

## CHAPTER-III: TAXES ON MOTOR VEHICLES

### 3.1 Results of audit

Test check of the records in the offices of the Transport Department conducted during the year 2007-08 revealed short realisation of taxes, fees, penalty etc. amounting to Rs. 23.29 crore in 8,279 cases, which fall under the following categories:

**(Rupees in crore)**

| Sl. No.      | Category   | Number of cases | Amount       |
|--------------|--|-----------------|--------------|
| 1.           | Non/short payment of tax, penalty, interest and compounding fees | 7,637           | 20.63        |
| 2.           | Non/short computation of motor vehicles tax/special road tax     | 92              | 1.79         |
| 3.           | Other irregularities   | 550             | 0.87         |
| <b>Total</b> |  | <b>8,279</b>    | <b>23.29</b> |

During the year 2007-08, the department accepted non/short computation of road tax, special road tax etc. of Rs. 26.11 crore involving in 7,255 cases out of which 2,821 cases involving Rs. 7.19 crore had been pointed out in audit during the year 2007-08 and the rest in the earlier years. The department recovered Rs. 81.42 lakh in 602 cases, of which 216 cases involving Rs. 51.14 lakh were pointed out in audit during the year 2007-08 and the rest in the earlier years.

After the issue of a draft paragraph, the department intimated (June 2008) recovery of Rs. 9.78 crore pertaining to a single observation.

A few illustrative cases involving revenue of Rs. 15.37 crore highlighting important audit findings are mentioned in the succeeding paragraphs.

### **3.2 Non-recovery of one time tax**

Under the Rajasthan Motor Vehicles Taxation Act, 1951 (RMVT Act) and the Rajasthan Motor Vehicles Taxation Rules, 1951 (RMVT Rules) made thereunder, one time tax shall be levied and collected on all non-transport<sup>1</sup> vehicles at the rates prescribed by the Government from time to time.

Scrutiny of the records of 19<sup>2</sup> regional transport offices (RTOs)/district transport offices (DTOs) between May 2007 and February 2008 revealed that one time tax of 584 construction equipment vehicles was not paid by the owners of these vehicles. The taxation officers did not initiate any action to levy and realise the tax due. This resulted in non-recovery of one time tax amounting to Rs. 4.11 crore.

After the cases were pointed out between June 2007 and March 2008, the department stated in June 2008 that an amount of Rs. 80.97 lakh in respect of 138 vehicles had been recovered. The report on action taken in the remaining cases has not been received (October 2008).

The matter was reported to the Government in March 2008; their reply has not been received (October 2008).

### **3.3 Non-recovery of special road tax and penalty**

Under the RMVT Act and the RMVT Rules made thereunder, vehicles are not liable to pay tax for the period during which their registration certificates (RC) are surrendered to the department. However, where a vehicle is found plying after the surrender of RC, the tax on such vehicle shall be payable for the entire period of surrender alongwith a penalty equal to five times the amount of the tax due.

Cross verification of the records relating to surrender of RC in the RTOs, Jaipur and Kota with the information obtained from the Rajasthan State Road Transport Corporation for the period 2005-06 and 2006-07 revealed that 100 stage carriages plied<sup>3</sup> during the period of surrender of RC but special road tax (SRT) amounting to Rs. 60.83 lakh and penalty of Rs. 3.04 crore was not levied. This resulted in non-realisation of revenue of Rs. 3.65 crore.

After the cases were pointed out, the department stated in September 2008 that action was being taken for recovery.

The matter was reported to the Government in April 2008; their reply has not been received (October 2008).

<sup>1</sup> Non-transport vehicle means a motor vehicle which is not a transport vehicle and includes construction equipment vehicles.

<sup>2</sup> RTO Ajmer, Dausa, Jodhpur, Kota, Pali, Sikar and Udaipur; DTO Baran, Beawar, Bhilwara, Bundi, Deedwana, Dungarpur, Jaipur (Non-transport), Jhalawar, Kotputli, Nagaur, Sirohi and Tonk.

<sup>3</sup> Information based on monthly information statement maintained by the depot managers in Rajasthan State Road Transport Corporation.

### **3.4 Non/short realisation of motor vehicles tax and special road tax in respect of goods vehicles**

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

Scrutiny of the records of 20<sup>4</sup> RTOs/DTOs between May 2007 and February 2008 revealed that motor vehicle tax and SRT for the period between April 2004 and March 2007 in respect of 1,279 goods vehicles was either not paid or paid short by the owners of these vehicles. There was nothing on record to show that the vehicles were off the road or were transferred to any other district/state. The taxation officers did not initiate any action to levy and realise the tax due. This resulted in non/short realisation of tax amounting to Rs. 1.97 crore.

