

Chapter - IV: Motor Vehicle Tax and Stamp Duty

4.1 Results of audit

Test check of records relating to motor vehicle tax and stamp duty conducted in audit during the year 2004-05 revealed short levy of duty and loss of revenue and other irregularities involving Rs.4.44 crore in 87 cases which broadly fall under the following categories:

(Rupees in crore)

Sl. No.	Categories	No. of cases	Amount
A	Motor Vehicle		
1.	Loss of revenue	26	0.32
B	Stamp Duty		
1.	Short realisation of stamp duty	61	4.12
	Total	87	4.44

A few illustrative cases involving Rs.3.41 crore highlighting important observations are given in the following paragraphs.

A. Motor Vehicle Tax

4.2 Loss of revenue due to private vehicles being irregularly used for commercial purposes

Section 192A of the Motor Vehicles Act, 1988, stipulates that whoever drives a motor vehicle and causes or allows a motor vehicle to be used in contravention of sub section (1) of Section 66 or in contravention of any condition of a permit relating to the route on which or the area in which or the purpose for which the vehicle may be used, shall be punishable for the first offence with a fine which may extend to Rs.5,000 but shall not be less than Rs.2,000. Private vehicles being operated for commercial purposes shall also be liable to pay road tax, fitness fee, registration fee and penalty at prescribed rate.

Test check of records of the Transport department relating to the period from August 2001 to March 2005 revealed that 1,058 private vehicles were being used for commercial purposes. Of these, the department had challaned 918 private vehicles and these were fined by the respective traffic courts. As per the extant practice, tax plus permit fee were collected from such vehicles and the zonal registering authority was directed to cancel the registration certificate for a period of three months under section 53(1)(b) of the Act and collect an affidavit from the owner/driver that the vehicle shall not operate in Delhi on hire/reward (as taxi) in future. Though affidavits had been submitted by the owner/driver of such vehicles to the registering authorities, 29 such vehicles out of 918 were subsequently again challaned for the same offence. It was observed in audit that instead of permanently cancelling the registration of the vehicle, the transport department again cancelled the registration only for a period of three months. Moreover, 140 out of 1,058 vehicles irregularly used as commercial vehicle were never challaned by the department resulting in loss of revenue of Rs.17 lakh on account of fine, fitness fees and road tax chargeable for registration.

The department stated in October 2005 that 1,100 vehicles had been challaned for irregular operation and Rs.39,89,430 was recovered as fine on the direction of the court/provisions laid down in the rules and Rs.15,44,500 was recovered as road tax. They added that private vehicles which are running as commercial vehicles were being challaned and special drives are also undertaken from time to time to prevent misuse of private vehicles as commercial vehicles. The reply is not tenable as the enforcement wing of the department failed to detect 140 private vehicles being operated as commercial vehicles which resulted in loss

of revenue of Rs.17 lakh. Further, failure to cancel the registration even after the second offence undermined the deterrent effect of the MVT Act.

B. Stamp Duty

4.3 Short levy of stamp duty and registration fee

Section 27 of the Indian Stamp Act, 1899, stipulates that the consideration as well as all other facts and circumstances affecting the chargeability of any instrument with duty shall be fully and truly set forth on the instrument. Section 47(A) of the Act provides that if the Registering officer while registering any instrument has reason to believe that the value of the property or the consideration, as the case may be, has not been truly set forth in the instrument, he may, after registering such instrument, refer the same to the Collector for determination of the value or consideration and the proper duty payable thereon. The Collector shall thereafter determine the value of the property/consideration and the calculated amount of duty shall be payable by the person liable to pay the duty. In April 1999, the Union Ministry of Urban Affairs and Employment, Department of Urban Development, notified the market rates of land in different areas of Delhi/New Delhi and circulated it to the Government of Delhi. No revision of rates had been notified thereafter.

Test check of the records of sub registrar offices of eight zones under the office of the Inspector General of Registration and the Divisional Commissioner, Delhi, relating to the year 2003-04 revealed that the value of land/property shown in 355 cases i.e. sale deed/agreement to sale executed during the year 2003-04 were less as compared to the market value of land in different areas of Delhi/New Delhi notified by the Central Government. It resulted in short levy of stamp duty including registration fee of at least Rs.3.24 crore.

The matter was referred to Government in June 2005; no reply has been received (December 2005).