

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 2003-2004 revealed short realisation of taxes, fees and penalty amounting to Rs.18.02 crore in 8,735 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 | 4,909 | 9.33 |
| 2. | Non/short determination/computation of special road tax | 1,180 | 6.29 |
| 3. | Other irregularities | 2,646 | 2.40 |
| Total | | 8,735 | 18.02 |

During the year 2003-2004, the Department accepted short determination of road tax, special road tax etc. amounting to Rs.23.12 crore involved in 19,722 cases, of which 4,665 cases involving Rs.11.36 crore were pointed out in audit during 2003-2004 and the rest in earlier years. The Department recovered Rs.0.36 crore in 1,638 cases during the year 2003-2004 of which 129 cases involving Rs.0.20 crore related to year 2003-04 and the rest in earlier years.

A few illustrative cases involving Rs.8.62 crore and highlighting important audit observations are given in the following paragraphs.

3.2 Short realisation of Special Road Tax

Special road tax (SRT) is levied on all transport vehicles under the Rajasthan Motor Vehicles Taxation (RMVT) Act, 1951. District Transport Officer (DTO) computes and collects special road tax at the rates as may be notified from time to time by the State Government. Test check of computation and collection of special road tax for the period from 1998-99 to 2002-03 was conducted in 14 Transport Offices¹ which revealed the following:

¹ Alwar, Barmer, Bhilwara, Bikaner, Chittorgarh, Jaipur, Jhunjhunu, Jodhpur, Kota, Pratapgarh Shahjahanpur, Sriganganagar, Sikar and Udaipur.

3.2.1 Non/short realisation of special road tax from Rajasthan State Road Transport Corporation

As per the notification dated 31 March 1997, SRT on stage carriages owned by a fleet owner is 1.6 *per cent* of the cost of entire fleet of vehicles used or kept for use as stage carriages. The cost of chassis is notified by the Transport Commissioner (TC) in April every year.

- It was noticed that Rajasthan State Road Transport Corporation (RSRTC) plied 289 newly introduced stage carriages during 2001-02 and 2002-03. However, RSRTC did not pay the tax in respect of these vehicles for the month in which these were purchased though these vehicles had plied during that month as per the records of RSRTC. In absence of any provision for cross verification, the Taxation Officer (TO) could not detect the mistake. This resulted in non-realisation of tax of Rs.37.68 lakh.

- In 94,353 stage carriages, the cost of chassis taken for calculation of tax was less than what had been notified by the Transport Commissioner. As a result, SRT of Rs.1.06 crore was paid short during 1998-99 and 1999-2000.

- The vehicles are not liable to pay the tax for the period their registration certificates (RC) is accepted as surrendered by the Department. However, a vehicle found plying by the flying squad during the period of surrender is liable to pay a penalty of five times of the SRT in addition to SRT.

Cross verification of records relating to RC surrender in the transport offices with Diesel Issue Register and vehicle In Out Register maintained by RSRTC revealed that 300 stage carriages plied during the period of surrender of RC in the year 2001-02 and 2002-03. SRT of Rs.53.27 lakh and penalty of Rs.2.66 crore though leviable, was not levied resulting in short realisation of Government revenue to that extent. In the absence of provision for cross verification of records of RSRTC by TO, the mistake could not be detected. Flying squad of department also failed to detect this irregularity.

- Rate of SRT leviable on public service vehicle plying within municipal limits meant for carrying general public as city bus is less in comparison to rate leviable on such vehicles if it is meant for carrying persons belonging to a firm/ corporation termed as private service vehicle.

During the course of audit it was noticed that SRT in respect of four buses owned by RSRTC was levied at the rate notified for city buses though these were needed for carrying corporation employees. This resulting in short realisation of Rs.5.57 lakh.

3.2.2 Non/short realisation of special road tax from private service vehicles as a result of irregular registration

As per provision of the Motor Vehicles Act, 1988, private service vehicle means a motor vehicle constructed or adapted to carry more than six persons

excluding driver and ordinarily used by or on behalf of vehicle owner for the purpose of carrying persons for or in connection with his trade or business otherwise than for hire and reward. These vehicles being a transport vehicle are required to be registered under 'P' series and liable to pay special road tax. Non-transport (four wheelers) vehicles owned by individuals for personal use are required to be registered under series 'C'. These are exempted from payment of tax.

In 10 Transport Offices², 209 private service vehicles owned by firm/company and used in connection with their business, which were required to be registered under 'P' series Transport vehicles were registered under 'C' series and were exempted from tax. SRT amounting to Rs.63.26 lakh payable in respect of these vehicles was thus not recovered between 1998-99 and 2002-03.

The omission was pointed to Department/Government; their reply has not been received till September 2004.

3.2.3 Non-levy of special road tax in respect of non-transport vehicles plied on hire

Under the provisions of the RMVT Act, one time tax is leviable on non-transport vehicles having a seating capacity upto 10 persons. However, if such vehicles are found plying on hire or reward, the owner of these vehicles shall be liable to pay tax as payable for transport vehicles of similar type, for the full financial year, during which the vehicle was found plying on hire. The Transport Department in its circular letter of September 1996 instructed all other departments that hired the vehicles to assess and collect SRT of the vehicles hired by them and deposit the same with the Transport Department.

