

## CHAPTER V TAXES ON VEHICLES

### 5.1 Results of Audit

Test check of records of offices of Transport Department conducted during the year 2004-05 revealed non/short levy of taxes and loss of revenue amounting to Rs.226.71 crore in 183 cases which broadly fall under the following categories:

(Rupees in crore)			
Sl. No.	Nature of irregularity	No. of cases	Value
1	Non levy of tax/penalty in respect of goods vehicles/ maxi cabs/omni buses	79	3.08
2	Non collection of tax/penalty in respect of tractor trailers used for commercial purpose/educational institution buses/contract carriages, cranes etc.	59	0.80
3	Non levy/collection of compounding fee	27	0.26
4	Amount forgone due to non implementation of Central Motor Vehicles Rules	1	31.27
5	Non levy/collection of tax/penalty on the final declaration of gross traffic earnings by Andhra Pradesh State Road Transport Corporation.	2	190.75
6	Loss of revenue due to non conversion of fair weather routes into all weather routes	5	0.12
7	Non levy of differential tax on contract carriages, maxi cabs misused as stage carriages	6	0.39
8	Other irregularities	4	0.04
<b>Total</b>		<b>183</b>	<b>226.71</b>

During the year 2004-05, the Department accepted under assessments etc., of Rs.202.49 lakh in 137 cases, of which an amount of Rs.158.13 lakh in 62 cases relates to 2004-05 and rest in earlier years. An amount of Rs.41.36 lakh in 123 cases including two cases accepted in earlier years was realised.

A few illustrative cases involving Rs.5.52 crore are mentioned in the following paragraphs.

## 5.2 Non/short levy of tax and penalty

According to APMVT Act, tax is leviable on various types of motor vehicles at rates specified in the notifications. The tax is payable in advance and penalty on belated payments is leviable under the Act.

During the course of audit of office of Joint Transport Commissioner (JTC), Khairatabad, 12<sup>ψ</sup> Deputy Transport Commissioners' (DTC) offices and 24<sup>⊗</sup> Regional Transport Offices (RTOs), it was noticed between April 2004 and February 2005 that quarterly tax of Rs.1.97 crore for the year 2003-04 was not paid and penalty amounting to Rs.0.99 crore was not levied and collected in respect of 1,232 goods vehicles, 440 omni buses, 16 contract carriages, 521 tractor trailers, 205 vehicles relating to educational institutions, 403 maxi cabs, four taxi cabs, one stage carriage and 19 rigs and cranes resulting in non realisation of Rs.2.96 crore.

After this was pointed out, it was replied by six DTCs<sup>•</sup> and 11 RTOs<sup>≠</sup> between December 2004 and August 2005 that quarterly tax of Rs.9.43 lakh for the year 2003-04 was collected and penalty amounting to Rs.4.71 lakh was collected in respect of 264 vehicles. JTC, Khairatabad and RTO, Kadapa stated in May 2005 that show cause notices were issued. Further reply in respect of other offices was not received (September 2005).

The above matter was referred to Department between September 2004 and March 2005 and Government in May 2005, response was not received (September 2005).

## 5.3 Short levy of fee due to non implementation of enhanced rate

As per Rule 32 of the Central Motor Vehicle Rules, 1989, fee chargeable in respect of issue of a driving licence in Form 7\* is Rs.150 from 28 March 2001 including the cost of computerised chip. In Andhra Pradesh, laminated card is being issued for driving licence and being charged for as per the fee prescribed. Government of India in May 2002<sup>◇</sup> enhanced this fee from Rs.150 to Rs.200.

<sup>ψ</sup> Chittoor, Eluru, Guntur, Kakinada, Karimnagar, Kurnool, Nellore, Nizamabad, Ranga Reddy, Vijayawada, Visakhapatnam and Warangal

<sup>⊗</sup> Adilabad, Ananthapur, Anakapalli, Bhimavaram, Gudivada, Hindupur, Hyderabad (Bahadurpura, Malakpet, Mehdipatnam and Uppal), Kadapa, Khammam, Mahaboobnagar, Mancherial, Nalgonda, Nandyal, Narasaraopet, Ongole, Rajahmundry, Sangareddy, Secunderabad, Siddipet, Tirupati and Vizianagaram.

<sup>•</sup> Chittoor, Eluru, Kakinada, Nizamabad, Ranga Reddy and Visakhapatnam

<sup>≠</sup> Adilabad, Ananthapur, Bhimavaram, Hindupur, Hyderabad (West Zone), Nalgonda, Nandyal, Narasaraopet, Siddipet, Tirupati and Vizianagaram

<sup>\*</sup> Form 7 is the form of driving licence (smart card/laminated card)

<sup>◇</sup> GSR 400(E) dated 31 May 2002

During the course of audit of the office of Transport Commissioner between February 2005 and March 2005 it was noticed that 4,91,087 driving licences issued between 1 June 2002 and 31 March 2004 in laminated card were short levied to the extent of Rs.2.46 crore due to non implementation of Government of India's notification of May 2002.

After this was pointed out in March 2005, the Transport Commissioner replied that licences are not being issued in chip card format. As and when this is commenced, the enhanced fee would be collected. The reply is not tenable as laminated cards are being issued in the State and hence on enhancement of fees, revised rate is collectable, irrespective of whether licences are issued in chip card format or not.

The above matter was referred to Department in April 2005 and Government in May 2005, response was not received (September 2005).

#### **5.4 Non levy/collection of compounding fee**

Under the provisions of Motor Vehicles Act, 1988, a competent authority may compound certain offences punishable under the Act by collecting compounding fee as prescribed by Government. Government in October 2001 prescribed<sup>#</sup> minimum rates of compounding fee for various offences. The checking officers of transport department prepare vehicle check reports on motor vehicles checked by them and forward them to the regional transport officer for taking departmental action against the permit holders/owner of the registered vehicle. These reports are to be noted in a register called register of vehicle check reports to take necessary action to suspend/cancel the licence/permit or to levy compounding fee.

During the course of audit of offices of eight DTCs<sup>ψ</sup> and four RTOs<sup>β</sup> it was noticed between May 2004 and January 2005 from the vehicle check register for the year 2003-04 that in respect of 257 vehicles neither penal action was taken nor compounding fee amounting to Rs.10.19 lakh at the minimum rate prescribed was levied and collected for various offences committed.

After this was pointed out in audit, Transport Commissioner replied in March and April 2005 that an amount of Rs.1.81 lakh was collected in respect of 42 vehicles pertaining to four<sup>\*</sup> offices. In respect of other cases it was stated that notices would be issued and collection particulars intimated.

The above matter was referred to Government in May 2005, response was not received (September 2005).

<sup>#</sup> G.O.Ms.No.138, Transport, Roads & Buildings (TR-II) Department dated 31 October 2001

<sup>ψ</sup> Chittoor, Eluru, Kakinada, Karimnagar, Nellore, Ranga Reddy, Vijayawada and Visakhapatnam

<sup>β</sup> Ananthapur, Gudivada, Hindupur and Mancherial.

<sup>\*</sup> DTCs Chittoor, Kakinada, Karimnagar and RTO Mancherial