

## CHAPTER IV: TAXES ON VEHICLES

### 4.1 Results of audit

Test check of the records in the offices of Transport and Excise and Taxation departments relating to revenue received from taxes on motor vehicles and taxes on goods and passengers during the year 2007-08 revealed non/short recovery of motor vehicles tax, passengers and goods tax, fees and penalty etc. amounting to Rs. 6.94 crore in 59,965 cases which fall under the following categories:

(Rupees in crore)

Sr. No.	Category	Number of cases	Amount
<b>A: Transport Department</b>			
1.	Short charging of permit/countersignature fees from owners of heavy/light transport vehicles	4,387	1.07
2.	Non-recovery of bid money	40	0.62
3.	Non/short recovery of token tax in respect of stage carriage buses	185	0.40
4.	Non/short realisation of registration fee and token tax on vehicles transferred from other States	553	0.13
5.	Non-recovery of conductor's licence fee	5,362	0.04
6.	Miscellaneous irregularities	47,748	1.04
<b>Total</b>		<b>58,275</b>	<b>3.30</b>
<b>B: Excise and Taxation Department</b>			
1.	Non-recovery of passengers tax from bus owners of co-operative societies	860	2.84
2.	Non-recovery of passengers and goods tax from inter State private transporters	239	0.40
3.	Non-recovery of goods tax	591	0.40
<b>Total</b>		<b>1,690</b>	<b>3.64</b>
<b>Grand total</b>		<b>59,965</b>	<b>6.94</b>

During the year 2007-08, the departments accepted underassessments and other deficiencies of Rs. 2 crore involved in 4,547 cases, of which 4,526 cases involving Rs. 1.98 crore had been pointed out in audit during the year 2007-08 and the remaining in the earlier years. The departments recovered Rs. 3.11 lakh in 22 cases of which Rs. 50,000 related to the year 2007-08 and balance to the earlier years.

A few illustrative cases involving Rs. 4.63 crore are mentioned in the succeeding paragraphs.

**TRANSPORT DEPARTMENT**

**4.2 Loss of revenue due to non-levy/collection of passengers tax on students' concession passes**

The Punjab Passengers and Goods Taxation (PPGT) Act, 1952 (as applicable to Haryana State) *inter-alia* provides that tax would be levied, charged and paid to the State Government at such rate not exceeding 60 per cent of the value of the fare. In case lump sum fare is charged on account of seasonal tickets, tax would also be levied on the amount of such lump sum fare. Monthly passes are issued on concessional rates by the General Managers (GMs) of Haryana Roadways to bonafide students of recognised schools and colleges.

The Government decided (December 1991) to issue monthly passes to the students of Haryana by charging 10 single fares. This facility was also extended (January 1992) to the students of Haryana going to Chandigarh and Delhi. For girl students, charging of 10 single fares was reduced to five single fares from 31 January 2006.

Test check of the records (April-October 2007) of eight<sup>1</sup> GMs of Haryana Roadways revealed that the students were being issued concessional passes without levy of passengers tax at the rate of 60 per cent of the fare although in accordance with the provisions of the PPGT Act, passengers tax was to be collected along with the basic fare. The amount of passengers tax not levied on students' concessional passes worked out to Rs. 4.33 crore as mentioned below:

(Rupees in lakh)

Sr. No.	Name of the depot	Period	Amount collected from students	Passengers tax to be collected
1.	Gurgaon	April 2005 to March 2007	61.91	37.15
2.	Hisar	October 2003 to May 2006	198.02	118.81
3.	Jind	April 2005 to February 2007	82.02	49.21
4.	Karnal	April 2006 to March 2007	42.90	25.74
5.	Kaithal	April 2005 to May 2007	80.31	48.19
6.	Narnaul	April 2005 to April 2007	49.77	29.86
7.	Panipat	April 2005 to February 2007	53.07	31.84
8.	Yamunanagar	September 2003 to March 2006	153.46	92.08
<b>Total</b>			<b>721.46</b>	<b>432.88</b>

It was further noticed that though the depots had not collected passengers tax on students' passes, yet they deposited Rs. 2.70 crore as passengers tax out of

<sup>1</sup> Gurgaon, Hisar, Jind, Karnal, Kaithal, Narnaul, Panipat and Yamunanagar.

the basic fare collected by them. As the depots were not charging passengers tax from students, the Transport Commissioner directed (January 2007) all the GMs not to deposit the tax in the Government account.

Thus, due to non-levy of passengers tax on students' concessional passes, the State Government suffered a loss of revenue of Rs. 1.63 crore (Rs. 4.33 crore – Rs. 2.70 crore). The loss would be much more if non-levy of passengers tax in respect of all the depots and from the time the concessional passes were introduced in the State was taken into account.

