

CHAPTER- III: STATE EXCISE AND TAXES ON VEHICLES

3.1 Results of audit

Test check of records of state excise, motor vehicles, goods and passengers tax, conducted during the year 2006-07, revealed non/short realisation of licence fee, interest and penalty, tax and other irregularities amounting to Rs. 18.31 crore in 298 cases, which broadly fall under the following categories:

(Rupees in crore)			
Sr. No.	Particulars	Number of cases	Amount
I. State Excise			
1.	Non/short realisation of license fee, interest and penalty	15	1.86
2.	Other irregularities	10	0.22
II. Taxes on Vehicles, Goods and Passengers			
3.	Non/ short realisation of <ul style="list-style-type: none">• Token tax• Passengers and goods tax	48 02	0.54 0.02
4.	Evasion of <ul style="list-style-type: none">• Token tax• Passengers and goods tax	27 07	1.33 0.13
5.	Other irregularities <ul style="list-style-type: none">• Vehicles tax• Passengers and goods tax	163 26	11.20 3.01
Total		298	18.31

During 2006-07, the department accepted under assessments of Rs.12.82 crore involved in 671 cases which had been pointed out in audit in earlier years.

A few illustrative cases highlighting important observations involving financial effect of Rs. 3.80 crore are given in the following paragraphs.

I. STATE EXCISE

3.2 Non/short recovery of interest on late payment of licence fee

Himachal Pradesh excise auction announcements for the year 2005-06, provide for payment of licence fee in 10 equal instalments by the licensee holding licence for vending country made liquor or Indian made foreign liquor (IMFL). The licensee is required to pay instalments by last day of each month. Failure to do so, renders him liable to pay interest at the prescribed rates. Punjab Excise Act, 1914, as applicable to Himachal Pradesh, envisages that all excise revenue may be recovered from the person primarily liable to pay the same or from his surety by distress and sale of his movable property as arrears of land revenue.

3.2.1 During audit of records of three* Assistant Excise and Taxation Commissioners (AETCs), it was noticed between October and December 2006 from interest receipt registers that six licensees did not pay monthly instalments of license fee, interest thereon and penalty levied by the AETCs amounting to Rs.84.51 lakh in time during 2005-06. The department had not taken any action to recover the amount from the licensees or from his surety. This resulted in non realisation of Government revenue to that extent.

3.2.2 In three* AETCs, it was further noticed between October 2006 and February 2007 that three licensees had delayed payment of instalments of licence fee for the year 2005-06, ranging between 3 to 247 days, for which interest of Rs.27.59 lakh was payable by them. The department, however, levied/recovered Rs.25.95 lakh which resulted in short recovery of interest of Rs.1.64 lakh.

The matter was reported to the department and Government between September 2006 and March 2007; reply had not been received (September 2007).

II. TAXES ON VEHICLES, GOODS AND PASSENGERS

3.3 Non realisation of token tax

Under the Himachal Pradesh Motor Vehicle Taxation Act, 1972, (HPMVT Act) and Rules made thereunder, token tax is payable in advance and is collected quarterly or annually in the prescribed manner. Those vehicles that have been declared off the road and have deposited registration certificate (RC) in the concerned registering and licensing authority (RLA), shall be exempted from payment of tax for that period. A register called "Token Tax Register" is required to be maintained by each RLA under HPMVT Act.

* Bilaspur: Rs. 20.07 lakh; Kangra: Rs. 16.65 lakh and Mandi: Rs. 47.79 lakh

* Bilaspur: Rs. 1.07 lakh; Solan: Rs. 0.30 lakh and Una: Rs. 0.27 lakh

During test check of records of 29* RLAs, it was noticed between March 2006 and March 2007 that for 2,992[&] vehicles, token tax amounting to Rs.1.83 crore for the years 2004-05 to 2005-06, was neither deposited by the vehicle owners nor had the taxation authorities taken any action to recover the same. There was nothing on record to show that any of these vehicles was declared off the road and their RCs were deposited with concerned RLAs. Of these, token tax register of five[^] RLAs were incomplete. In absence of the entries, monitoring of collection done by the RLA could not be ascertained. This resulted in non realisation of token tax of Rs.1.83 crore during the years 2004-05 to 2005-06.

After this was pointed out, RLA Dharamsala intimated in March 2007 that necessary demand notices for the recovery of token tax of Rs.4.47 lakh had been issued to 19 defaulters. Further report and reply from remaining RLAs had not been received (September 2007).

The matter was reported to the department and Government between April 2006 and April 2007; reply had not been received (September 2007).

3.4 Non/short payment of special road tax

Under HPMVT Act, there shall be levied, charged and paid to the State Government monthly special road tax (SRT) on all transport vehicles used or kept for use in the State. SRT is payable in advance on 15th of every month. As per Transport Department notification dated 26 July 2006 deemed to have come into force on 31 July 2002, if the owner of vehicle fails to pay the tax due within the prescribed period the taxation authority after giving opportunity of being heard, shall direct the owner to pay the penalty at the prescribed rates. Where any tax due or penalty, as the case may be, in respect of any motor vehicle, has not been paid, department is empowered to seize and detain such vehicle.

