

CHAPTER- IV: Taxes on Vehicles

4.1 Results of audit

Test check of records of the Transport Department conducted during 2005-06, revealed non/short levy of motor vehicles tax, fees, penalty, fines etc. amounting to Rs 101.42 crore in 9,313 cases, which broadly fall under the following categories:

<i>(Rupees in crore)</i>			
Sl. No.	Category	No. of cases	Amount
1	Non/short levy of taxes	376	10.81
2	Short levy of taxes due to wrong fixation of seating capacity/RLW	345	14.86
3	Other cases	8,592	75.75
Total		9,313	101.42

During 2005-06 the concerned department accepted under assessment and other irregularities in 9,012 cases involving Rs 21.36 crore which were pointed out in audit during 2005-06.

A few illustrative cases involving Rs 13.64 crore are given in the following paragraphs:

4.2 Non collection of tax

Under the provisions of Bihar Motor Vehicles Taxation Act (BMVT Act), 1994, as adopted by Jharkhand State, tax shall be paid by the owner of the vehicle to the taxing officer within 15 days from commencement of the quarter in whose jurisdiction the place of registration falls. In case of change of place of residence/business, the owner can pay tax to the new registration authority subject to production of “no objection certificate” from the previous taxing officer. If delay in payment of tax exceeds 90 days, penalty at twice the amount of tax due may be imposed.

It was noticed between July 2005 and March 2006 that in 13 district transport offices (DTOs),* 719 motor vehicle owners stopped payment of taxes between April 2001 and March 2006 in the offices where they were originally registered. Although no reasons were found recorded for non payment of tax, the department did not raise demand on the defaulters. This resulted in non levy of tax of Rs. 2.66 crore. Besides, penalty of Rs 5.32 crore was also leviable.

After this was pointed out between July 2005 and March 2006, the DTOs stated between July 2005 and March 2006 that demand notices would be issued. Further, five DTOs[©] raised demand between December 2005 and October 2006 of Rs 5.89 crore including penalty against 409 vehicles and the DTOs Ranchi and Palamu realised taxes including penalty in respect of 19 vehicles amounting to Rs 10.89 lakh. Reply has not been received from other offices (November 2006).

The matter was reported to the Government in May 2006; reply has not been received (November 2006).

4.3 Delay in deposit of revenue collection by banks

Under the provisions of Bihar Financial Rules (adopted by Government of Jharkhand), all transactions must be brought to account without delay and money received as Government dues should be credited to public account. As per instructions of State Transport Commissioner, Bihar (March 1996), amount collected by banks during April to February is to be transferred to State Bank of India (SBI) Doranda branch, Ranchi in such a manner that all receipts during a particular month stand transferred latest by first week of the following month. As regards the amount deposited in the month of March, it is to be transferred by 31 March positively so that all amount deposited in the financial year stand transferred to Government account in a financial year. As per instructions issued by the Reserve Bank of India in April 2003, interest at

* Bokaro, Deoghar, Dhanbad, Dumka, Giridih, Gumla, Hazaribag, Jamshedpur, Koderma, Lohardaga, Palamu, Ranchi and Sahebganj.

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the rate of eight *per cent* per annum is payable by the banks on delayed remittances to Government account.

In five DTOs^{*}, it was noticed between July 2005 and February 2006 that the collecting banks i.e. Punjab National Bank at Jamshedpur, Dhanbad, Ranchi, Bokaro and Bank of India, Hazaribag transferred collected revenue into Government account through SBI Doranda branch, after delay ranging between one month and 12 months. The collecting banks did not credit interest of Rs 3.58 crore during 2004-05 for delayed transfer of Government revenue into SBI Doranda, Ranchi. The department also did not pursue with the banks for payment of interest.

After this was pointed out between July 2005 and February 2006, the concerned DTOs^{**} stated between July 2005 and February 2006 that matter would be taken up with banks. Further, DTO, Ranchi has pursued the matter with the bank. Reply has not been received from other offices ((November 2006).

The cases were reported to Government in May 2006; reply has not been received (November 2006).

4.4 Non levy of trade tax

Under the provisions of BMVT Act, and Rules framed thereunder, (as adopted by Government of Jharkhand) tax at the annual rate as prescribed is leviable on a manufacturer/dealer in respect of motor vehicles in his possession in the course of his business as manufacturer/dealer. If the delay in payment of tax exceeds 90 days, penalty at twice the amount of tax due may be imposed.

In seven DTOs[‡], it was noticed between August 2005 and February 2006 that 44 dealers of motor vehicles had not deposited the requisite trade tax in respect of 1,05,476 vehicles possessed by them between the period 2000-01 and 2004-05. The department did not raise any demand on the defaulters. Failure of the department to enforce the provisions of the Act/Rules resulted in non levy of tax of Rs. 66.99 lakh. Besides, penalty of Rs 37.30 lakh was also leviable.

After this was pointed out between August 2005 and February 2006, the concerned DTOs replied between August 2005 and February 2006 that notices against the dealers would be issued. Demand notice for Rs 77.32 lakh has been issued between May and October 2006 by DTOs Dhanbad, Jamshedpur and Palamu. Reply has not been received from other offices (November 2006).

* Bokaro, Dhanbad, Hazaribag, Jamshedpur and Ranchi.

** Bokaro, Dhanbad, Hazaribag, Jamshedpur and Ranchi.

‡ Bokaro, Dhanbad, Gumla, Hazaribag, Jamshedpur, Lohardaga and Palamu.

