon as they occur and attested by him. Rule 2.4 ibid provides that the head of office should see that all the departmental receipts collected during the day is deposited into the treasury/ bank on the same day or in the morning of the next day.

As per Rule 2.2 (iii) of PFR, the head of office is also required to verify all the entries including totals of all the entries in the Cash Book and initial that all entries are correct. As per Rule 2.2 (v), a consolidated receipt for all the remittance should be obtained from the treasury by the 15th of the following month and compare the payments though Treasury Officer's or Bank Receipt or the Challan or pass book with the entries in the cash book before attesting it and satisfy himself that the amount have been actually credited into the treasury or the Bank. Director General, Treasuries and Account {DG (T&A)} Department, Haryana, Chandigarh has also directed (January 2017) that DDO will verify all the receipts date wise available in e-GRAS of a particular period on monthly basis and send online to concerned Treasury officer/ Assistant Treasury officer (TO/ATO) who in turn will verify the same in the Module on receipt from DDO on real time basis. Department/ DDO will take print of verified CTR Receipt and send it to their Headquarter under his signature and duly countersigned by the concerned TO.

During scrutiny of records (August to September 2023) of Regional Transport Authority, Panchkula for the period April 2020 to March 2023, the following irregularities were noticed during audit:

(i) Audit noticed from the Daily Collection Register (DCR), Consolidated Treasury Receipt Register (CTR), Receipt books and Cash Book that an amount of ₹ 4.94 crore for the period April 2020 to August 2023 was collected on account of various fee and taxes[1] under Motor Vehicle Act. These collections were recorded in the Cash Book and e-challans of the said amount was also generated. However, the said amount was not deposited in Treasury/Government account even after lapse of more than three years of collection. The status of these challans were found pending on e-GRAS portal of State Government while verifying GRN Nos. with T&A, Finance Department, Government of Haryana. The controlling officer neither checked/signed the DCR for the period from April 2020 to March 2023 nor cross verified entries in the DCR with that of treasury receipt resulting in suspected misappropriation of ₹ 4.94 crore.

---

[1] Motor Vehicle Tax, Permit fee, Registration fee for vehicle, License fee, HSRP plate fee, Charges for offences and penalties, Vehicle fitness fee, Driving Training School fee and Pollution fitness center fee.

(ii) Further, analysis of data pertaining to July 2020, August 2020 and April 2021 revealed that in eight cases, amount received by the Department as per DCR was ₹ 38.66 lakh. Based on the totals of Cash Book/DCR, corresponding amount of ₹ 14.70 lakh was deposited into treasury resulting in short remittance of ₹ 23.96 lakh.

(iii) Audit also noticed that in 70 cases, an amount of ₹ 1.33 crore (₹ 132.82 lakh) was received against 332 challans by the Department on e-challan portal whereas, total of 279 challans amounting to ₹ 107.30 lakh were actually recorded in Cash Book and remitted into the Government Treasury resulting in non-accountal of Government receipt of ₹ 25.52 lakh resulting in suspected misappropriation to the State Government.

Thus, non-observance of the financial rules by the controlling officer resulted in suspected misappropriation of Government money of ₹ 5.43 crore. This lack of internal controls may lead to a serious misdemeanor related to huge amount received and their proper accountal in Cash Book and deposit in Government Account. The Government needs to immediately implement suitable control measures for prevention, detection and reporting of such cases of misappropriation.

On being pointed out by audit (August 2023), RTA Panchkula stated (July 2024, June 2026) that FIRs had been lodged (August 2023) against the delinquent officials and the cases are under consideration in the Hon'ble Court of Additional Session Judge, Panchkula.

The matter was referred to the Commissioner, Transport Department in April 2025 and reported to the Government in July 2025; their replies were awaited (February 2026).

4.4 Non/short realisation of Motor Vehicle Tax from goods carriages vehicle owners

Owners of 1,363 goods carriages vehicles had not paid motor vehicle tax which resulted non/short realisation of tax ₹ 2.52 crore.

Section 3 of Haryana Motor Vehicle Taxation Act, 2016 (HMVT Act) provided that tax shall be levied and collected on all motor vehicles used or kept for use in the State at such rates and penalties, as may be specified by the Government, by notification. The Government notified the rates[2] of motor vehicle tax (MVT) for all categories of vehicles registered in the State of Haryana by notification No.13/15/2010-6T(I) dated 29 September 2017 as amended on 31 May 2019

[2] ₹ 300 (not exceeding 1.2 tonnes), ₹ 7,200 (exceeding 1.2 tonnes but not exceeding 6 tonnes), ₹ 9,600 (exceeding 6 tonnes but not exceeding 16.2 tonnes), ₹ 11,200 (exceeding 16.2 tonnes but not exceeding 18.5 tonnes), ₹ 17,300 (exceeding 18.5 tonnes but not exceeding 28 tonnes) and ₹ 25,300 (exceeding 28 tonnes).

and 5 August 2022. The transport vehicles already registered in the State should pay the tax quarterly/yearly within 30 days of the commencement of quarter/year. However, if the owner of a vehicle does not pay tax timely, then Note (d) of the notification provides for levy of penalty at the rate of 0.5 *per cent* of tax due for each day of delay. Further, notification dated 5 August 2022 provides for levy of penalty at the rate of 3 *per cent* per month for delay. The maximum amount of penalty will not exceed the amount of tax payable.

