

## CHAPTER-IV : TAXES ON MOTOR VEHICLES

### 4.1 Results of Audit

Test check of records of the Commissioner of Transport and District Transport Offices conducted in audit during the year 2004-05 revealed non realisation of taxes, short realisation of taxes and other irregularities amounting to Rs.4.28 crore in 593 cases which broadly fall under the following categories:

(Rupees in crore)

Sl. No.	Category	Number of cases	Amount
1.	Non/short realisation of road tax	558	1.47
2.	Non levy/short levy of fees/fines	14	0.35
3.	Other irregularities	20	0.05
4.	Working of National Permit Scheme	1	2.41
	<b>Total</b>	<b>593</b>	<b>4.28</b>

During the year 2004-05, the Department accepted observations in 50 cases involving Rs.15.48 lakh and recovered Rs.3.72 lakh in eight cases, which were pointed out during 2004-05.

A few illustrative cases involving Rs.2.69 crore are given in the following paragraphs:

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## **4.2 Working of National Permit Scheme and counter signature of vehicles regulating inter state vehicular traffic**

### **4.2.1 Introduction**

The National Permit Scheme was formulated by the Government of India in 1975 under the provisions of the Motor Vehicles Act, 1939 (replaced by the Motor Vehicles Act, 1988), and the Rules made thereunder, namely, the Motor Vehicles (National Permits) Rules, 1975. Under the scheme, the States and Union Territories are authorised to grant permit to the owners of public carriers for carriage of goods throughout the territory of India or in such contiguous States, not less than four in number including the home State.

The intending operators are required to pay the prescribed authorisation fee for the home State and composite fee for each State or Union Territory in which permission to operate the vehicle is granted. The validity of National Permits is for five years subject to authorisation every year.

Inter state vehicular traffic in goods and passengers between the State of Assam and the neighboring north eastern States is regulated by reciprocal agreements and number of permits to be granted or countersigned in each state is based on bilateral agreement between the two States.

Records of the State Transport Authority (STA), Assam, eight<sup>21</sup> Regional Transport Authorities (RTAs) and one Registration and Licensing Authority, for the period 1999-2000 to 2003-2004, were test checked during the period from October 2004 to March 2005. The results of test check are given in succeeding paragraphs.

### **4.2.2 Non renewal of authorisation of National Permits**

Under the provisions of Motor Vehicles Act, 1988, read with Rules thereunder, every authorisation against a national permit shall be granted, subject to payment of taxes or fees leviable by the concerned States. The authority which grants the authorisation shall inform the STA's concerned, the registration number of the motor vehicle, the name and address of the permit holder and the period for which the said authorisation is valid. The period of validity of an authorisation shall not exceed one year at a time. Rate of authorisation fee is Rs.500 per annum payable to the home State and composite fee of Rs.3,000 per annum in respect of Nagaland, Meghalaya,

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<sup>21</sup> Dhemaji, Dibrugarh, Golaghat, Jorhat, North Lakhimpur, Sibsagar, Sonitpur and Tinsukia.

Mizoram, Tripura, Rs.4,000 for Manipur and Rs.5,000 per annum in respect of other States.

Test check of records maintained by STA relating to renewal of authorisation of national permits, revealed that in 1,503 cases of permit holders covering 17 to 21 States/Union Territories (excluding home State) no authorisation was made by the STA for the period falling between 1999-2000 and 2003-2004. This resulted in non realisation of revenue of Rs.20.31 lakh on account of authorisation fee. Besides this, composite fee of Rs.6.63 crore pertaining to other States/Union Territories for this period was not recovered. Further, neither any step was taken by the Transport Department requiring the national permit holders to get their authorisation renewed on payment of prescribed fees nor were the cases referred to the Enforcement Wing for detecting such irregular plying of vehicles. This indicates slackness on the part of STA, Assam in enforcing the rules as well as improper monitoring of receipt of renewal fee due to the authority.

#### **4.2.3 Short realisation of composite fee**

The Government of Assam in their notification dated August 1993 laid down that an owner of a taxable vehicle holding national permit issued under provisions of the Motor Vehicles Act, 1988, as amended, shall pay in advance composite fee of Rs.5,000 per annum either lumpsum or in two equal instalments of Rs.2,500 on half yearly basis, for operating his vehicles in the State of Assam.

Test check of records of the STA, Assam revealed that composite fee in respect of 268 vehicles of other states plying in the State of Assam was paid at rate lower than the prescribed rate. The STA, Assam failed to detect the short realisation of composite fee from the relevant records furnished by STAs of other States. This resulted in short realisation of composite fee to the tune of Rs.3.81 lakh during 2000-01 and 2002-03 to 2003-04.

