

## Chapter III: Taxes on Vehicles

### 3.1 Results of audit

Test check by audit of records relating to Motor Vehicles Department during the year 2004-2005, revealed irregularities amounting to Rs.12.62 crore in 1,427 cases which broadly fall under the following categories:

(In crore of rupees)

Sr. No.	Category	Number of cases	Amount
1.	Non levy/short levy of special road tax/ token tax, penalty and interest	1,050	10.47
2.	Non levy/short levy of penalty and interest	6	0.64
3.	Other irregularities	371	1.51
	<b>Total</b>	<b>1,427</b>	<b>12.62</b>

During the year 2004-2005, the Department accepted audit observations involving Rs.17.05 crore in 1,068 cases. The Department recovered Rs.33.59 lakh in 39 cases relating to audit findings of earlier years.

A few illustrative cases highlighting irregularities involving financial effect of Rs.22.65 crore are given in the following paragraphs.

### **3.2 Non levy of interest and penalty on late payment of special road tax**

Under the Punjab Motor Vehicles Act, 1924, (PMVT Act) if the owner of a vehicle fails to pay Special Road Tax (SRT) within the prescribed period, he is liable to pay penalty not exceeding Rs.5,000 but not less than Rs.1,000. In addition, the owner is also liable to pay simple interest at the rate of one and a half *per cent* per month or a part of month from the date following the due date, till the default continues.

During test check of records of five\* District Transport Officers (DTOs), it was noticed between May and September 2003 that five depots of Pepsu Road Transport Corporation (PRTC)\*\* and two\*\*\* depots of Punjab Roadways paid SRT amounting to Rs.50.38 crore beyond the specified date pertaining to different periods falling between April 1999 and March 2003. The delay ranged between one and 48 months. Neither any penalty was levied nor interest was charged for delayed payment of tax. This resulted in non levy of interest of Rs.19.21 crore including minimum penalty of Rs.2.58 lakh.

After this was pointed out in audit between May and September 2003, DTOs Kapurthala and Faridkot intimated in May 2005 that the matter for recovery was taken up in May 2005 with the General Manager (GM), PRTC. DTO Moga intimated in May 2005 that GM, Punjab Roadways, Moga was requested in April 2005 to deposit the amount while replies from other DTOs were awaited (September 2005).

The matter was brought to the notice of the Department and referred to the Government in March 2004; their replies were awaited (September 2005).

### **3.3 Short recovery of special road tax**

According to the PMVT Act, there shall be levied and paid to the Government, SRT on stage carriages at the rate per seat, per kilometer/per day as may be specified by the Government from time to time on the entire distance permitted to be covered. Failure to pay the tax within the prescribed period attracts penalty and interest.

During the course of audit of Regional Transport Authority (RTA), Patiala and 10@ DTOs for the year 2002-2003 and 2003-2004, it was noticed between May 2003 and December 2004 that a depot of Punjab Roadways, Nawanshahar, Haryana Roadways, Chandigarh and 36 private transport companies (PTC)) paid

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\* Faridkot, Kapurthala, Ludhiana, Moga and Patiala

\*\* Chandigarh, Faridkot, Kapurthala, Patiala-I and II.

\*\*\* Ludhiana and Moga.

@ Amritsar, Ferozepur, Hoshiarpur, Jalandhar, Ludhiana, Mansa, Nawanshahar, Patiala, Ropar and Sangrur.

SRT amounting to Rs.2.19 crore against the recoverable amount of Rs.4.51 crore worked out on the basis of entire mileage permitted to be covered during the period from April 2002 to March 2004. This resulted in short recovery of SRT of Rs.2.55 crore including interest of Rs.18.78 lakh and penalty of Rs.4.64 lakh.

After this was pointed in audit, DTOs Hoshiarpur, Ludhiana, Patiala and Ropar intimated in May 2005 that an amount of Rs.12.65 lakh pertaining to the year 2002-2003 was recovered from six PTCs. Further reply was awaited (September 2005).

The matter was brought to the notice of the Department and referred to the Government in July 2004; their replies were awaited (September 2005).

### **3.4 Non levy of special road tax**

As per the PMVT Act, there shall be levied and paid to Government, SRT on tourist permit vehicles (tourist buses) at the rates as may be specified by the Government from time to time. Failure to pay the tax within the prescribed period attracts penalty and interest. Where tax due has not been paid, the Department may seize and detain such vehicles until the tax due is paid.

Test check of records of State Transport Commissioner (STC), Punjab in January 2004 revealed that in respect of three tourist buses, SRT amounting to Rs.8.64 lakh was not paid during the year 2002-2003 by the owners of buses. The Department neither demanded SRT nor took any action to impound the buses. This resulted in non levy of SRT amounting to Rs.12.60 lakh including interest and penalty upto March 2004.

