

CHAPTER-III: Taxes on Motor Vehicles

3.1 Results of audit

Test check of the records in the offices of the Transport Department conducted in audit during the year 2004-05 revealed short realisation of taxes, fees and penalty amounting to Rs.16.40 crore in 6,274 cases which broadly fall under the following categories:

Sl. No.	Category	Number of cases	Amount (Rs in crore)
1.	Non/short payment of tax, surcharge, penalty, interest and compounding fee	5,277	9.97
2.	Non/short determination/computation of Special Road Tax	888	6.34
3.	Other irregularities	109	0.09
Total		6,274	16.40

During the year 2004-05, the Department accepted short determination of road tax, special road tax etc. in 5,573 cases involving Rs.11.46 crore of which 2,497 cases involving Rs.4.82 crore were pointed out in audit during 2004-05 and rest in earlier years. Further, the Department recovered Rs.32.52 lakh in 551 cases of which 150 cases involving Rs.19.69 lakh were pointed out in audit during the year 2004-05 and the rest in earlier years.

A few illustrative cases involving Rs.7.82 crore and highlighting important audit observations are given in the succeeding paragraphs.

3.2 Non levy of penalty

Under the Rajasthan Motor Vehicles Taxation Act, 1951 (RMVT Act) and the Rules made thereunder, special road tax (SRT) at prescribed rates in respect of stage carriages (other than those plying within the municipal limits) owned by a fleet owner is payable monthly in advance on or before fourteenth day of the month to which it relates. If tax due is not paid within the prescribed period the defaulter shall be liable to pay, a penalty at the rate of 1.5 *per cent* per month of the amount of tax due for each month or part thereof but not exceeding double the amount of tax due.

Scrutiny of records of Regional Transport Office (RTO) Jaipur revealed in November 2004 that SRT in respect of stage carriages (other than those plying

within the municipal limits) owned by Rajasthan State Road Transport Corporation (RSRTC) was paid short by Rs.26.08 crore from time to time during April 2003 to January 2004. The delay ranged between one month to 10 months. This resulted in non-levy of penalty amounting to Rs.2.73 crore.

After this was pointed out in December 2004, the Department stated in March 2005 that as per Government decision in February 2004, on payment of 10 months tax remaining two months tax was adjustable against free/concessional services provided by the Corporation. RSRTC has paid 10 months tax in the same financial year hence penalty was not leviable. The reply was not tenable as two months tax was adjustable only on full and regular payment of 10 months tax. Since the RSRTC has not paid SRT regularly on due dates, therefore penalty was leviable.

The matter was reported to Government in December 2004; their reply has not been received (July 2005).

3.3 Short realisation of special road tax in respect of stage carriages vehicles of Rajasthan State Road Transport Corporation (RSRTC)

Under the RMVT Act and the Rules made thereunder, SRT in respect of stage carriages shall be payable at the rates prescribed by the State Government based on the cost of chassis. Transport Commissioner has to determine the cost of the vehicle in the beginning of each financial year. As per Government notification issued in August 2003 the tax payable for the year 2003-04 shall not exceed the tax payable during the year 2002-03.

In RTO Jaipur, it was noticed in November 2004 that SRT in respect of stage carriages vehicles owned by RSRTC (a fleet owner) was paid short for the period April 2003 to January 2004 due to undervaluation of cost of chassis of vehicles for the purpose of computation of tax. The undervaluation of the cost of chassis resulted in short realisation of SRT amounting to Rs.2.28 crore.

The omission was pointed out to the Department and reported to the Government in December 2004; their replies have not been received (July 2005).

3.4 Non/short-realisation of special road tax in respect of contract carriages

Under the RMVT Act, and the Rules made thereunder, SRT in respect of contract carriages having seating capacity of more than 30 excluding driver and conductor is payable at the rate of 36 *per cent* of the cost of chassis. The tax is payable monthly in advance on or before seventh day of the month for which tax relates.

In RTOs Jaipur and Sikar, it was noticed in September 2004 that SRT was either not paid or paid short by the owners of 31 contract carriage vehicles for the period between April 2002 and March 2004. This resulted in non/short realisation of SRT amounting to Rs.89.42 lakh.

After this was pointed out in October 2004, the Department stated between March 2005 and July 2005 that Rs.15.80 lakh in respect of nine vehicles had been recovered in Jaipur and Sikar. Intimation of remaining vehicles has not been received (July 2005).

The matter was reported between November 2004 and March 2005 to the Government; their reply has not been received (July 2005).

3.5 Non/short realisation of motor vehicles tax and special road tax in respect of goods vehicles

Under the RMVT Act and the Rules made thereunder, motor vehicles tax (MVT) on all motor vehicles used or kept for use in the State shall be levied and collected at the rates prescribed by the State Government from time to time. In addition to MVT, SRT on all transport vehicles at the rates prescribed shall also be payable.

In seven District Transport Offices¹ (DTO), it was noticed between July 2004 and February 2005 that MVT and SRT relating to the period between April 2000 and March 2004 in respect of 371 goods vehicles were either not paid or paid short by the owners of these vehicles. The Department also did not initiate action to realise the tax due. The omission resulted in non/short realisation of tax amounting to Rs.55.11 lakh.