#### **4.2.4 Demand drafts**

The Government of Assam, Finance Department in relaxation of the existing provisions of Treasury Rules, in their office memorandum dated 31 July 1991, permitted the Commissioner of Transport, Assam to open current account of non operative nature at State Bank of India, Guwahati in order to facilitate smooth transactions with banks for deposit and clearance of demand drafts being composite fee received from other States under National Permit Scheme. Further, the Commissioner was authorised to open such accounts in other six banks between 1993 and 2000. The demand drafts were required to be credited into the current account. The banks had to transfer the amount so credited to the head of account “0042-Taxes on Vehicles” immediately and in

no case later than seven days from the date of credit. The Commissioner of Transport is responsible for accounting of the deposit in bank, its regular transfer to Government Account and reconciliation with banks every month.

- In the office of the STA, Assam, information on bank drafts pertaining to composite fee received from the STAs of other States was not recorded before remittance of drafts into bank. Therefore, the actual number of drafts received could not be ascertained. Transactions with seven<sup>22</sup> different banks for the period from 1999-2000 to 2003-04 showing deposit and clearance of demand drafts received from other States, indicated time barred drafts involving Rs.1.01 crore. Time barred demand drafts were not got revalidated and deposited in the current account for onward transfer to the Government account. Further no records were made available by STA office to ascertain whether time barred bank drafts were accepted by them or drafts became time barred as they were not timely deposited in bank. Thus there was lack of monitoring at apex level. As a result revenue of Rs. 1.01 crore remained outside Government account till 31 March 2004.

Reason for demand drafts becoming time barred was attributed by the Department to receipt of bank drafts after expiry of validity period from the concerned States. As no register of returned drafts was maintained by the STA, Assam, it could not be ascertained whether the time barred drafts as mentioned above had been got revalidated or not.

- Test check of records maintained by STA revealed that bank drafts valued at Rs.82.16 lakh were sent to the above banks between 1999-2000 and 2003-04 for collection. But the banks concerned failed to credit the amounts into the current accounts of STA. Thus, revenue to the tune of Rs.82.16 lakh remained outside the Government accounts as on March 2004.

After this was pointed out in audit, the Department stated that neither the position of bank drafts received year wise could be furnished nor was it possible to sort out the required particulars of the same, as the Department has not maintained such records. This indicates lack of internal control mechanism.

#### **4.2.5 Counter signature of permits for inter State vehicular traffic under bilateral agreements**

Motor Vehicles Act, 1988, contemplates execution of reciprocal agreements between states for regulation of interstate traffic under which permit issued by one State Government is valid in another State subject to its countersignature

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<sup>22</sup> State Bank of India, Bank of India, United Bank of India, Central Bank of India, Canara Bank, United Commercial Bank, and Bank of Baroda, Guwahati

by that STA. Under the Assam Passengers and Goods Taxation Act, 1962, as amended, annual tax in respect of goods carrying vehicles with capacity exceeding nine metric tonnes (MT) is leviable at the rate of Rs.2,960 upto 14 November 2001 and Rs. 10,500 thereafter.

Test check of records of Enforcement Wing of eight<sup>23</sup> RTA's revealed that 423 goods vehicles of Arunachal Pradesh, Mizoram, Nagaland, Manipur and West Bengal were plying in Assam without valid permits/countersignature of permits during the periods 1999-2000 to 2003-04. The period of invalid permits was neither recorded nor capacity of vehicles noted in the offence registers and no taxes were realised. Thus, the Department failed to collect tax of Rs.34.09 lakh, calculated on the basis of periodic permits covering 12 months and capacity of vehicles exceeding nine MT.

After this was pointed out in March 2005, the Department did not furnish any specific reply.

#### **4.3 Non realisation of tax**

Under the Assam Motor Vehicle Taxation Act, 1936, taxes on motor vehicles are required to be paid in advance on or before 15 April each year or in four equal instalments on or before 15 day of April, July, October and January respectively. In case of non payment, a notice of demand is required to be issued in each case and noted in the combined register maintained for the purpose. The District Transport Officer (DTO) is required to review the register from time to time. Under the Assam Motor Vehicles Taxation (Amendment) Act, 2002, every owner of a motor vehicle who fails to pay the tax payable under this Act in time, shall be liable to pay fine at the rate of Rs.5 per day for every day of such delayed payment.

Test check of Combined Registers of DTO's, Tinsukia and Karbi Anglong revealed between July and November 2004 that registers were not reviewed by the DTO's between April 1999 and December 2004 and as a result, in 96 cases taxes on motor vehicles amounting to Rs.24.76 lakh were neither paid nor realised. In addition to tax, fine of Rs.3.54 lakh was also leviable.

After this was pointed out the DTO, Tinsukia stated in April 2005 that in 42 cases demand notices had been issued in March 2005 for Rs.12.41 lakh and in eight cases an amount of Rs.0.65 lakh realised between October 2000 and March 2005 but not posted in the combined register. Reply is not tenable as no documents viz. treasury challans could be made available by the DTO,

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<sup>23</sup> Dhemaji, Dibrugarh, Golaghat, Jorhat, North Lakhimpur, Sibsagar, Sonitpur and Tinsukia.

Tinsukia on demand (April 2005) in support of deposit of realized amount. Replies in other cases have not been received (December 2005).

The cases were reported to the Government in August 2004 and January 2005; their replies have not been received (December 2005).