

CHAPTER - IV: TAXES ON VEHICLES

4.1 Results of audit

Test check of the records of the Transport Department conducted during the year 2007-08 revealed non-realisation of tax and loss of revenue amounting to Rs. 14.18 crore in 1,686 cases, which fall under the following categories:

(Rupees in crore)

Sl. No.	Category	Number of cases	Amount
1.	Short realisation of trade tax	698	8.62
2.	Non-realisation of tax and penalty	876	3.87
3.	Other irregularities	112	1.69
Total		1,686	14.18

During the year 2007-08, the department accepted loss of revenue and other deficiencies in 1,051 cases amounting to Rs. 7.61 crore.

A few illustrative cases involving Rs. 6.69 crore highlighting important audit findings are mentioned in the following paragraphs.

4.2 Short realisation of trade tax from dealers

According to Section 4 of the Chattisgarh Motoryan Karadhan Adhiniyam (CGMV Act), 1991, read with Section 33 of Central Motor Vehicle (CMV) Rules, 1989, a dealer to whom a trade certificate has been issued under the Motor Vehicles Act, 1988, will pay trade tax in respect of vehicles in his possession during the course of business. Schedule III of the CGMV Act, specifies the rate of trade tax for first seven vehicles and for every lot of additional seven vehicles in possession of the dealer during the course of his business.

Test check of the records of two¹ regional transport officers (RTO) in June 2007 revealed that 202 automobile dealers had obtained trade certificates from the respective transport officers. It was observed that 1,68,240 vehicles were registered during 2005-06 and 2006-07. However, dealers paid trade tax of Rs. 4.93 lakh only as against Rs. 3.16 crore payable during the period at the rate prescribed in Schedule-III of the CGMV Act which resulted in short realisation of trade tax of Rs. 3.11 crore.

After the cases were pointed out, the RTO, Raipur stated (June 2007) that according to the CGMV Act, tax is to be collected on the basis of trade certificate granted to the dealer and the same has been collected. The reply does not explain the huge gap between the trade tax actually collected and the number of vehicles registered. There was no record on the basis of which they were assigning the trade numbers indicated on the trade certificates. There was no evidence that the Transport Department was comparing the sale made by the dealer with their trade certificates. The sales figure of four dealers in Raipur was compared with the trade certificates issued by the RTO, Raipur. The three dealers sold 4,044, 7,801 and 2,152 vehicles as against the trade number of seven and one dealer had sold 8,063 vehicles as against trade number 21 as indicated in their trade certificates. It confirms that the trade number assigned to the dealers in trade certificate were not commensurate with the size of the business of the dealers.

The matter was brought to the notice of the department and the Government in June 2008; their reply has not been received (November 2008).

4.3 Non-realisation of taxes from the owners of transport vehicle

According to Section 3 and 5 of the CGMV Act, tax shall be levied on the owner of every goods and passenger vehicle used or kept for use in the State at the rate prescribed in the first Schedule of the Act. In case of non-payment of the tax due, the owner shall, in addition to the payment of tax due, be liable to pay penalty at the rate of one twelfth of the unpaid amount of tax for the default of each month or part thereof but not exceeding the unpaid amount of tax as laid down under section 13(1) of the Act. Where any owner fails to pay tax, penalty, or both, the

¹ RTO, Durg and RTO, Raipur.

taxation authority is required to issue a demand notice and take action to recover the amount as arrears of land revenue.

Test check of the records of nine transport offices² between April 2006 and February 2008 revealed that though the owners of 150 passenger vehicles and 528 goods vehicles failed to pay the road tax of Rs. 1.83 crore for the period falling between April 2002 and March 2007, no action was initiated by the RTOs/additional RTOs to raise the demand and recover the tax from the defaulting vehicle owners. This resulted in non-realisation of tax of Rs. 1.83 crore. Besides, penalty of Rs. 1.75 crore was also leviable for delay in payment of tax.

After the cases were pointed out, all the transport officers, except of Durg, stated (June 2007) that demand notices against the defaulting vehicle owners would be issued after verification of cases. The additional RTO, Durg intimated (June 2007) that flying squad has been informed to realise taxes. A report of recovery has not been received (November 2008).

The matter was reported to the department and the Government between April and June 2008; their reply has not been received (November 2008).

² ARTO, Ambikapur; RTO, Bilaspur; District transport office (DTO), Dantewada; ARTO, Durg; RTO, Jagdalpur; DTO, Korba; DTO, Raigarh; RTO, Raipur and ARTO, Rajnandgaon.