After the cases were pointed out between April and October 2007, the Transport Commissioner intimated in June 2008 that notifications for fare increase, prior to 18 August 2003, were made for the basic fare only. But the notification for increase in fare dated 18 August 2003 was made for the gross fare (basic fare plus passengers tax). Keeping in view the resentment shown by the students in the State, the case was sent to the Government to exempt passengers tax on student passes and the then Transport Minister desired to keep the previous practice continued. Accordingly an order was issued (April 2006) to all the GMs for not charging passengers tax on student passes. The reply of the department is not tenable as no notification/amendment was issued by the Government under the Haryana Motor Vehicles Rules and PPGT Act/Rules.

The matter was reported to the Government in February 2008; their reply has not been received (August 2008).

### **4.3 Non-charging of permit transfer fee**

Under the Haryana Motor Vehicles Rules, 1993, where the holder of a permit desires to transfer the permit to some other person under section 82 (1) of the Central Motor Vehicles Act, 1988 (MV Act), they shall make a joint application accompanied by a cash receipt or treasury challan showing the payment of fee of Rs. 100 specified for making application for grant of permit to the State or Regional Transport Authority (RTA) for issue of the permit. If the RTA allows transfer of a permit, it shall call upon the holder of the permit, in writing, to surrender parts A and B of the permit within seven days of the receipt of the order and shall likewise call upon the person to whom the permit is to be transferred to deposit the fee of Rs. 2,625 and Rs. 1,750 specified for grant of permit for heavy transport vehicle (HTV) and light transport vehicle (LTV) respectively.

During test check of the records of 13<sup>2</sup> offices of Secretary, RTA between April and October 2007, it was noticed that holders of 4,601 permits (HTV: 2,877; LTV: 1,724) applied for transfer of permits during the year 2006-07. Against the recoverable fee of Rs. 1.10 crore, the department charged application fee of Rs. 4.60 lakh only. This resulted in short realisation of permit fee of Rs. 1.06 crore.

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<sup>2</sup> Faridabad, Fatehabad, Gurgaon, Hisar, Jind, Kurukshetra, Kaithal, Karnal, Panipat, Panchkula, Rewari, Sonipat and Sirsa.

After the cases were pointed out between April and October 2007, the State Transport Controller Haryana (STC) admitted the audit observation and directed (August 2007) the RTAs to charge full permit fee for a period of five years from the date of transfer of permit. Seven<sup>3</sup> RTAs intimated in February and June 2008 that they had started charging permit transfer fee between September 2006 and October 2007. A report on action taken and reply from the remaining six RTAs involving Rs. 63.05 lakh has not been received (August 2008).

The matter was reported to the Government between July and December 2007; their reply has not been received (August 2008).

#### **4.4 Non-realisation of bid money on stage carriage permits**

Under the MV Act, "Private Bus Service Scheme in Haryana-Year 2001" was introduced for the grant of stage carriage permits to the existing co-operative societies under the 1993 scheme<sup>4</sup>, general public and new transport co-operative societies of unemployed youth on certain routes. The permits and rights of operation were to be given to the operators on lease for a period of five years by inviting bids and the route was to be allotted to the highest bidder. The bid money was required to be deposited before 10<sup>th</sup> of each month. In case of non-payment of bid money, the authority could initiate action for suspension/cancellation of permit and imposition of penalty.

During test check of the records of Secretary, RTAs, Jind, Kurukshetra and Narwana between July 2006 and October 2007, it was noticed that 14 transport co-operative societies were granted permits between January 2002 and November 2004 for a period of five years under this scheme. These co-operative societies were required to deposit bid money in equal monthly instalments. The bid money was neither deposited regularly nor demanded by the department. No action was taken either to suspend/cancel the permit or to levy penalty. This resulted in non-realisation of bid money of Rs. 22.85 lakh for the period between April 2005 and March 2007. Additionally, penalty was also leviable.

After the cases were pointed out between July 2006 and October 2007, RTAs Kurukshetra and Narwana intimated in February and March 2008 that notices had been issued to the defaulters between December 2007 and February 2008 to deposit the outstanding bid money. Reply from RTA, Jind involving Rs. 8.99 lakh and a report on recovery has not been received (August 2008).

The matter was reported to the department and the Government between October 2006 and December 2007; their reply has not been received (August 2008).

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<sup>3</sup> Faridabad, Hisar, Jind, Kurukshetra, Kaithal, Karnal and Panipat.

<sup>4</sup> To provide employment to educated unemployed youths and augment public transport in Haryana, the State Government formulated a scheme for the grant of stage carriage permits to the co-operatives of unemployed youths, on certain routes in Haryana.