Scrutiny of records (between May 2023 and March 2024) of Motor Vehicle Register of the office of 13 Regional Transport Authorities (RTAs[3]) revealed that vehicle owners of 1,363 goods carriages vehicles either had not deposited or short deposited as MVT of ₹ 1.67 crore for the different periods between 2020-23. In addition, penalty of ₹ 0.85 crore were also leviable as per Act. Neither any demand notices had been issued by the Department nor was there any system for monitoring the recovery of dues. This resulted in non/short realisation of MVT of ₹ 2.52 crore.

On this being pointed out, all RTAs stated (between June 2023 to April 2025) that an amount of ₹ 43.80 lakh (including penalty of ₹ 11.33 lakh) had been recovered from 306 goods carriages vehicles owners in respect of eight RTAs[4] and notices had been/would be issued to recover the outstanding amount of ₹ 2.08 crore from the concerned 1,057 carriage vehicle owners.

The matter was referred to the Transport Department in April 2025 and reported to the Government in November 2025; their replies were awaited (February 2026).

4.5 Non realisation of Motor Vehicle Tax from maxi/motor cab owners

Owners of 356 maxi/motor cabs had not paid the motor vehicle tax which resulted into non realisation of tax ₹ 21.68 lakh.

Section 3 of HMVT Act, 2016 provides that tax shall be levied and collected on all motor vehicles used or kept for use in the State at such rate and penalty as may be notified by the Government from time to time. The Government notified the rates of MVT for all categories of vehicles registered in the State of Haryana by notification No.13/15/2010-6T(I) dated 29 September 2017 and 5 August 2022. The transport vehicles already registered in the State should pay the tax quarterly/yearly within 30 days of the commencement of

3 RTA Ambala, Bhiwani, Fatehabad, Faridabad, Gurugram, Hisar, Jhajjar, Karnal, Kurukshetra, Nuh, Panchkula, Rewari and Rohtak.

4 RTA Ambala ₹ 6.62 lakh, Bhiwani ₹ 3.32 lakh, Faridabad ₹ 13.22 lakh, Fatehabad ₹ 3.62 lakh, Karnal ₹ 7.34 lakh, Kurukshetra ₹ 3.45 lakh, Nuh ₹ 3.21 lakh and Rewari ₹ 3.02 lakh.

quarter/year. However, if the owner of a vehicle does not pay tax timely, then Note (d) of the notification provides for levy of penalty at the rate of 0.5 *per cent* of tax due for each day of delay. Further, notification dated 5 August 2022 provides for levy of penalty at the rate of 3 *per cent* per month for delay. The maximum amount of penalty will not exceed the amount of tax payable. The rates of tax for maxi/motor cabs vehicles are as given below:

Sr. No.	Description	Rate of Tax
1.	Upto three seats excluding driver	two *per cent* of the cost of the vehicle payable one time
2.	Having four and above seats excluding driver (three wheeler)	₹ 600 per seat per year payable monthly/quarterly
3.	Having four to six seats excluding driver (four wheeler)	₹ 625 per seat per year payable monthly/quarterly
4.	Seven to twelve seats excluding driver (four wheeler)	₹ 1450 per seat per year payable monthly/quarterly

Scrutiny of records (between June 2023 and March 2024) relating to passengers vehicles of the office of nine RTAs[5] for the year 2021-2023 revealed that 356 owners of maxi/motor cabs had not paid the MVT and penalty of ₹ 21.68 lakh. No action had been taken by the department to recover the tax. This resulted in non/short realisation of MVT of ₹ 21.68 lakh including penalty of ₹ 7.36 lakh leviable as per the Act.

On this being pointed out, all RTAs[6] stated (between February 2024 and July 2025) that an amount of ₹ 8.02 lakh (including penalty of ₹ 2.40 lakh) had been recovered from 142 owners of maxi/motor cab. Efforts would be made to recover the outstanding amount of ₹ 13.66 lakh (including penalty of ₹ 4.96 lakh) from the remaining 214 maxi/motor cab owners.

5 Ambala, Fatehabad, Gurugram, Hisar, Jhajjar, Karnal, Kurukshetra, Nuh and Rewari.

6 RTA, Ambala:₹ 0.03 lakh, Fatehabad :₹ 0.15 lakh, Gurugram ₹ 2.03 lakh, Hisar : ₹ 1.41 lakh, Jhajjar :₹ 0.96 lakh, Karnal :₹ 0.99 lakh, Kurukshetra :₹ 0.60 lakh, Nuh : ₹ 0.51 lakh and Rewari :₹ 1.34 lakh.

The matter was referred to the Transport Department in April 2025 and reported to the Government in October 2025; their replies were awaited (February 2026).

Chandigarh **(ASHUTOSH SHARMA)**
The: 07 August 2026 **Principal Accountant General (Audit), Haryana**

Countersigned

New Delhi **(K. SANJAY MURTHY)**
The: 12 August 2026 **Comptroller and Auditor General of India**