

Chapter 3: Taxes on Vehicles

3.1 Results of audit

Test check of records of the Motor Vehicles department conducted in audit during the year 2000-2001, disclosed under-assessment and non-recovery of taxes/penalty/ interest amounting to Rs.10452.54 lakh in 408 cases which broadly fall under the following categories:

(In lakh of rupees)			
Sr.No.	Category	Number of cases	Amount
1	Evasion of tax by plying of vehicles in excess of permitted kilometers	1	446.16
2	Non/short recovery of tax	299	1128.41
3	Suppression of arrears	1	8635.77
4	Non/short levy of penalty and interest	44	226.51
5	Irregular grant of rebate/ exemption	3	9.41
6	Others	60	6.28
	Total	408	10452.54

During the course of the year 2000-2001, the department accepted audit observations of Rs.44.28 lakh in 66 cases, of which 21 cases involving an amount of Rs.4.25 lakh had been pointed out in audit during 2000-2001 and rest in earlier years. Of these cases, the department recovered Rs.40.03 lakh in 45 cases relating to earlier years. A few illustrative cases highlighting important irregularities involving Rs.95.18 crore are given in the following paragraphs:

3.2 Plying of vehicles in excess of permitted kilometers

Under the Motor Vehicles Act, 1988, no owner shall use or permit the use of the vehicle as a transport vehicle in any public place, save in accordance with the conditions of a permit granted or countersigned by a Regional or State Transport Authority or any prescribed authority. Further, as per the Punjab Motor Vehicles Taxation Act, 1924, as amended from time to time, from 1 June 1993, there shall be levied and paid to the Government, a special road tax (SRT) on transport vehicles at the rates per seat, per kilometre and per day as may be specified by the Government, on the entire distance permitted to be covered and within the specified period. Failure to pay the tax within the prescribed period attracts penalty and interest.

Mention was made in para 3.2.8.1 of Report of the Comptroller and Auditor General of India (Revenue Receipts), Government of Punjab for the year 1995-96. The PAC in its 131st Report placed in Vidhan Sabha on 14-3-2001 recommended (May 2001) that responsibility for not pointing out this deficiency by internal audit wing of the department be fixed.

During the scrutiny of information collected from the office of the State Transport Commissioner (STC), Punjab, it was noticed (September 2000) that 13 depots* of Punjab Roadways unauthorisedly covered 128.06 lakh Kms in excess of the permitted kilometers during the year 1999-2000 for which SRT was not deposited by Punjab Roadways authorities. This resulted in evasion of SRT amounting to Rs.4.46 crore. Besides, penalty and interest were also leviable.

On this being pointed out in audit (September 2000), the STC stated (September 2000) that matter has been taken up with the concerned authorities for reconciliation of mileage and for deposit of SRT.

The above matter was referred to the department (October 2000) and Government in February 2001. The matter was followed up with reminders to Principal Secretary to Government Punjab Transport department in April and June 2001. However, inspite of such efforts, no reply was received (July 2001).

3.3 Non payment of Special Road Tax

(a) During the course of audit of District Transport Officer (DTO) Mansa, it was noticed (June 2000) that a transport company was sanctioned two permits** without indicating the actual distance to be covered. The SRT leviable under the provisions of the Act ibid was neither determined/demanded by the department nor paid by the transport company for the period from June 1993 to March 2000. This resulted in non-payment of SRT amounting to

* Amritsar-I, Batala, Chandigarh, Ferozepur, Hoshiarpur, Jagraon, Jalandhar-I, Jalandhar-II, Ludhiana, Mukatsar, Nawanshahar, Patti and Ropar.

** Mansa - Mullanpur via Barnala
Mansa - Bathinda via Jhumir Talwandi

Rs 22.69 lakh worked out on the actual distance of 364 Kms (taking into account one return trip) levied on other similar cases. Besides, penalty of Rs.0.82 lakh was also leviable.

On this being pointed out (June 2000), DTO Mansa stated (June 2000) that action would be taken to recover the amount.