#### **4.5 Non/short recovery of token tax from stage carriage bus owners**

Under the Punjab Motor Vehicles Taxation Act, 1924, as applicable to Haryana, token tax shall be leviable in advance on every motor vehicle in equal instalments for quarterly periods commencing on the first day of April, July, October and January at the rate of Rs. 550 per seat per annum subject to a maximum of Rs. 35,000 per vehicle per annum. Any broken period in such quarterly periods shall, for the purpose of levying the tax, be considered as a full quarter. In case of omission to comply with the provisions, the Act further provides that the licensing officer may impose a penalty which may extend to twice the amount of tax due. When a person neglects or refuses to pay instalment of tax within one month from the expiry of the period fixed for such payment, the licensing officer may forward to the Collector a certificate specifying the amount of tax due recoverable as arrears of land revenue.

During test check of the records of 10<sup>5</sup> RTAs between April and October 2007, it was noticed that 106 buses were plied as stage carriages by the co-operative transport societies during the year 2006-07. However, token tax was either not deposited or deposited short by the societies. No action was taken by the RTAs to recover the tax. This resulted in non/short realisation of token tax of Rs. 21.37 lakh, besides penalty.

After the cases were pointed out between April and October 2007, seven<sup>6</sup> RTAs stated between February and June 2008 that Rs. 5.07 lakh had been recovered between May 2007 and February 2008 and efforts were being made to recover the balance amount of Rs. 9.74 lakh. A report on recovery and reply from the remaining three RTAs involving Rs. 6.56 lakh has not been received (August 2008).

The matter was reported to the department and the Government between July and December 2007; their reply has not been received (August 2008).

#### **4.6 Short realisation of conductor's licence fee**

Under section 29 of the MV Act, no person shall act as a conductor of a stage carriage unless he holds an effective conductor's licence authorising him to act as such and no person shall employ or permit any person who is not so licensed to act as a conductor of a stage carriage. Further section 30 of the Act lays down that the fee for a conductor's licence shall be one-half of that for a driving licence. As per notification issued by the Ministry of Road Transport and Highways in May 2002, fee for the issue of a driving licence shall be charged at the rate of Rs. 200 (including the cost of computerised chip and card).

During test check of the records of the office of the registering authority, Hisar for the year 2006-07 in August 2007, it was noticed that the registering authority started issuing computerised conductor's licence from July 2006 and

<sup>5</sup> RTAs Ambala, Fatehabad, Gurgaon, Hisar, Jind, Kaithal, Kurukshetra, Narwana, Panchkula and Sirsa.

<sup>6</sup> RTAs Ambala, Gurgaon, Hisar, Jind, Kaithal, Kurukshetra and Narwana.

issued 3,376 licences between July 2006 and August 2007. However, fee for issue of a conductor's licence was charged at the rate of Rs. 25 instead of Rs. 100. Application of incorrect rate resulted in short realisation of fee of Rs. 2.53 lakh.

After the cases were pointed out in August 2007, the registering authority Hisar admitted the facts and intimated in June 2008 that efforts were being made to effect the recovery of deficient amount of fee as pointed out by audit. A report on recovery has not been received (August 2008).

The matter was reported to the department and the Government in October 2007; their reply has not been received (August 2008).

## **EXCISE AND TAXATION DEPARTMENT**

### **4.7 Non/short realisation of passengers tax from co-operative transport societies**

Under the PPGT Act and the rules framed thereunder, permit holders plying buses on link routes of the State under the scheme of privatisation of passenger road transport, are required to pay lump sum passengers tax based on the seating capacity of the bus on monthly basis at the rate of Rs. 16,000 for 52/54 seater and Rs. 10,000 for 30/32 seater buses by 20<sup>th</sup> of each month. Further, the Government vide notification issued in April 2002, revised rates of passengers tax to Rs. 20,000 and Rs. 14,000 for 52/54 and 30/32 seater buses respectively, in case their routes are extended upto 24 kilometers. The Government, however, reduced the passengers tax to Rs. 16,000 for 52/54 seater and Rs. 10,000 for 30/32 seater buses with effect from March 2007. In case the said sum is paid within the first seven days of the month to which the payment relates, the permit holder shall be entitled to a concession of 10 *per cent* of the sum payable. PPGT Rules, 1952 provided that if any sum is payable by an owner under the Act/rules, the prescribed authority shall serve a notice in form PTT 11 to the vehicle owners to furnish receipted challans in proof of such payment within 15 days from the date of service of the notice. For default in payment of the tax within the prescribed time, penalty not exceeding Rs. 5,000 shall be leviable.

