

CHAPTER-IV: TAXES ON VEHICLES, GOODS AND PASSENGERS**4.1 Results of audit**

Test check of records of the motor vehicles, goods and passengers offices, conducted during the year 2005-06, revealed non/short realisation of tax and other irregularities amounting to Rs. 23.82 crore in 207 cases, which broadly fall under the following categories:

(Rupees in crore)			
Sr. No.	Particulars	Number of cases	Amount
1.	Non/ short realisation of <ul style="list-style-type: none"> • Token tax • Passengers and goods tax 	79 16	1.10 0.95
2.	Evasion of <ul style="list-style-type: none"> • Token tax • Passengers and goods tax 	12 15	0.63 0.36
3.	Other irregularities <ul style="list-style-type: none"> • Vehicles tax • Passengers and goods tax 	80 05	18.83 1.95
Total		207	23.82

During 2005-06, the department accepted under assessments of Rs.0.32 crore involved in 40 cases which had been pointed out in audit in earlier years.

A few illustrative cases highlighting important observations involving financial effect of Rs.21.49 crore are given in the following paragraphs.

4.2 Non levy of special registration fee

Under the Himachal Pradesh Motor Vehicles (Amendment) Rules, 2001, for allotment of registration marks of choice, special registration fee was leviable with effect from 10 August 2001. In September 2003, Principal Secretary (Transport), Government of Himachal Pradesh bifurcated the numbers of choice for registration of vehicles and clarified that if registration numbers from 0001 to 0200 were to be allotted to personal vehicles, special registration fee at the prescribed rates was leviable. No special registration fee was to be charged if allotted to Government vehicles.

During audit of the records of three[@] registering and licensing authorities (RLAs), it was noticed between May 2005 and September 2005 that special registration fee of Rs. 5.30 lakh leviable on 212 personal vehicles during July 2003 to February 2005, was not levied resulting in non realisation of Government revenue to that extent.

After this was pointed out, department stated between May 2005 and September 2005 that action would be taken as per rules.

The matter was reported to the department and Government between June 2005 and November 2005; their reply had not been received (September 2006).

4.3 Non payment of special road tax/ non levy of penalty

Under the Himachal Pradesh Motor Vehicles Taxation Act, 1972 (HPMVT Act), as amended from time to time, special road tax (SRT) on all specified transport vehicles used or kept for use in Himachal Pradesh shall be levied and paid in advance on 15th of each month. As per Transport Department, Government of Himachal Pradesh notification dated 28 May 2003, if the owner of the vehicle fails to pay the tax due by the specified date, the taxation authority, after giving an opportunity of being heard, shall direct him to pay the penalty at prescribed rates.

4.3.1 During audit of the records of five regional transport authorities (RTAs)*, it was noticed between April 2005 and December 2005 that in 70 cases SRT of Rs. 2.78 crore[#] was not deposited by the vehicle owners for the period April 2003 to March 2005. Department failed to take action to recover the tax due. Besides, penalty of Rs. 2.78 crore was also leviable for non payment of the tax due.

[@] Baijnath: 18 vehicles (including two construction equipment vehicles), Lahaul & Spiti: 94 vehicles and Nalagarh: 100 vehicles

^{*} Bilaspur, Hamirpur, Mandi, Shimla and Solan

[#] Himachal Road Transport Corporation (HRTC): 5 cases: Rs.2.32 crore; private stage carriages: 61 cases: Rs. 0.39 crore and stage carriages of other States: 4 cases:Rs.0.07 crore

After this was pointed out, the RTAs stated between April 2005 and December 2005, that action to recover the tax would be taken as per provision of the Act and rules. Further reply was awaited (September 2006).

The matter was reported to the department and Government between May 2005 and January 2006; their reply had not been received (September 2006).

4.3.2 During test check of the records of six RTAs^{**}, it was noticed between April 2004 and December 2005 that SRT of Rs.17.96 crore[§] for the period June 2003 to March 2005 was not paid within the specified period. The delay in payment of tax ranged between 5 days to 729 days for which penalty of Rs.13.42 crore^{##} though leviable, was not levied by the taxation authorities. This resulted in non levy of penalty of Rs.13.42 crore.

After this was pointed out, the RTA Bilaspur issued notice to Regional Manager Himachal Road Transport Corporation (HRTC) to deposit penalty. Other RTAs stated between April 2004 and December 2005, that the matter would be taken up with all concerned to recover penalty. Further reply was, however, awaited (September 2006).

The matter was reported to the department and Government between June 2004 and January 2006; their replies had not been received (September 2006).

4.4 Non payment of token tax

Under the HPMVT Act and Rules made thereunder, token tax is payable in advance and is collected quarterly or annually in the prescribed manner. If an owner of a registered vehicle defaults in payment of token tax, the taxation authority shall direct him to deposit, in addition to the arrears of token tax, penalty at the prescribed rates to the extent of delay.

During test check of the records of 18^{*} RLAs, and State Transport Authority, Shimla, it was noticed between May 2005 and December 2005 that in 1,067[&] cases, token tax amounting to Rs.99.61 lakh for the years 2003-04 and 2004-05 was neither deposited by the vehicle owners nor had the taxation authorities taken any

^{**} Bilaspur, Dharamsala, Hamirpur, Kullu, Mandi and Shimla

[§] HRTC: Rs.17.06 crore; private stage carriage operators:Rs.0.10 crore and transporters of other States:Rs.0.80 crore

^{##} HRTC:Rs.13.27 crore; private stage carriage operators:Rs.0.05 crore and transporters of other States:Rs.0.10 crore

^{*}Baijnath, Barsar, Dalhousie, Dehra, Dharamsala, Hamirpur, Jawali, Kangra, Kalpa, Kullu, Mandi, Nadaun, Nurpur, Palampur, Paonta Sahib,Rohroo, Sarkaghat and Theog

[&] Buses/mini buses/maxi cabs: 497 cases: Rs.87.64 lakh and goods carriers/ other vehicles: 570 cases: Rs.11.97 lakh

action to recover the same. There was nothing on record to show that vehicles were off the road or had paid tax in any other RLA. No action was taken against the defaulters by RLAs. This resulted in non recovery of token tax of Rs.99.61 lakh. For non payment of token tax, penalty of Rs.99.61 lakh was also leviable.

