

CHAPTER-3: 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 2001-2002 revealed short realisation of taxes, fees and penalty amounting to Rs. 17.29 crore in 3575 cases which broadly fall under the following categories:-

(Rupees in crore)

| Sl. No. | Category | Number of cases | Amount |
|--------------|--|-----------------|--------------|
| 1. | Non/short payment of tax, surcharge, penalty, interest and compounding fee | 2743 | 10.64 |
| 2. | Non/short determination/computation of special road tax | 521 | 3.20 |
| 3. | Other irregularities | 311 | 3.45 |
| Total | | 3575 | 17.29 |

During the year 2001-2002, the department accepted short determination of road tax, special road tax etc. amounting to Rs. 12.01 crore in 3210 cases, of which 2455 cases involving Rs.5.67 crore were pointed out in audit during 2001-2002 and the rest in earlier years. The department recovered during 2001-2002 Rs. 0.92 crore involved in 144 cases which were pointed out in earlier years. A few illustrative cases involving Rs. 6.15 crore and highlighting important audit observations are given in the following paragraphs:

3.2 Short realisation of special road tax in respect of passenger vehicles of Rajasthan State Road Transport Corporation (RSRTC)

Under the Rajasthan Motor Vehicles Taxation Act, 1951 and the Rules made thereunder special road tax in respect of stage carriages, contract carriages and city transport services shall be payable at the rates prescribed by the State Government based on the cost of chassis. As per Rule 42, Transport Commissioner has to determine the cost of the vehicle in the beginning of the financial year.

In Jaipur, it was noticed (February 2002) that special road tax in respect of passenger vehicles owned by RSRTC (a fleet owner) was paid short due to under valuation of cost of stage carriages, city transport services and contract carriages under All Rajasthan permits for the purpose of computation of tax. The under valuation of the cost of vehicles resulted in short realisation of tax amounting to Rs. 3 crore for the period from April 2000 to March 2001.

The omission was pointed out to the department in March 2002 and reported to Government in April 2002; their replies have not been received (August 2002).

3.3 Loss of revenue due to incorrect calculations of tax and irregular exemption of penalty

Under the Rajasthan Motor Vehicles Taxation Act, 1951 and Rules made thereunder, motor vehicles tax/special road tax shall be levied and collected on all transport vehicles at the rates prescribed by the State Government from time to time. For collection of the arrears of motor vehicles tax, Government exempted (August 2000) the penalty chargeable on the motor vehicles tax and special road tax and surcharge payable, thereon under the said Act, which became due for payment upto 31 March 2000 on the condition that the due tax and surcharge on such tax shall be paid to the State Government by 31 March 2001.

During the course of audit of the records of DTO Sirohi, it was noticed (November 2001) that a firm paid a tax in respect of 22 vehicles owned by it for the period from 1997 to 2001 and was allowed exemption from the payment of penalty of Rs. 99.41 lakh. However, scrutiny of the records revealed that the firm was liable to pay tax of Rs. 28.74 lakh from 1981 to 1997 which was not deposited by the firm. Thus the exemption from payment of penalty of Rs. 99.41 lakh was incorrect and also resulted in short realisation of Rs. 30.37 lakh including penalty of Rs. 1.63 lakh for the year 2000-01.

The omission was pointed out to the department in January 2002 and reported to Government in February 2002; their replies have not been received (August 2002).

3.4 Non/short-realisation of motor vehicles tax and special road tax

Under the Rajasthan Motor Vehicles Taxation Act, 1951 and the Rules made thereunder, motor vehicles tax and special road tax is payable in respect of all transport vehicles at the rates prescribed by the State Government from time to time. On the vehicles having seating capacity upto 13, tax is payable quarterly

and for those having total seating capacity of more than 13, tax is payable monthly in advance on or before 7th day of the month to which tax relates.

(i) Contract carriages

In seven transport offices^{*}, it was noticed (between March 2001 and December 2001) that motor vehicles tax and special road tax for the period between April 1998 and March 2001 in respect of 42 vehicles plying on contract carriage permits were either not paid or paid short. The taxation officers also did not initiate any action to recover the tax due. This resulted in non/short realisation of motor vehicles tax and special road tax amounting to Rs. 63.30 lakh.

On this being pointed out (between April 2001 and February 2002) in audit, the Government/department stated (between December 2001 and August 2002) that Rs. 5.42 lakh had been recovered in respect of 9 vehicles and efforts were being made to effect recovery in remaining vehicles. Reply in respect of vehicles of Jaisalmer and Ajmer has not been received (August 2002).

(ii) Stage carriages

In six transport offices^{**}, it was noticed (between May 2001 and February 2002) that special road tax in respect of 70 stage carriages for the periods between April 1998 and March 2001 was either not paid or paid short. The taxation officer also did not initiate any action to recover the tax resulting in non/short realisation of special road tax amounting to Rs. 39.75 lakh.