During test check of the records of 10<sup>7</sup> offices of DETC between October 2006 and January 2008, it was noticed that 118 transport co-operative societies<sup>8</sup> either did not deposit the monthly passengers tax or deposited it short during 2005-06 and 2006-07. The department, however, did not raise the demand to realise the tax from the defaulting societies. This resulted in non/short realisation of tax of Rs. 93.11 lakh besides penalty.

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<sup>7</sup> DETC, Ambala, Bhiwani, Faridabad (East), Faridabad (West), Hisar, Jhajjar, Jind, Jagadhri, Mewat at Nuh and Sirsa.

<sup>8</sup> As per the Haryana Co-operative Societies Act, 1984, a transport co-operative society means a society registered under the Act for plying buses on link routes in the State and granted permit under section 7 of the Motor Vehicles Act, 1988.

After the cases were pointed out between October 2006 and January 2008, eight<sup>9</sup> DETCs intimated between September 2007 and June 2008 that amounts totalling Rs. 12.05 lakh had been recovered between January 2007 and May 2008 and efforts were being made to recover the balance amount of Rs. 68.34 lakh. A report on recovery and reply from the remaining DETCs involving Rs. 12.72 lakh has not been received (August 2008).

The matter was reported to the department and the Government between November 2006 and February 2008; their reply has not been received (August 2008).

#### **4.8 Non/short realisation of passengers tax from educational institutions**

As per the notification issued in February 2006 under the PPGT Act and rules framed thereunder, the owner of the bus of an educational institution may, in lieu of the tax chargeable on fare and freight, pay lump sum tax (month wise) at the rate of Rs. 60 per seat per month for nine months (from July to March) in a year. Passengers tax (lump sum) is payable by the 20<sup>th</sup> of each month. The owner of the bus shall pay the lump sum tax either into the Government treasury or furnish a demand draft or pay order to the appropriate authority. In case the tax is not paid within the prescribed time, penalty not exceeding Rs. 5,000 shall be leviable.

During test check of the records of five<sup>10</sup> offices of DETC between July and October 2007, it was noticed that the owners of 353 educational institution buses either did not deposit the monthly passengers tax or deposited it short during 2006-07. The department, however, did not raise the demand to realise the tax from the defaulting bus owners. This resulted in non/short realisation of passengers tax of Rs. 45.41 lakh, besides penalty.

After the cases were pointed out between July and October 2007, four<sup>11</sup> DETCs intimated in January and June 2008 that an amount of Rs. 11.63 lakh had been recovered in respect of 133 buses and efforts were being made to recover the balance amount. DETC Rohtak stated in January 2008 that notices had been issued to recover the amount. A report on recovery had not been received (August 2008).

The matter was reported to the department and the Government between November 2007 and February 2008; their reply has not been received (August 2008).

#### **4.9 Non/short recovery of passengers tax from city bus operators**

As per the PPGT (Haryana Amendment) Rules, 2004, the holders of permit for plying buses on the roads within the municipal corporation limit in Gurgaon and Faridabad districts are required to pay passengers tax at the rates

<sup>9</sup> DETC Ambala, Bhiwani, Faridabad (West), Faridabad (East), Hisar, Jagadhri Jind, and Sirsa.

<sup>10</sup> DETCs Hisar, Jhajjar, Karnal, Panipat and Rohtak.

<sup>11</sup> DETCs Hisar, Jhajjar, Karnal and Panipat.

prescribed for ordinary half body and ordinary full body at Rs. 4,200 and Rs. 7,000 per month respectively with effect from 24 February 2004. The passengers tax is payable by the 20<sup>th</sup> of each month. The owner of a bus shall pay the lump sum tax either into the Government treasury or furnish a demand draft or pay order to the appropriate authority. In case the tax is not paid within the prescribed time, penalty not exceeding Rs. 5,000 shall be leviable.

During test check of the records of the offices of three<sup>12</sup> DETC in August 2007 and January 2008 for the year 2006-07, it was noticed that 20 private bus operators who were granted permits for plying buses in city areas did not deposit the monthly passengers tax for different periods during 2006-07. The department, however, did not take action to realise the tax from the defaulting bus owners. This resulted in non/short realisation of tax of Rs. 8.89 lakh besides penalty.

After the cases were pointed out in August 2007 and January 2008, the DETC, Faridabad (West) and Gurgaon intimated in January and May 2008 that Rs. 1.51 lakh had been recovered in five cases between October 2007 and May 2008 and efforts were being made to recover the balance amount. The DETC, Faridabad (East) issued notices to 12 defaulters for the recovery of Rs. 5.32 lakh in February 2008. A report on the recovery of tax and penalty has not been received (August 2008).

The matter was reported to the department and the Government in November 2007 and February 2008; their reply has not been received (August 2008).

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<sup>12</sup> Faridabad (East), Faridabad (West) and Gurgaon.