After the cases were pointed out between June 2007 and March 2008, the department stated that an amount of Rs. 62.58 lakh in respect of 394 vehicles had been recovered. The report on action taken in the remaining cases has not been received (October 2008).

The matter was reported to the Government between March 2008 and April 2008; their reply has not been received (October 2008).

### **3.5 Non-imposition of motor vehicles tax in respect of passenger vehicles**

Under the RMVT Act, motor vehicles tax in respect of a passenger vehicle which has been kept for use in Rajasthan and not covered by a permit shall be payable at the rates prescribed by the Government from time to time.

Scrutiny of the records of 11<sup>5</sup> RTOs/DTOs between June 2006 and January 2008 revealed that motor vehicles tax was not paid by the owners in respect of 241 passenger vehicles for various periods between April 2005 and March 2007 during which their vehicles remained without permits. The taxation officers also did not initiate any action to levy and realise the tax due. This resulted in non-realisation of motor vehicles tax amounting to Rs. 1.81 crore.

After the cases were pointed out between June 2006 and February 2008, the department stated that an amount of Rs. 1.97 lakh in respect of five vehicles had been recovered. However, the report on action taken in the remaining cases has not been received (October 2008).

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<sup>4</sup> RTO Ajmer, Alwar, Dausa, Jodhpur, Pali and Udaipur; DTO Baran, Beawar, Bhilwara, Bundi, Churu, Dungarpur, Hanumangarh, Jaipur (goods vehicles), Jhalawar, Kotputli, Nagaur, Sirohi, Sriganganagar and Tonk.

<sup>5</sup> RTO Ajmer, Alwar, Jodhpur and Sikar; DTO Bharatpur, Bhilwara, Deedwana, Jaipur (contract carriage), Jaipur (stage carriage), Kotputli and Nagaur.

The matter was reported to the Government between March 2007 and April 2008; their reply has not been received (October 2008).

### **3.6 Non/short realisation of motor vehicles tax and special road tax from contract carriages**

Under the RMVT Act and the RMVT Rules made thereunder, motor vehicles tax and SRT in respect of contract carriage vehicles having seating capacity upto 13 persons is payable at the rates prescribed by the Government from time to time, quarterly and in advance on or before 10<sup>th</sup> day of the first month of the quarter to which the tax relates. In respect of contract carriages having seating capacity of more than 13 persons, it is payable monthly in advance, at the rate prescribed by the Government from time to time on or before the seventh day of the month for which the tax relates.

#### **3.6.1 Non/short realisation of motor vehicles tax and special road tax in respect of contract carriages having seating capacity upto 13 persons**

Scrutiny of the records of 18<sup>6</sup> RTOs/DTOs between May 2007 and February 2008 revealed that motor vehicle tax and SRT for the period between April 2004 and March 2007 in respect of 824 vehicles plying on contract carriage permits were either not paid or paid short by the owners of these vehicles. The taxation officers did not initiate any action to realise the tax due. This resulted in non/short realisation of motor vehicles tax and SRT amounting to Rs. 1.50 crore.

#### **3.6.2 Non/short realisation of special road tax in respect of contract carriages having seating capacity more than 13 persons**

Scrutiny of the records of four<sup>7</sup> RTOs/DTOs between June 2007 and January 2008 revealed that SRT for the period between April 2006 and March 2007 was either not paid or paid short by the owners of 95 contract carriages. The taxation officers did not initiate any action to levy and realise the tax due. This resulted in non/short realisation of SRT amounting to Rs. 1.29 crore.

After the cases were pointed out between July 2007 and March 2008, the department stated in June 2008 that an amount of Rs. 38.76 lakh in respect of 231 vehicles having seating capacity upto 13 persons and Rs. 5.75 lakh in respect of 11 vehicles having seating capacity of more than 13 persons had been recovered. The report on action taken in the remaining cases has not been received (October 2008).

The matter was reported to the Government between March 2008 and April 2008; their reply has not been received (October 2008).

<sup>6</sup> RTO Ajmer, Bikaner, Dausa, Jodhpur, Pali, Sikar and Udaipur; DTO Beawar, Bhilwara, Bundi, Churu, Dungarpur, Hanumangarh, Jaipur (contract carriage), Kotputli, Sirohi, Sriganganagar and Tonk.

<sup>7</sup> RTO Jodhpur and Udaipur; DTO Beawar and Jaipur (contract carriage).