On this being pointed out (between August 2001 and February 2002), the Government/department stated (between December 2001 and August 2002) that Rs. 0.76 lakh had been recovered in respect of 4 vehicles and efforts were being made to effect recovery in the remaining cases of Ajmer, Sawaimadhopur and Bharatpur. Replies in respect of vehicles of Chittorgarh, Shahjahanpur (Alwar) and Sriganganagar have not been received (August 2002).

3.5 Non-realisation of special road tax in respect of private service vehicles

Under the Motor Vehicles Act, 1988, "Private Service Vehicles" means a motor vehicle constructed or adapted to carry more than six persons excluding driver and ordinarily used by or on behalf of the owner for the purpose of carrying persons for, or in connection with his trade or business otherwise than for hire or reward, but does not include a motor vehicle used for public purposes. Special road tax is payable in respect of such private service vehicles at the rates prescribed by the State Government from time to time.

^{*} Ajmer, Bharatpur, Jalore, Jaisalmer, Jhalawar, Sriganganagar and Udaipur.

^{**} Ajmer, Bharatpur, Chittorgarh, Sawaimadhopur Shahjahanpur and Sriganganagar.

In Kota, Jodhpur, Ajmer, Sikar, Bhilwara and Jaipur (non-transport), it was noticed (between July 2001 and November 2001) that special road tax amounting to Rs. 42.32 lakh leviable during the period between April 1998 and March 2001 in respect of 255 private service vehicles was not paid. The taxation officers too did not initiate any action to recover the tax due. Thus inaction of the department resulted in non-realisation of special road tax amounting to Rs. 42.32 lakh.

On this being pointed out (between August 2001 and February 2002) in audit, the Government/department stated (between December 2001 and August 2002) that an amount of Rs 6.24 lakh had been recovered in 41 cases, final reply in respect of remaining cases had not been received (August 2002)

3.6 Non-realisation of motor vehicles tax in respect of excavators/loaders

Under the Rajasthan Motor Vehicles Taxation Act, 1951 and the Rules made thereunder, motor vehicles tax shall be levied and collected on all motor vehicles used or kept for use in the State at such rates as may be prescribed by the State Government. Annual rate of motor vehicles tax prescribed for excavators is 1.5 per cent of the cost of chassis/vehicle.

In six transport offices^{*}, it was noticed (July and October 2001) that motor vehicles tax amounting to Rs. 28.09 lakh chargeable for the period between April 1998 and March 2001 in respect of 62 excavators was not paid. The taxation officers also did not initiate any action to realise the amount of tax due, which led to non-realisation of motor vehicles tax amounting to Rs. 28.09 lakh.

On this being pointed out (between August 2001 and December 2001) in audit, the Government/department stated (between December 2001 and August 2002) that Rs. 8.76 lakh had been recovered in respect of 18 vehicles and final reply in respect of remaining cases had not been received (August 2002).

3.7 Non-realisation of motor vehicles tax of passenger vehicles kept without non-temporary permits

Under the Rajasthan Motor Vehicles Taxation Act, 1951 motor vehicles tax in respect of a passenger vehicle not covered by a non-temporary permit shall be payable at full rate prescribed for passenger vehicles from time to time by notifications issued under the Act.

^{*} Dausa, Dholpur, Jhalawar, Jodhpur, Kota and Udaipur

In four transport offices* , it was noticed (between March 2001 and January 2002) that motor vehicles tax at the prescribed rate was not paid by the owners of 20 passenger vehicles from time to time between April 1998 and March 2001 for the periods during which their vehicles remained without any non-temporary permit. The taxation officer did not initiate any action to recover the tax which resulted in non-realisation of motor vehicles tax amounting to Rs. 6.74 lakh.

On this being pointed out (between April 2001 and February 2002), the Government/department stated (February 2002 and July 2002) that Rs. 1.35 lakh had been recovered in respect of four vehicles. Audit observation in respect of 2 vehicles of Bhilwara was refuted on grounds of vehicles being Commander Jeeps and not buses. The reply was not tenable since any spare vehicle registered under "P" series and not covered by non-temporary permit was liable to tax. Government/department has been apprised (August 2002). Reply in respect of vehicles of Alwar has not been received (August 2002).

3.8 Non-realisation of motor vehicles tax and special road tax in respect of goods vehicles

Under the Rajasthan Motor Vehicles Taxation Act, 1951 and 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 State Government from time to time. In addition to motor vehicles tax, special road tax on all transport vehicles at the rates prescribed by the State Government shall also be payable.

In Udaipur, Bharatpur and Sriganganagar, it was noticed (between May 2001 and October 2001) that motor vehicles tax and special road tax for the period between April 1998 and March 2001 in respect of 35 goods vehicles were not paid. The taxation officer did not initiate any action to realise the tax due resulting in non-realisation of tax amounting to Rs. 5.31 lakh.

On this being pointed out (between July 2001 and December 2001) in audit, the department stated in December 2001 and February 2002 that an amount of Rs. 6,240 in respect of one vehicle of Bharatpur had been recovered and efforts were being made to recover the tax in respect of other cases.

The matter was reported to Government in February and April 2002; their reply has not been received (August 2002).

* Alwar, Bhilwara, Hanumangarh and Jaisalmer.