

CHAPTER- IV: Taxes on Vehicles

4.1 Results of Audit

Test check of the records of the Transport Department during the year 2003-04, revealed non-levy and short levy of motor vehicles tax, fees, penalties, fines etc. amounting to Rs. 20.09 crore in 54,961 cases, which broadly fall under the following categories: -

Sl. No.	Category	(Rupees in crore)	
		No. of cases	Amount
1.	Non/short levy of taxes	967	5.86
2.	Short levy of taxes due to wrong fixation of seating capacity/ RLW	198	0.27
3	Other cases	53796	13.96
Total		54,961	20.09

During the year 2003-04, the concerned Department accepted under-assessment and other irregularities in 47 cases involving Rs 7.31 crore of which 31 cases involving Rs 5.19 crore were pointed out in audit during 2003-04 and rest in earlier years.

A few illustrative cases involving Rs 5.38 crore are given in the following paragraphs:

4.2 Tax not collected

Under the provisions of Bihar Motor Vehicles Taxation (BMVT) Act, 1994, as applicable to Jharkhand tax was to be paid by the owner of the vehicle to the Taxing Officer in whose jurisdiction the vehicle was registered. 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”(NOC) from the previous Taxing Officer. Penalty is leviable for non-payment of tax within time.

In 13 District Transport Offices¹ it was noticed that 560 vehicle owners neither paid tax for various period between April 1998 and November 2003, nor were the owners asked by the concerned DTOs to pay the same. Even demand notices in these cases were not issued to the owners of the vehicles. This resulted in non- realisation of Government revenue of Rs 3.93 crore.

¹ Bokaro, Chaibasa, Daltonganj, Deoghar, Dhanbad, Dumka, Giridih, Gumla, Hazaribag, Jamshedpur, Koderma, Lohardaga and Ranchi.

After this was pointed out between December 2002 and November 2003, the DTOs stated between December 2002 and December 2003 that demand notices would be issued for the realisation of dues. Further reply has not been received (April 2005).

The matter was reported to the Government in May 2004; their final reply has not been received (April 2005).

4.3 Non- raising/ realisation of trade tax and penalty

Under the provisions of BMVT Act, and rules framed thereunder, as adopted by Jharkhand State, 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. Further, as per executive instruction issued in May 2001 by the Department, penalty on delayed payment of trade tax is leviable at the prescribed rate.

In four DTOs² it was noticed that 10 dealers / manufacturers of motor vehicles had either not paid trade tax or penalty for delayed payment thereof for various period between 1998-99 and 2002-03 in respect of 66,922 vehicles manufactured / possessed by them. The DTOs had also not taken any action to raise the same. Failure of the Department resulted in non- realisation of Rs 61.50 lakh including penalty.

After this was pointed out between December 2002 and December 2003, the DTOs Dhanbad, Hazaribagh and Ranchi stated that demand notices would be issued. Further reply has not been received (April 2005).

The matter was reported to the Government in May 2004; their final reply is awaited (April 2005).

4.4 Non- raising/ realisation of tax

Under the BMVT Act, and rules framed thereunder and adopted by Jharkhand Government, trailers are required to pay road tax and additional motor vehicle tax at the prescribed rates. By a clarification issued in July 1993 by the State Transport Commissioner (STC), Bihar, trailers are categorised as transport vehicles.

In six DTO³s it was noticed that road tax and additional motor vehicle tax including penalty amounting to Rs 44.67 lakh in respect of 240 trailers during the period from April 1998 to November 2003, though realisable, were not realised. This resulted in non-realisation of tax of Rs 44.67 lakh.

² Dhanbad, Hazaribagh, East Singhbhum (Jamshedpur) and Ranchi
³ Bokaro, Deoghar, Dhanbad, Dumka, Jamshedpur and Lohardaga.

After this was pointed out between February and December 2003, the DTOs stated that demand notices would be issued to the concerned vehicle owners. However, further action taken for realisation of the amount had not been received (April 2005).

The matter was reported to the Government in May 2004; their final reply has not been received (April 2005).

4.5 Non/ short realisation of fees

The Central Motor Vehicle Rules, 1989 prescribe rates of fees in respect of issue of driving licence, registration of vehicles, issue of certificate of fitness, testing etc. By a notification issued in March 2001, Government of India enhanced the rates of fees with effect from 1 April 2001.

In three DTOs⁴ it was noticed that in respect of 27,726 vehicles and 15,514 driving licences, fees was realised at pre revised rates during the year 2001-02. Failure of the Department in realising the fees at enhanced rate resulted in non/ short realisation of fees amounting to Rs 32.31 lakh.

After this was pointed out, the DTOs stated between March 2002 and September 2003, that due to late circulation of the notification in March 2002 by the Department, the fees at enhanced rate could not be realised. Thus delay on the part of the Department in circulating the notification resulted in non-realisation of fee at enhanced rates. Further reply has not been received (April 2005).

The matter was reported to the Government in May 2004; their final reply has not been received (April 2005).

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

Under the provisions of BMVT Act, and rules framed thereunder as adopted by Jharkhand Government, the seating capacity of public service vehicle is to be fixed on the basis of their wheel base. The seating capacity of tourist coach is to be fixed keeping in view the conditions laid down under the Central Motor Vehicle Rules, 1989. Further, as per instruction issued in September 2000 by the Department, seating capacity of a transport vehicle may be allowed less than its wheel base, on payment of tax on seating capacity of its wheel base.

⁴ Dhanbad, Dumka and Koderma

In three DTO⁵s, it was noticed that the owners of 54 transport vehicles having wheel base of 53 seats had paid tax on 37 seats during the various periods between 1998-99 and 2003-04. This resulted in short realisation of tax amounting to Rs 6.04 lakh.

After this was pointed out between December 2002 and July 2003, the DTOs, stated that instruction would be noted for future guidance. The DTO Ranchi stated in December 2002 that the action would be taken for revision. Further reply has not been received till April 2005.

The matter was reported to the Government in May 2004; their final reply is awaited (April 2005).

⁵ Giridih, Hazaribagh and Ranchi