

## CHAPTER VI OTHER TAX RECEIPTS

### 6.1 Results of audit

Test check of the records of the offices of the motor vehicles and registration departments conducted during the year 2006-07 revealed non/short realisation of revenue amounting to Rs. 3.58 crore in 255 cases which fall under the following categories:

(Rupees in crore)

Sl. No.	Category	No. of cases	Amount
	<b>Taxes on vehicles</b>		
1.	Non /short levy of tax	87	1.89
2.	Other lapses	21	0.58
3.	Incorrect classification	44	0.29
4.	Irregular exemption	7	0.23
	<b>Stamp duty and registration fee</b>		
5.	Undervaluation of documents	65	0.58
6.	Other lapses	31	0.01
	<b>Total</b>	<b>255</b>	<b>3.58</b>

During 2006-07, the departments accepted underassessments and other deficiencies of Rs. 4.05 crore involved in 198 cases of which 27 cases involving Rs.13.22 lakh were pointed out during 2006-07 and the rest in the earlier years. The departments recovered Rs. 8.69 lakh in 44 cases of which 26 cases involving Rs. 5.18 lakh were pointed out in 2006-07 and the rest in the earlier years.

A few illustrative cases involving Rs. 22.67 lakh are mentioned in the succeeding paragraphs.

## **TAXES ON VEHICLES**

### **6.2 Non-levy of fee for permit and certificate of fitness**

Under the Motor Vehicles Act, 1989, omnibus means any motor vehicle constructed or adapted to carry more than six persons excluding the driver. The Central Government as per the powers conferred under the Act, revised on 5 November 2004 the list of vehicles under transport and non-transport categories. 'Omnibus for private use' which was earlier listed as a non-transport vehicle was excluded from that category and a new entry 'omnibus' was included in the list of transport vehicles. The transport vehicles require a permit and certificate of fitness. The minimum fee specified for a regular permit under Kerala Motor Vehicles Rules, 1989 is Rs. 500 and fee for grant and renewal of certificate of fitness of medium motor vehicles is Rs. 300.

Scrutiny of the records of 30 transport offices<sup>1</sup> revealed that 1,449 omnibuses registered between 5 November 2004 and 31 March 2006 continued to be categorised as non-transport vehicles. In addition, no action had been taken to alter 855 omnibuses registered prior to 5 November 2004 as transport vehicle. This resulted in short levy of fee due on permit and certificate of fitness amounting to Rs. 18.43 lakh.

The cases were pointed out to the department between April and October 2006 and reported to the Government in January 2007. The Government stated in June 2007 that a category of omnibus, i.e., private service vehicle registered in the name of individual and used by him solely for personal use is still a non-transport vehicle and the cases would be verified with reference to the actual use and wrong classification would be corrected. The reply is not tenable as omnibuses classified as private service vehicle in the registration records were not included in the audit observation.

## **LUXURY TAX**

### **6.3 Short levy due to non-considering of turnover**

Under the Kerala Tax on Luxuries Act, 1976, where the charge for accommodation for residence in rooms and for other amenities and services exclusive of charges for food, drink and telephone calls is more than Rs. 500 per day per room, the tax payable shall be 15 *per cent* of such rate.

In the commercial tax office (WC&LT), Kottayam, while finalising the luxury tax assessment of a resort hotel for 2003-04 in June 2004, the assessing authority failed to include an income of Rs. 28.24 lakh received for services and amenities provided by the assessee. This resulted in short levy of luxury tax of Rs. 4.24 lakh.

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<sup>1</sup> Regional Transport Offices (RTOs): Alappuzha, Idukki, Kollam, Kottayam, Palakkad and Pathanamthitta and Regional Rural Transport Office, Muvattupuzha.

Sub RTOs: Adoor, Alathur, Chengannur, Cherthala, Kanjirapally, Kayamkulam, Karunagappally, Koduvally, Kothamangalam, Kottarakkara, Mallappally, Mannarkad, Mavelikkara, Pala, Pattambi, Ponnani, Punalur, Ottappalam, Thiruvalla, Thodupuzha, Tirur, Tripunithura and Vandiperiyar.

After the case was pointed out to the department in September 2005 and reported to the Government in April 2007, the Government stated in July 2007 that the assessing authority had revised the assessment in February 2006 and the short levy with interest was recommended for revenue recovery in August 2006. Further report has not been received (December 2007).