After this was pointed out between August 2004 and March 2005, the Department stated in July 2005 that Rs.4.93 lakh in respect of 42 vehicles had been recovered in Baran, Jhunjhunu and Sriganganagar. Intimation of remaining vehicles has not been received (July 2005).

The matter was reported between November 2004 and March 2005 to the Government; their reply has not been received (July 2005).

3.6 Non/short realisation of motor vehicles tax and special road tax in respect of contract carriages

Under the RMVT Act and the Rules made thereunder, MVT and SRT in respect of contract carriage vehicles having seating capacity of upto 10 is payable at the rates prescribed by the State Government from time to time

¹ Baran, Jaipur, Jalore, Jhunjhunu, Sawaimadhopur, Sirohi, and Sriganganagar.

quarterly in advance on or before 10th day of the first month of the quarter to which tax relates.

In seven RTOs/DTOs², it was noticed between May 2004 and December 2004 that MVT and SRT for the period between April 2001 and March 2004 in respect of 426 vehicles having seating capacity upto 10 and plying on contract carriage permits were either not paid or paid short by the owners of these vehicles. The taxation officer also did not initiate any action to recover the tax due. This resulted in non/short realisation of MVT and SRT amounting to Rs.53.93 lakh.

After this was pointed out between June 2004 and January 2005, the Department stated in July 2005 that Rs.6.69 lakh in respect of 57 vehicles had been recovered in Banswara, Baran and Jaipur. Intimation of remaining vehicles has not been received (July 2005).

The matter was reported to the Government between January 2005 and March 2005; their reply has not been received (July 2005).

3.7 Non/short realisation of special road tax on stage carriages

Under the RMVT Act and the Rules made thereunder, SRT in respect of stage carriages is payable monthly in advance on or before seventh day of the month and the owner is also required to submit declaration to this effect within first 14 days of the month. If the tax has not been correctly paid or owner has not submitted declaration the taxation officer shall proceed to compute and recover the amount of tax due.

In four DTOs³, it was noticed between June 2004 and February 2005 that SRT in respect of 94 stage carriages were either not paid or paid short by the owners of these vehicles during the period between April 2000 and March 2004. The taxation officers also did not initiate any action to recover the tax due. The omission resulted in short/non realisation of SRT amounting to Rs.42.32 lakh.

After this was pointed out between July 2004 and March 2005 the Department stated in July 2005 that Rs.1.38 lakh in respect of five vehicles had been recovered in Jhunjhunu. Intimation of remaining vehicles has not been received (July 2005).

The matter was reported to the Government in March 2005; their reply has not been received (July 2005).

² Banswara, Baran, Jaipur, Jalore, Pali, Rajsamand and Sirohi.

³ Bundi, Dholpur, Jhunjhunu and Nagaur.

3.8 Non realisation of motor vehicles tax on passenger vehicles kept without non-temporary permits⁴

Under the RMVT Act, MVT in respect of a passenger vehicle not covered by a non temporary permit shall be payable at full rate of tax prescribed for passenger vehicles from time to time.

In three RTO/DTOs⁵, it was noticed between July 2004 and September 2004 that MVT was not paid by owners of 89 passenger vehicles for the periods between April 2002 and April 2004 during which their vehicles remained without any non temporary permit. The taxation officer also did not initiate any action to realise the amount of the tax due. This resulted in non realisation of MVT amounting to Rs.32.21 lakh.

After this was pointed out between August 2004 and October 2004, the Department stated between March 2005 and July 2005 that tax amounting to Rs.2.13 lakh in respect of 13 vehicles had been recovered in Bikaner, Jaipur and Sriganganagar. Intimation of remaining vehicles has not been received (July 2005).

The matter was reported to the Government between November 2004 and January 2005; their reply has not been received (July 2005).

3.9 Non/short realisation of special road tax in respect of stage carriages of other states

Under the RMVT Act and the Rules made thereunder, SRT at the prescribed rates in respect of stage carriages of other states plying on inter state routes is payable monthly in advance on or before seventh day of the month to which it relates and the owner is also required to submit a return/declaration to this effect on or before fourteenth day of the said month. If the taxation officer is satisfied that the tax has not been correctly paid or the owner has not furnished the return/declaration, he shall, after giving reasonable opportunity to the owner of vehicle being heard, proceed to compute and recover the tax due.

In Shahjahanpur, it was noticed in December 2004 that four stage carriage permits were issued by Regional Transport Authority, Faridabad between November 1997 and November 2002 in favour of Faridabad Depot of Haryana Roadways to ply four vehicles on Delhi-Jaipur inter state route with single trip per day. Out of these four permits, two permits were transferred in June 1999 to Delhi depot of Haryana Roadways. A test check of returns/challans submitted by Delhi Depot revealed that SRT in respect of above two permits was being paid by Delhi Depot with effect from May 2002 instead of from the date of transfer in June 1999. The taxation officer also did not initiate any

⁴ Permanent permit.

⁵ Bikaner, Jaipur and Sriganganagar,

action to recover the tax due. This resulted in non/short realisation of SRT amounting to Rs.8.52 lakh during the period from June 1999 to April 2002.

The matter was pointed out to the Department in January 2005 and reported to the Government in March 2005; their replies have not been received (July 2005).