The above matter was referred to the department (July 2000) and Government in January 2001. The matter was followed up with reminders to Principal Secretary to Government Punjab Transport department in April and June 2001. However, inspite of such efforts, no reply was received (July 2001).

(b) The Punjab Motor Vehicles Taxation Act, 1924, provides that where tax due in respect of any vehicle has not been paid, the department may seize and detain such vehicle until the tax due in respect of the vehicle is paid.

Mention was also made in para.3.2.4 of the Audit Report of the Comptroller and Auditor General of India (Revenue Receipts), Government of Punjab for the year 1999-2000, but no action was taken by the department to recover the SRT.

During the course of audit of records of the State Transport Commissioner (STC), Punjab, it was noticed (September 2000) that SRT on 13 tourist buses (Deluxe:9 and AC:4) was not paid by the owners of the buses during the year 1999-2000. The department neither demanded the SRT nor any action to impound the buses under the Act was taken. This resulted in non-recovery of SRT amounting to Rs.18.57 lakh including penalty of Rs.1.56 lakh. Besides, interest upto the date of default was also leviable.

On this being pointed out (September 2000) in audit, State Transport Commissioner stated (May 2001) that the recoveries as pointed out were being made.

The above matter was referred to the department (October 2000) and Government in February 2001. No final reply was received from the concerned quarters. The matter was followed up with reminders to Principal Secretary to Government Punjab Transport department in April and June 2001. However, inspite of such efforts, no reply was received (July 2001).

3.4 Short payment of Special Road Tax

During the course of audit of 13 District Transport Officers* (DTOs), it was noticed (between May and December 2000) that 57 private transport companies paid SRT of Rs.175.46 lakh against the recoverable amount of Rs.313.09 lakh worked out on the basis of entire mileage permitted to be covered during the period from April 1999 to March 2000 by the Regional Transport Authorities Ferozepur, Jalandhar and Patiala. This resulted in short

* Amritsar, Bathinda, Fatehgarh Sahib, Gurdaspur, Hoshiarpur, Jalandhar, Kapurthala, Ludhiana, Mansa, Moga, Mukatsar, Ropar and Sangrur.

recovery of SRT amounting to Rs.137.63 lakh, besides penalty of Rs.5.42 lakh leviable under the Act.

Similarly, during the course of audit of records of the Secretary, Regional Transport Authority (RTA) Ferozepur, it was noticed (September 2000) that two depots of Rajasthan State Road Transport Corporation (RSRTC) at Bikaner and Anoopgarh have paid SRT amounting to Rs.46.59 lakh against the recoverable amount of Rs. 49.54 lakh worked out in audit on the basis of entire kilometres (7386 Kms daily) allowed to be covered during the period April 1999 to March 2000. This resulted in short recovery of SRT amounting to Rs.2.95 lakh. Besides, penalty of Rs.0.21 lakh was also leviable.

On this being pointed out in audit (between May and December 2000), it was stated (between July 2000 and February 2001) by DTO Bathinda, Hoshiarpur and Ludhiana that part recovery of Rs.4.17 lakh has been made and balance recovery was being made. Reply in other cases was awaited (July 2001).

The matter was brought to the notice of the department (between May and December 2000) and reported to Government (between November 2000 and February 2001). The department in the case of DTO Amritsar stated (March 2001) that recovery of Rs.3.91 lakh relating to part cases has been made and further recovery of Rs.9.94 lakh (including penalty) was being made as arrears of land revenue. Reply of department in the remaining cases and of the Government was awaited. The matter was followed up with reminders to the Principal Secretary to Government Punjab Transport department in April, May and June 2001. However, inspite of such efforts, no reply was received (July 2001).

3.5 Non-recovery of Token Tax

(a) As per provisions of the Punjab Motor Vehicles Taxation Act, 1924, token tax is leviable on every motor vehicle at prescribed rates and is recoverable in equal quarterly instalments. Failure to pay tax by due dates, interest at the rate of one and a half *per cent* per month or part of the month, from the date following the date on which prescribed period expires, till the default continues and penalty not exceeding five thousand rupees but not less than one thousand rupees are also leviable.