3.4.1 Private operators

During audit of records of five* regional transport authorities (RTAs), it was noticed that in 65 cases, SRT of Rs. 50.49 lakh for the year 2005-06 was either not paid by the owners of vehicles or was paid short. The RTAs did not issue any notice to the defaulters. There was nothing on record to indicate that any of these vehicles was detained or seized by the department. Inaction on the part of

* Arki, Amb, Baijnath, Banjar, Bilaspur, Chamba, Chopal, Dalhousie, Dehra, Dharamsala, Ghumarwin, Jaisinghpur, Kangra, Kullu, Manali, Nahan, Nalagarh, Palampur, Paonta Sahib, Parwanoo, Rajgarh, Reckong Peo, Rohroo, Sarkaghat, Theog, Shimla (Urban), Solan, Sundernagar and Una

[&] Buses/mini buses/stage carriages: 564 cases: Rs. 1.18 crore; construction equipment vehicles: 12 cases: Rs. 0.03 crore; goods carriers/ other vehicles: 2,249 cases: Rs. 0.56 crore and maxi cabs/ motor cabs: 167 cases: Rs.0.06 crore

[^] Amb, Dehra, Palampur, Paonta Sahib and Una

* Bilaspur: 9 cases: Rs. 2.89 lakh; Hamirpur: 23 cases: Rs.10.82 lakh; Kullu: 27 cases: Rs.5.13 lakh; Mandi: 4 cases: Rs. 2.40 lakh and Solan: 2 cases: Rs. 29.25 lakh

department resulted in non realisation of SRT of Rs. 50.49 lakh. Besides, penalty for non payment of tax was also leviable.

After this was pointed out between June 2006 and December 2006, the RTA Mandi intimated in February 2007 that notices were issued to the concerned operators. Further report and reply from remaining RTAs had not been received (September 2007).

3.4.2 Non levy of penalty on HRTC vehicles

During audit of records of four[♦] RTAs, it was noticed that SRT amounting to Rs. 8.66 crore for the period 2005-06 was not paid by Himachal Road Transport Corporation (HRTC), within the prescribed period. Delay in payment of SRT ranged between 3 and 168 days for which penalty of Rs.45.67 lakh though leviable was not levied. This resulted in non realisation of Government revenue to that extent.

After this was pointed out, RTA Mandi stated in February 2007 that penalty of Rs. 8.08 lakh had been levied. Further report on action taken and reply from remaining RTAs had not been received (September 2007).

The matter was reported to the department and Government between July 2006 and February 2007; reply had not been received (September 2007).

3.5 Short levy of token tax due to incorrect application of rates

According to Government of Himachal Pradesh, Transport Department notifications of December 2001 and December 2003, token tax at the rate of Rs. 250 per seat per annum was to be charged on maxi cabs and private service buses owned by private institutions. With effect from 1 January 2004, the annual rates of tax in case of construction equipment vehicles and crane mounted vehicles were leviable at the rate of Rs.6,000 (light), Rs.9,000 (medium) and Rs. 12,000 (heavy) per annum.

During audit of records of five^{*} RLAs and RTA Bilaspur, it was noticed between March 2006 and December 2006 that token tax payable for 85 vehicles[♦] amounted to Rs. 9.15 lakh. The owners of the vehicles, however, deposited tax at a lower rate and paid Rs. 4.92 lakh only. The department failed to detect the mistake resulting in short levy of token tax of Rs. 4.23 lakh.

The matter was reported to the department and Government between April 2006 and January 2007; reply had not been received (September 2007).

[♦]Bilaspur: Rs. 6.04 lakh; Dharamsala:Rs. 26.78 lakh; Kullu:Rs. 4.84 lakh and Mandi: Rs. 8.01 lakh

^{*}Banjar, Dalhousie, Kullu, Sundernagar and Una

[♦] Buses: 15: Rs.0.87 lakh; Construction equipment vehicles: 24: Rs.3.07 lakh and Maxi cabs: 46: Rs.0.29 lakh

3.6 Irregular exemption of token tax

As per notification dated December 2003 issued under HPMVT Act, token tax at the rate of Rs. 250 per seat per annum subject to maximum of Rs.30,000 was to be charged on buses belonging to private educational institutions.

During test check of records of eight* RLAs, it was noticed between September 2006 and March 2007, that 36 vehicles owned by private educational institutions, were irregularly exempted from payment of token tax during the period January 2004 to March 2006. This resulted in non realisation of token tax of Rs.4.99 lakh.

After this was pointed out, the concerned taxation authorities stated between September 2006 and March 2007 that notices would be issued to the concerned institutions asking them to deposit the tax.

The matter was reported to the department and Government between October 2006 and April 2007; reply had not been received (September 2007).

