

## Chapter III: Taxes on Vehicles

### 3.1 Results of audit

Test check of the records relating to the Motor Vehicles Department during the year 2007-08, revealed irregularities amounting to Rs. 5.05 crore in 762 cases, which fall under the following categories:

(In crore of rupees)

Sr. No.	Category	Number of cases	Amount
1.	Non/short recovery of special road tax	388	2.92
2.	Non/short recovery of token tax	188	0.58
3.	Other irregularities	186	1.55
<b>Total</b>		<b>762</b>	<b>5.05</b>

During the year 2007-08, the department accepted audit observations involving Rs. 4.18 crore in 645 cases and recovered Rs. 77.79 lakh in 82 cases pertaining to the audit findings of previous years.

A few illustrative cases involving Rs. 7.14 crore are mentioned in the succeeding paragraphs.

**3.2 Non/short payment of SRT and interest/penalty on delayed payment of SRT**

Under the Punjab Motor Vehicles Taxation Act, 1924 (PMVT Act), as amended from time to time, there shall be levied and paid to the Government, a special road tax (SRT) on stage carriages at the rate per seat, per kilometre/per day as may be specified by the Government from time to time upto the 15<sup>th</sup> of every month on the entire distance permitted to be covered. Failure to pay tax within the prescribed period attracts simple interest at the rate of one and half *per cent* per month or a part of the month from the date following the due date, till the default continues and also penalty not exceeding Rs. 5,000 but not less than Rs. 1,000. Where tax due in respect of any vehicle is not paid, the department may issue notices, seize and detain such vehicles until the tax due is paid.

**3.2.1** During test check of the records of 11 district transport officers<sup>1</sup> (DTOs) for the year 2006-07, it was noticed between May 2007 and February 2008 that SRT amounting to Rs. 6.48 crore was due from 83 private transport companies and two depots of Punjab Roadways (Hoshiarpur and Nawanshahr), worked out on the basis of the entire mileage permitted to be covered during 2006-07. Out of this, these companies and depots paid SRT amounting to Rs. 3.94 crore. The department neither demanded the balance SRT nor took any action to impound the buses of private transport companies. This resulted in non/short payment of SRT amounting to Rs. 3.31 crore including minimum penalty and interest (calculated upto March 2008).

After the cases were pointed out between May 2007 and February 2008, six<sup>2</sup> DTOs stated between May 2007 and February 2008 that recovery would be made. Two DTOs (Moga and Sangrur) stated between June and August 2007 that matter would be taken up with the concerned transport companies and no reply was furnished by the other DTOs.

The matter was reported to the department and the Government between October 2007 and February 2008; their replies have not been received (August 2008).

**3.2.2** During test check of the records of DTO Patiala, it was noticed in May 2007 that all the depots of Pepsu Road Transport Corporation (PRTC) paid SRT amounting to Rs. 24.88 crore beyond the specified date pertaining to different periods falling between April 2006 and March 2007. The delay ranged between one and 11 months. Neither was any penalty levied nor was interest charged for delayed payment of tax. This resulted in non-levy of interest of Rs. 1.97 crore upto March 2007 and minimum penalty of Rs. 1.55 lakh.

The matter was reported to the department and the Government in January 2008; their replies have not been received (August 2008).

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<sup>1</sup> Amritsar, Faridkot, Ferozepur, Hoshiarpur, Jalandhar, Mansa, Moga, Muktsar, Nawanshahr, Patiala and Sangrur.

<sup>2</sup> Amritsar, Ferozepur, Hoshiarpur, Jalandhar, Mansa and Nawanshahr.

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**3.3 Non-realisation of special road tax and token tax from all India tourist buses/taxis**

As per the PMVT Act, SRT and token tax shall be levied on tourist buses/taxis at the rates prescribed by the Government from time to time, which is to be collected in advance on monthly/quarterly/yearly basis. Failure to pay the tax within the prescribed period attracts penalty and interest.

During test check of the records of the State Transport Commissioner (STC) Punjab, it was noticed in July 2007 that the owners of 102 tourist buses/taxis did not pay the SRT amounting to Rs. 63.80 lakh and token tax of Rs. 6.69 lakh during 2006-07. The department also did not raise the demand. This resulted in non-realisation of tax amounting to Rs. 95.12 lakh including interest of Rs. 19.25 lakh and minimum penalty of Rs. 5.38 lakh.

The matter was reported to the department and the Government in December 2007; their replies have not been received (August 2008).

**3.4 Non-recovery of token tax/interest**

Under the provisions of the PMVT Act, token tax is leviable on stage carriages, mini buses, buses of educational institutions and goods carriages at the prescribed rates and is recoverable in advance in equal quarterly instalments. Failure to pay tax by the due dates attracts interest and penalty at the 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.

**3.4.1** During test check of the records of nine<sup>3</sup> DTOs , it was noticed between May 2007 and February 2008 that token tax amounting to Rs. 51.23 lakh in respect of 200 buses was not paid by the owners during the year 2006-07. The department neither demanded the tax due nor took any action as required under the PMVT Act. This resulted in non-recovery of token tax amounting to Rs. 71.67 lakh including interest and penalty.

After the cases were pointed out between May 2007 and February 2008, four DTOs (Amritsar, Ferozepur, Jalandhar and Mansa) stated in May 2007 and February 2008 that recovery would be made. DTO Moga stated in June 2007 that matter would be taken up with the transporters for payment. Reply in the remaining cases has not been received (August 2008).

**3.4.2** During test check of the records of DTO Patiala, it was noticed in June 2007 that PRTC paid token tax amounting to Rs.75.71 lakh beyond the specified dates pertaining to the first and second quarter of 2006-07. The delay in payment ranged between three to six months. The department also did not demand the interest due and levy penalty. This resulted in non-levy of interest of Rs. 6.69 lakh including penalty on delayed payment of token tax.

The matter was reported to the department and the Government between December 2007 and February 2008; their replies have not been received (August 2008).

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<sup>3</sup> Amritsar, Fatehgarh Sahib, Ferozepur, Gurdaspur, Jalandhar, Ludhiana, Mansa, Moga and Patiala.

**3.5 Short realisation of composite fee**

Under the National Permit Scheme (NPS), vehicles registered in one state are authorised to ply in other states on payment of the prescribed composite fee in lumpsum. The composite fee is initially received from the owner of the vehicle in the form of a 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 the records of the STC for the year 2006-07, it was noticed in July 2007 that 416 goods carriages registered in Madhya Pradesh and authorised to ply in Punjab under the NPS, paid composite fee at a rate lower than the rates prescribed. Failure on the part of the department to take up the matter with the concerned state resulted in short realisation of composite fee of Rs. 10.21 lakh.

The matter was reported to the department and the Government in October 2007; their replies have not been received (August 2008).