### **3.7 Non/short realisation of special road tax in respect of stage carriages**

Under the RMVT Act and the RMVT Rules made thereunder, SRT at the prescribed rates is payable in respect of stage carriages monthly in advance on or before seventh day of the month. The owner of the vehicle is also required to submit a declaration to this effect on or before 14<sup>th</sup> day of each month. If the tax has not been correctly paid or the owner has not furnished the return/declaration or has given inaccurate particulars in the return/declaration, the taxation officer is required to compute and recover the amount of tax due.

Scrutiny of the records of seven<sup>8</sup> RTOs/DTOs revealed that SRT in respect of 243 stage carriages for the period between April 2005 and March 2007 was either not paid or paid short by the owners of these vehicles. Further, declarations as required were also not submitted by the owners in cases where tax was not found deposited. The taxation officers did not initiate any action to realise the tax due. This resulted in non/short realisation of SRT amounting to Rs. 69.56 lakh.

After the cases were pointed out between July 2007 and January 2008, the department stated in June 2008 that an amount of Rs. 12.15 lakh in respect of 79 vehicles had been recovered. The report on action taken in the remaining cases has not been received (October 2008).

The matter was reported to the Government between March 2008 and April 2008, their reply has not been received (October 2008).

### **3.8 Non/short realisation of motor vehicle tax in respect of dumpers/tippers**

Under the RMVT Act and the RMVT Rules made thereunder, motor vehicle tax shall be levied and collected on all motor vehicles used or kept for use in the state at the rates prescribed by the Government from time to time.

Scrutiny of the records of RTO, Udaipur and DTO, Jaipur (Goods) between May 2007 and December 2007 revealed that motor vehicles tax in respect of 70 dumpers/tippers for the period between April 2004 and March 2007 was either not paid or paid short by the owners of these vehicles. The taxation officers did not initiate any action to levy and realise the tax due. This resulted in non/short realisation of motor vehicles tax amounting to Rs. 15.08 lakh.

After the cases were pointed out between June 2007 and January 2008, the department stated in June 2008 that an amount of Rs. 5.02 lakh in respect of 23 vehicles had been recovered. The report on action taken in the remaining cases has not been received (October 2008).

The matter was reported to the Government in March 2008; their reply has not been received (October 2008).

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<sup>8</sup> RTO Alwar, Jodhpur and Sikar; DTO Bhilwara, Churu, Deedwana and Jaipur (stage carriage).

### **3.9 Short levy of lump sum tax**

Under the RMVT Act and the RMVT Rules made thereunder, lump sum tax on all transport vehicles shall be levied at the rates prescribed by the Government. As per the notification dated 16 February 2006 issued under the Act, lump sum tax payable may be paid, at the option of vehicle owner, in full or in three equal instalments within a period of one year. In case of default, the recovery was to be made as arrears of land revenue.

Scrutiny of the records of RTO, Udaipur for the year 2006-07 in December 2007 revealed that owners of 46 transport vehicles opted for lump sum payment of tax in three instalments. The owners of these vehicles paid the first instalment but failed to pay the second or third instalment or both. The taxation officer did not initiate any action to realise the amount of tax due as arrears of land revenue. This resulted in short levy of lump sum tax of Rs. 11.78 lakh.

After the cases were pointed out in January 2008, the department stated in June 2008 that an amount of Rs. 7.05 lakh in respect of 25 vehicles had been recovered. The report on action taken in the remaining cases has not been received (October 2008).

The matter was reported to the Government in March 2008; their reply has not been received (October 2008).

### **3.10 Non-realisation of tax from private service vehicles**

Under the Motor Vehicles Act, 1988, private service vehicle means a motor vehicle constructed or adapted to carry more than six persons excluding driver and used by or on behalf of vehicle owner in connection with, his trade or business. The owners of these vehicles are required to pay motor vehicle tax and SRT yearly in advance by 30<sup>th</sup> April every year at the rates prescribed by the Government from time to time.

Scrutiny of the records of DTO (contract carriage), Jaipur for the year 2006-07 in January 2008 revealed that owners of 29 private service vehicles did not pay the tax during 2006-07. The taxation officer did not initiate any action to levy and recover the tax due. This resulted in non-realisation of motor vehicle tax and SRT amounting to Rs. 7.59 lakh.

After the matter was pointed out in February 2008, the department stated in June 2008 that an amount of Rs. 1.01 lakh in respect of four vehicles had been recovered. The report on action taken in the remaining cases has not been received (October 2008).

The matter was reported to the Government in March 2008; their reply has not been received (October 2008).