3.7 Undue retention of Government money

The Himachal Pradesh Financial Rules, 1971, stipulate that departmental receipts collected during the day should be credited into the treasury on the same day or latest by the morning of the next working day. Every officer receiving money on behalf of Government should maintain a cash book in the prescribed form.

3.7.1 During audit of RLA Paonta Sahib it was noticed in March 2007 that an amount of Rs. 41.92 lakh collected on account of registration fee, token tax, penalty, passing fee, driving license fee during the period falling between October 2005 and June 2006, was not deposited in the treasury within the prescribed period. The delay in deposit of Government money was upto 2 to 289 days.

After this was pointed out, RLA Paonta Sahib, while admitting the audit observations, stated (March 2007) that departmental enquiry against the delinquent official was under process and results thereof would be supplied.

3.7.2 Permit fee of Rs. 9.71 lakh was collected by Additional District Magistrate (Law and Order) (ADM- L &O) Shimla between October 2003 and March 2006, out of which Rs. 9.60 lakh was deposited late by 2 to 28 days while remaining amount of Rs. 0.11 lakh was not deposited at all.

After this was pointed out, ADM (L&O) Shimla also admitted the lapse and stated that directions had been given to the concerned official to deposit the revenue in Government account either on the same day or on the morning of next working day. As regards non deposit of Rs. 0.11 lakh it was stated in March 2007 that the amount will be made good from the concerned official. Further report was awaited (September 2007).

* Arki, Dehra, Kangra, Kullu, Manali, Nalagarh, Paonta Sahib and Una

Failure of concerned RLA/ADM (L&O) to ensure that Government receipts collected were promptly deposited into the treasury resulted in undue retention of Government money to the tune of Rs. 51.63 lakh. Keeping the discrepancy in view, the possibilities of misutilisation/misappropriation of Government money can not be ruled out.

The matter was reported to the department and Government between March 2007 and April 2007; reply had not been received (September 2007).

3.8 Non realisation of passengers tax and goods tax

Under Himachal Pradesh Passengers and Goods Taxation (HPPGT Act), 1955 and rules made thereunder, owners of vehicles are required to pay tax, etc. at the prescribed rates either monthly or quarterly. However, if the owner of a vehicle fails to pay the tax due, the taxation authority may, direct owner of the vehicle to deposit the tax due alongwith penalty, a sum not exceeding five times of the amount of tax so assessed subject to minimum of Rs. 500.

During test check of demand and collection register maintained in 10[♦] AETCs and Excise and Taxation Officer (ETO) Kinnaur, it was noticed between May 2006 and January 2007 that passengers tax and goods tax amounting to Rs. 66.96 lakh for 1,606 vehicles, for the period 2004-05 to 2005-06 was not paid by the owners of vehicles. The assessing authorities did not issue any demand notices to owners of the vehicles. Inaction on the part of department resulted in non realisation of tax to that extent. Besides minimum penalty of Rs. 8.03 lakh was also levable.

After this was pointed out, the department intimated between September 2006 and April 2007 that an amount of Rs. 3.88 lakh* (passengers tax: Rs. 2.75 lakh; goods tax: Rs. 1.13 lakh) had been recovered from three AETCs and efforts were being made to recover the balance amount. In case of Chamba district, notices had been issued to the owners. Further report on realisation and reply from remaining AETCs had not been received (September 2007).

The matter was reported to the department and Government between June 2006 and February 2007; reply had not been received (September 2007).

3.9 Vehicles not registered with the Excise and Taxation Department

Under HPPGT Act 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

[♦] Bilaspur, Chamba, Hamirpur, Kangra, Kullu, Mandi, Nahan, Shimla, Solan and Una

* Hamirpur: Rs. 1.71 lakh; Kangra at Dharamsala: Rs. 1.80 lakh and Kinnaur: Rs. 0.37 lakh

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 leviable.

Cross verification of records of nine RLAs and four RTAs with seven* AETCs and ETO Kinnaur revealed between May 2006 and February 2007 that 565 vehicles registered with concerned RLAs & RTAs were not registered with Excise and Taxation Department under HPPGT Act. As a result, goods tax of Rs. 13.35 lakh for the period between 2004-05 and 2005 -06, was not realised from the owners of the vehicles. There was no co-ordination between RTAs/RLAs and AETCs to ensure registration of vehicles. A minimum penalty of Rs.2.82 lakh was also leviable.

After this was pointed out, Additional ETC, Shimla stated in November 2006 that an amount of Rs. 0.77 lakh was recovered from 22 vehicles of Hamirpur and Mandi. The other concerned AETCs had been directed to get the remaining vehicles registered. Further report and reply in respect of remaining districts had not been received (September 2007).

The cases were reported to the department and Government between June 2006 and February 2007; reply had not been received (September 2007).

* Bilaspur, Chamba, Hamirpur, Kullu, Mandi, Nahan and Una