After this was pointed out, RLA, Dalhousie stated in December 2005 that an amount of Rs.0.48 lakh had been recovered. The remaining concerned taxation authorities stated that notices were being issued to owners of the vehicles to recover the amount. Further report had not been received (September 2006).

The matter was reported to the department and Government between June 2005 and January 2006; their replies had not been received (September 2006).

4.5 Short realisation of one time token tax

Under the HPMVT (Amendment) Act, 2001, effective from 18 October 2001, one time token tax based on the price of personal motor vehicle and motor cycle/scooter was leviable. As per notification dated 15 December 2001, issued under the Act *ibid*, one time tax on personal motor vehicle was leviable at the rate of two *per cent* of the price of the personal motor vehicle.

During audit of records of RLAs, Nalagarh and Parwanoo, it was noticed between September and October 2005 that one time token tax was realised from 30 vehicle owners registered between April 2003 and March 2005, at annual rate of tax instead of two *per cent* of the price of the vehicles. As against recoverable tax of Rs.5.49 lakh, only Rs.0.50 lakh was recovered by RLAs. This resulted in short realisation of token tax amounting to Rs.4.99 lakh.

After this was pointed out, RLA Parwanoo accepted audit contention and stated in September 2005 that tax due would be recovered. RLA Nalagarh stated in October 2005 that matter would be looked into. Further reply was awaited.

The matter was reported to the department and Government between October and November 2005; their replies had not been received (September 2006).

4.6 Short realisation of special road tax

HPMVT Act, provides for levy and collection of SRT in advance at specified rates. The rates are based on classification of routes on which vehicles are plying such as national highways, intra state/ inter state routes, state highways, rural roads and local buses/mini buses operating within a radius of 30 km.

During audit of records of three RTAs[^] it was noticed between June 2004 and September 2005 that in 53[^] cases SRT of Rs.9.85 lakh for the period April 2003 to March 2005 was levied short due to incorrect classification of routes. This resulted in short realisation of revenue to that extent.

After this was pointed out, RTAs stated between June 2004 and September 2005 that action to recover the amount would be taken as per provision of Act and rules.

The matter was reported to the department and Government between July 2004 and October 2005; their reply had not been received (September 2006).

4.7 Non charging of token tax

Under the HPMVT Act, token tax at the rate of Rs.200 per seat per annum subject to maximum of Rs.8,000 was to be charged on the buses belonging to educational institutions. With effect from January 2004, the rate of token tax was revised to Rs.250 per seat per annum subject to a maximum of Rs.35,000.

During audit of records of six RLAs^{*}, it was noticed between January 2005 and September 2005 that 35 buses owned by educational institutions, were not charged token tax for the period falling between April 2003 and March 2005. This resulted in non realisation of token tax of Rs.2.89 lakh.

After this was pointed out, RLA Dharamsala stated in April 2006 that recovery of Rs. 0.13 lakh in respect of one vehicle was made whereas RLA Una intimated that notices had been issued. The remaining registering authorities stated between January 2005 and August 2005 that notices would be issued to the concerned defaulters to deposit tax.

The matter was reported to the department and Government between February 2005 and September 2005; their replies had not been received (September 2006).

[^]Dharamsala: 13 cases, Kullu: 11 cases and Shimla: 29 cases

^{*}Dalhousie, Dehra, Dharamsala, Kangra, Parwanoo and Una

4.8 Vehicles not registered with the Excise and Taxation Department

Under Himachal Pradesh Passengers and Goods Taxation (HPPGT) Act, 1955 and Rules made thereunder, owners of stage/contract carriages and goods carriers are required to register their vehicles with the concerned excise and taxation officers and pay passenger tax and goods tax at the prescribed rates. Administrative instructions issued in December 1984 also stipulate that Excise and Taxation Department shall take suitable measures to ensure registration of all vehicles under the HPPGT Act and for that purpose maintain close co-ordination with RLAs. For failure to apply for registration, penalty not exceeding five times the amount of tax so assessed, subject to a minimum of Rs. 500 is also leviable.

During test check of records of seven* AETCs and ETO, Kinnaur, it was noticed between June and October 2005 that 906 vehicles registered with concerned RLAs and regional transport officers (RTOs) were not registered with the Excise and Taxation Department under the HPPGT Act. As a result, tax amounting to Rs. 24.36 lakh for the period between 2003-04 and 2004 -05, was not paid by the owners of the vehicles. A minimum penalty of Rs.4.53 lakh was also leviable.

After this was pointed out, the Additional ETC stated between October and November 2005 that in respect of Bilaspur district, 27 vehicles had been registered and Rs.0.55 lakh was recovered. As regards Kullu district, 20 vehicles had been registered and Rs.0.40 lakh was recovered. Further reply in respect of remaining districts had not been received (September 2006).

The cases were reported to the department and Government between July 2005 and November 2005; their reply had not been received (September 2006).

*Bilaspur, Chamba, Kangra, Kullu, Reckong Peo, Shimla and Solan