The matter was reported to Government in May 2006; reply has not been received (November 2006).

4.5 Non levy of tax from trailers

Under the provisions of BMVT Act, and Rules framed thereunder, as adopted by Jharkhand State, every owner of registered motor vehicle is required to pay road tax and additional motor vehicle tax at the prescribed rates. If delay in payment of tax exceeds 90 days, penalty at twice the amount of tax due may be imposed.

In 13 DTOs[∞], it was noticed between July 2005 and March 2006 that owners of 564 trailers did not pay road tax and additional motor vehicle tax for the period between May 2002 and March 2006. The department failed to raise demand on the defaulters. Failure of the department to enforce the provisions of the Act/Rules resulted in non levy of tax of Rs 23.41 lakh. Besides, penalty of Rs 46.81 lakh was also leviable.

After this was pointed out between July 2005 and March 2006 the DTOs of Dhanbad, Jamshedpur, Palamu and Ranchi raised between May and October 2006 demand of Rs 29.15 lakh including penalty against 243 vehicles while other DTOs stated between July 2005 and March 2006 that demand notices would be issued to the concerned vehicle owners for realisation. DTOs, Ranchi and Palamu realised Rs one lakh in respect of eight vehicles. Replies have not been received from other offices (November 2006).

The matter was reported to Government in May 2006; reply has not been received (November 2006).

4.6 Short realisation of tax due to incorrect fixation of seating capacity

As per instructions issued by STC, Bihar in September 2000 (adopted by Government of Jharkhand), seating capacity of bus is to be fixed on the basis of their wheelbase. Further, seating capacity of transport vehicle may be allowed less than its wheelbase, on payment of tax according to its wheelbase. Buses having wheelbase 205" are liable to pay tax at 53 seats irrespective of number of seats fitted in them. If delay in payment of tax exceeds 90 days, penalty at twice the amount of tax due may be imposed.

In four DTOs^{*}, it was noticed between September 2005 and January 2006 that owners of 26 buses having 205" wheelbase paid tax on 37 seats and one owner

[∞] Bokaro, Deoghar, Dhanbad, Dumka, Giridih, Gumla, Hazaribag, Jamshedpur, Koderma, Lohardaga, Palamu, Ranchi and Sahebganj.

^{*} Bokaro, Deoghar, Jamshedpur and Palamu.

of bus of same wheelbase paid tax on 40 seats instead of 53 seats during 2001-2002 and 2005-06. Failure of the department to enforce the instructions of STC resulted in short realisation of tax amounting to Rs 6.18 lakh. Besides, penalty of Rs 12.37 lakh was also leviable.

After this was pointed out between September 2005 and January 2006 the DTO Palamu stated in October 2006 that demand notices for Rs 13.18 lakh including penalty against 13 vehicles had been issued while the other DTOs stated between September 2005 and January 2006 that demand notice would be issued. Further reply has not been received (November 2006).

The matter was reported to Government in May 2006; reply has not been received (November 2006).

4.7 Non levy of tax from vehicles involved in surrender

Under the BMVT Act and Rules made thereunder (as adopted by Government of Jharkhand), when the owner of a motor vehicle does not intend to use his vehicle for a certain period not exceeding six months at a time, he can be exempted from payment of tax by the competent authority provided his claim for exemption is supported by the required documents. In the absence of any extension, the vehicle would be deemed to have been used and liable to pay tax. If the delay in payment of tax exceeds 90 days, penalty at twice the amount of tax due may be imposed.

In two DTOs*, it was noticed between July 2005 and March 2006 that nine vehicles were surrendered between January 2003 and March 2005 but after expiry of surrendered period, the vehicle owners neither applied for extension of surrender nor was the demand raised by taxing officer beyond the expiry of the surrendered period. This resulted in non levy of tax amounting to Rs 2.85 lakh for the period between March 2003 and March 2006. Besides, penalty of Rs 5.69 lakh was also leviable.

After this was pointed out between July 2005 and March 2006 the DTO, Ranchi stated in July 2005 that reason for non furnishing of further extension of period of surrender would be asked from the vehicle owners whereas the DTO, Deoghar stated in March 2006 that demand notice would be issued. Further, DTO, Ranchi raised demand for Rs 3.79 lakh against four vehicles in September 2006. Reply has not been received from other offices (November 2006).

The matter was reported to Government in May 2006; reply has not been received (November 2006).

* Deoghar and Ranchi

4.8 Non levy of tax from the date of sale/ expiry of temporary registration

Under the provisions of the Central Motor Vehicle Rules, 1989, an application for registration of a motor vehicle shall be made to the registering authority within a period of seven days from the date of taking delivery of such vehicle. Further, under the provisions of the BMVT Rules, (adopted by Government of Jharkhand) tax is payable from the date of acquisition of the vehicle. If the delay in payment of tax exceeds 90 days, penalty at twice the amount of tax due may be imposed.

In DTO, Palamu, Daltonganj it was noticed in January 2006 that in case of 13 vehicles, taxes were not levied either from the date of sale of vehicle or after the date of expiry of temporary registration during the period between May 2003 and April 2005. Failure of the department to enforce the provisions of the Rules resulted in non levy of taxes amounting to Rs 1.83 lakh. Besides penalty of Rs 3.67 lakh was also leviable.

After this was pointed out in January 2006, the DTO Palamu stated in October 2006 that demand notices for Rs 5.50 lakh including penalty have been issued to concerned vehicle owners. Further reply has not been received (November 2006).

The mater was reported to Government in May 2006; reply has not been received (November 2006).