During the course of audit of 11 District Transport Officers* (DTOs) it was noticed (between May and December 2000) that token tax for the period ranging between 1st quarter of 1998-99 and 4th quarter of 1999-2000 was not realised from 26 transport companies having 92 buses. This resulted in non-levy/realisation of token tax amounting to Rs.20.28 lakh, besides penalty of Rs.2.41 lakh.

On this being pointed out in audit (between May and December 2000), the DTO Amritsar, Bathinda, Faridkot, Fatehgarh Sahib, Hoshiarpur and Sangrur stated (between July 2000 and February 2001) that part recovery of

* Amritsar, Bathinda, Faridkot, Fatehgarh Sahib, Gurdaspur, Hoshiarpur, Kapurthala, Ludhiana, Mukatsar, Ropar and Sangrur.

Rs.5.84 lakh has been made. The DTO Gurdaspur, Kapurthala, Ludhiana, Mukatsar and Ropar stated (between July 2000 and February 2001) that notices for recovery have been issued.

The above matter was referred to the department (May and December 2000) and Government in December 2000 and February 2001. No final reply was received from the concerned quarters. The matter was followed up with reminders to Principal Secretary to Government Punjab Transport department in May and June 2001. However, inspite of such efforts, no reply was received (July 2001).

(b) The Act *ibid* further provides that where tax due in respect of any vehicle has not been paid, the department may seize and detain such vehicle until the tax due in respect of the vehicle is paid.

During the course of audit of records of the office of State Transport Commissioner (STC), Punjab, it was noticed (September 2000) that token tax for 13 tourist buses (Delux: 9 and AC: 4) was not paid by the owners of the buses during the year 1999-2000. The department neither demanded the token tax nor any action to impound the buses under the Act for realization of token tax was taken. Inaction on the part of the department resulted in non-recovery of token tax amounting to Rs.3.48 lakh including penalty of Rs.0.52 lakh. Besides, interest upto the date of default was also leviable.

On this being pointed out in audit (September 2000), the STC stated (September 2000) that notices for recovery were being issued.

The above matter was referred to the department (October 2000) and Government in February 2001. No final reply was received from the concerned quarters. The matter was followed up with reminders to Principal Secretary to Government Punjab Transport department in April and June 2001. However, inspite of such efforts, no reply was received (July 2001).

3.6 Non levy of tax on Educational Institutions

State Government vide notification of March 1997 levied tax (Token Tax and SRT) on the vehicles operated by educational institutions recognised by the State Government and Medical Institutions which were previously exempted from the levy of tax. Non payment of tax within the prescribed period attracts penalty and interest.

During the course of audit of District Transport Officer (DTO), Hoshiarpur and Fatehgarh Sahib, it was noticed (June and September 2000) that six educational institutions having 17 buses* did not pay the tax (token tax and SRT) during the year 1999-2000. This resulted in non-levy of tax amounting to Rs.1.99 lakh (SRT Rs.1.70 lakh and Token Tax Rs.0.29 lakh); besides, penalty of Rs.0.23 lakh was also leviable.

- * (a) Hoshiarpur : Five educational institutions:11 buses.
- (b) Fetehgarh Sahib : One educational institution: 6 buses.

On this being pointed out in audit (June and September 2000), DTO, Fatehgarh Sahib stated that notice for recovery would be issued.

The above matter was referred to the department (July and October 2000) and Government in January 2001. No final reply was received from the concerned quarters. The matter was followed up with reminders to Principal Secretary to Government Punjab Transport department in April and June 2001. However, inspite of such efforts, no reply was received (July 2001).

3.7 Suppression of Arrears

During the course of audit of records of the office of State Transport Commissioner (STC), Punjab, it was noticed (September 2000) that the arrears on account of taxes on vehicles outstanding from 1992-93 against Pepsu Road Transport Corporation (PRTC) Patiala at the end of March 2000 under the head '0041-Taxes on Vehicles' was shown at Rs.14.80 crore only whereas the PRTC was showing liability on account of SRT and Token tax amounting to Rs.101.16 crore in its annual account for the corresponding years. This has resulted in suppression of arrears to the extent of Rs.86.36 crore.