After this was pointed out in audit in January 2004, it was intimated by STC in November 2004 that concerned Deputy Collector cum Deputy Commissioner was requested to recover the amount from the defaulters as arrears of land revenue under Land Revenue Act. Final outcome was still awaited (September 2005).

The matter was brought to the notice of the Department and referred to the Government in October 2004; their replies were awaited (September 2005).

### **3.5 Short realisation of composite fee**

Under the National Permit Scheme, vehicles registered in one State are authorised to ply in other States on payment of prescribed composite fee in lumpsum. The composite fee is initially received from the owner of the vehicle in the form of crossed bank draft by the State in which the vehicle is registered and transmitted to the State in which the vehicle is authorised to ply.

During test check of records of the STC for the year 2002-2003, it was noticed in January 2004 that 385 goods carriages registered in other\* States authorised to ply in Punjab State under the National Permit Scheme paid the composite fee at lower rate than the rates prescribed by the State Government. Failure on the part of the Department to take up the matter with the States concerned resulted in short realisation of composite fee of Rs.8.74 lakh.

After this was pointed out in audit, STC stated in January 2004 that matter was being investigated. Final outcome of the investigation was still awaited (September 2005).

The matter was brought to the notice of the Department and referred to the Government in October 2004; their replies were awaited (September 2005).

### **3.6 Non recovery of token tax**

Under the provisions of the PMVT Act, token tax is leviable on stage carriages, mini buses, buses of educational institutions and goods carriages at prescribed rates and are recoverable in advance in equal quarterly instalments. Failure to pay tax by due dates attracts interest and penalty at prescribed rates. Where tax due in respect of any vehicle has not been paid, the Department may issue notices, impound, seize and detain such vehicles until the tax due is paid.

During the course of audit of records of three\*\* DTOs, it was noticed between October and December 2003 that token tax amounting to Rs.7.86 lakh in respect of 39 buses was not paid for the year 2002-2003. The Department neither demanded nor recovered token tax. This resulted in non recovery of token tax amounting to Rs.8.79 lakh including penalty.

After this was pointed out in audit, it was intimated by the STC in July 2004 that an amount of Rs.1.42 lakh was recovered in June 2004 by DTO Mansa, while DTOs Ferozepur and Jalandhar had issued notices in May 2005 for recovery. Final position was awaited (September 2005).

The matter was brought to the notice of Department and referred to the Government in May 2004; their replies were awaited (September 2005).

### **3.7 Application of incorrect rates of tax**

As per PMVT Act as amended from time to time, there shall be levied and paid to the Government SRT on transport vehicles at the rates prescribed by the Government from time to time. Failure to pay the tax within the prescribed

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\* Haryana, Himachal Pradesh, Rajasthan and Uttar Pradesh.

\*\* Ferozepur, Jalandhar and Mansa.

period attracts penalty and interest. The Government increased the rate of SRT from 5.18 paise to 5.75 paise per kilometer/seat/ day leviable on stage carriage with effect from 1 July 2003.

Test check of records of DTO, Moga in September 2004 revealed that GM Punjab Roadways, Moga continued to pay the SRT at the pre revised rate of 5.18 paise instead of 5.75 paise per km for the period from July 2003 to September 2004. This resulted in short levy of SRT of Rs.39.56 lakh due to incorrect application of rates including interest and penalty.

After this was pointed out in audit in September 2004, DTO Moga intimated in May 2005 that an amount of Rs.37.08 lakh had been recovered and deposited in March 2005.

The matter was brought to the notice of the Department and referred to the Government in December 2004; their replies were awaited (September 2005).

### **3.8 Embezzlement of Government money**

Under Punjab Financial Rules, every Government employee is personally responsible for the money which passes through his hands and for the prompt record of receipts and payments of the Government in the relevant account as well as for the correctness of the account in every respect. Further, all transactions should be entered in the cash book as soon as they occur and attested by the head of the office in token of check and correctness. Under the State Treasury Rules, all money received by or tendered to Government servants on account of revenue of the State Government shall, without undue delay, be paid in full into treasury or bank.

Cross verification of transactions of various types of fees collected by Motor Vehicle Inspector (MVI), with the records of DTO Moga in September 2004 revealed that an amount of Rs.19.04 lakh collected by MVI between November 2001 and August 2004 from public had neither been accounted for in the collection register/cash book nor deposited in the Government account. Thus, failure on the part of the higher authorities to cross verify the receipts collected by MVI and non reconciliation of the remittance with the treasury resulted in embezzlement of Government money of Rs.19.04 lakh.

After this was pointed out by audit in September 2004, the DTO intimated in October 2004 that an amount of Rs.19.04 lakh had been recovered from the defaulting official and deposited into Government account. Though the amount has been recovered, action taken against officials/officers at fault has not been intimated.

The matter was brought to the notice of the Department and referred to the Government in January 2005; their replies were awaited (September 2005).