On this being pointed out in audit (September 2000), STC stated (September 2000) that matter regarding recovery of taxes from PRTC was under consideration of the Government.

The above matter was referred to the department (October 2000) and Government in February 2001. No final reply was received from the concerned quarters. The matter was followed up with reminders to Principal Secretary to Government Punjab Transport department in April and June 2001. However, inspite of such efforts, no reply was received (July 2001).

3.8 Non-levy of interest and penalty on late payment of tax

Under the Punjab Motor Vehicles Taxation Act, 1924, as amended from 1 June 1993, if the owner of a vehicle fails to pay the SRT within the prescribed period, he is liable to pay penalty not exceeding five thousand rupees but not less than one thousand rupees. 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 date on which prescribed period expires, till the default continues.

During audit of 13* DTOs, it was noticed (between May and December 2000) that Pepsu Road Transport Corporation (PRTC), 12 depots of Punjab Roadways and 17 private transport companies paid SRT beyond the specified date pertaining to different periods falling between April 1995 and March 2000 and the delay ranged between one and fifty seven months for which neither any penalty was levied nor the interest was charged for delayed

* Amritsar, Faridkot, Fatehgarh Sahib, Gurdaspur, Hoshiarpur, Jalandhar, Kapurthala, Mansa, Moga, Mukatsar, Patiala, Ropar and Sangrur.

payment of tax. This resulted in non-levy of minimum penalty of Rs.2.31 lakh and interest of Rs.213.45 lakh.

On this being pointed out in audit (between May and December 2000), DTOs, Amritsar, Faridkot and Feteahgarh Sahib stated (between October 2000 and February 2001) that recovery of Rs.8.02 lakh had been made. Remaining DTOs (except Patiala) stated (between May 2000 and February 2001) that efforts to recover the amounts were being made after verification of records.

The above matter was referred to the department (between May and December 2000) and Government in October 2000 and February 2001. No final reply was received from the concerned quarters. The matter was followed up with reminders to Principal Secretary to Government Punjab Transport department in May and June 2001. However, in spite of such efforts, no reply was received (July 2001).

3.9 Forged Treasury Challans

Taxes leviable under the Punjab Motor Vehicles Taxation Act, 1924, are paid by the owners of the vehicles into the treasury (through the scheduled bank) through treasury challans prepared in triplicate. One copy of the challan is returned by the bank to the depositor for submission to the licensing officer as proof of payment along with an application on the basis of which entries are made in the prescribed register, called Tax Register. Under the Punjab Financial Rules, the department is required to maintain a Remittance Book (Daily Collection Register) on the basis of copies of challans received from the treasury. At the end of each month, figures noted in the Daily Collection Register (DCR) are required to be reconciled with the treasury records.

Further, the department issued (September 1987) instructions to all the licencing authorities to reconcile/verify the token tax deposited by the owners in the treasury before the issue of the Registration Certificate.

During the course of audit of records of the Licensing Officer-cum-Sub-Divisional Officer (Civil) Khadoor Sahib (Amritsar), it was noticed (August 2000) that owners of vehicles submitted 447 challans for Rs.3.21 lakh (between March 1998 and January 1999) in support of payment of various taxes and entries of payment of tax were made in the tax register by the licensing officer without verification of challans with the treasury record, in gross violation of the provisions of the act as well departmental instructions. However, verification of said challans with the treasury records conducted by Audit (August 2000) revealed that credits were not traceable in the records of the treasury. Non-reconciliation of remittances with treasury by the licensing officer resulted in evasion of tax of Rs.3.21 lakh through forged treasury challans.

On this being pointed out in audit (August 2000), the department stated (August 2000) that the credits would be got verified from treasury office and reply would be submitted to audit.

The above matter was referred to the department (August 2000) and Government in November 2000. No final reply was received from the concerned quarters. The matter was followed up with reminders to Principal Secretary to Government Punjab Transport department in May and June 2001. However, inspite of such efforts, no reply was received (July 2001).