A cross verification of records of Public Health Engineering Department (PHED) with the records of Motor Vehicles Department revealed that 185 vehicles registered as non-transport vehicles were hired by PHED. These vehicles were liable to be treated as transport vehicles and SRT of Rs.13.29 lakh for the period from 1997-98 to 2002-03 though leviable was neither assessed nor collected by PHED. This resulted in non-realisation of Government revenue of Rs.13.29 lakh for the period 1997-98 to 2002-03. This omission was not detected by the Flying squads of the department. Besides the Transport Department had not developed any mechanism to monitor the assessment and collection of SRT by the departments that hired the vehicles.

The omission was pointed out to the Department/Government; their reply has not been received till September 2004.

² Alwar, Bhilwara, Bikaner, Chittorgarh, Jhunjhunu, Jodhpur, Kota, Sriganganagar, Sikar and Udaipur.

3.2.4 Non-levy of tax on non-transport vehicles utilised for commercial purpose

As per RMVT Rules, educational institutions of registered societies are exempt from payment of tax. However, no such exemption is admissible to motor driving schools.

In four Transport Offices³, 66 motor driving schools did not pay SRT on 92 vehicles owned by them for the period between 1998-99 and 2002-03. Since these vehicles were used in commercial activities, these were liable to be treated as transport vehicles. However, no action was taken by the TO to levy the tax. This resulted in non-levy of SRT amounting to Rs.7.54 lakh.

The omission was pointed out to Department/Government; their reply has not been received till September 2004.

3.3 Non/short realisation of motor vehicles tax and special road tax

Under RMVT Act and Rules made thereunder, motor vehicles tax (MVT) 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 from time to time. MVT in respect of passenger vehicles not covered by a non-temporary permit shall be payable at full rate prescribed for passenger vehicles. SRT in respect of stage carriages is payable monthly in advance on or before seventh day of the month. SRT in respect of contract carriages having seating capacity of more than 13 but not more than 22 in all, is payable quarterly and vehicles having seating capacity of more than 22 in all is payable monthly in advance on or before seventh day of the month.

Scrutiny of records of 24 Transport Offices revealed that MVT and SRT in respect of 853 vehicles were either not paid or paid short by the vehicle owners. The TOs did not initiate any action for recovery of due amount.

³ Bikaner, Jaipur, Kota and Udaipur.

The omission resulted in non-realisation of MVT and SRT amounting to Rs.3.01 crore as detailed below:

(Rupees in lakh)

| Sl. No. | Number of offices | Period | Type of vehicles | Nature of irregularity | Tax | Amount |
|--|-------------------------------|------------------------|--|--|--------------------|--------|
| 1. | 6 RTOs ⁴ 6 DTOs | 1999-2000 to 2002-2003 | Stage carriage | Special road tax in respect of 257 vehicles was either not paid or paid short. The taxation officer did not initiate any action for recovery of tax. | Special road tax | 92.79 |
| Remarks: After this was pointed out between September 2003 and April 2004, the Department/Government stated in July 2004 that the amount in respect of 15 vehicles of Udaipur and Jhunjhunu has been recovered. Reply in respect of other offices has not been received till September 2004. | | | | | | |
| 2. | 5 RTOs ⁵ 4 DTOs | 2001-2002 to 2002-2003 | Contract carriage | Special road tax in respect of 45 vehicles was either not paid or paid short. The taxation officer did not initiate any action for recovery of tax. | Special road tax | 71.50 |
| Remarks: After this was pointed out between September 2003 and April 2004, the Department/Government stated in June 2004 that the amount in respect of two vehicles of Jhunjhunu has been recovered. Reply in respect of other offices has not been received till September 2004. | | | | | | |
| 3. | 3 RTOs ⁶ | 2000-2001 to 2002-2003 | Passenger vehicles not covered by non-temporary permit | Motor vehicles tax in respect of 112 vehicles was not paid/ paid short. The taxation officer did not initiate any action for recovery of tax. | Motor vehicles tax | 58.09 |
| Remarks: After this was pointed out between November 2003 and February 2004, the Department/Government stated in July 2004 that the amount in respect of one vehicle of Udaipur has been recovered. Reply in respect of other offices has not been received till September 2004. | | | | | | |
| 4. | 2 RTOs ⁷ 6 DTOs | 2000-2001 to 2002-2003 | Dumper/ tipper | Motor vehicles tax in respect of 99 vehicles was not paid/paid short. The taxation officer did not initiate any action for recovery of tax. | Motor vehicles tax | 17.11 |
| Remarks: After this was pointed out between June 2003 and April 2004, the Department/Government stated in June/ July 2004 that the amount in respect of five dumpers of Banswara has been recovered. Reply in respect of other offices has not been received till September 2004. | | | | | | |
| 5. | 4 RTOs ⁸ 4 DTOs | 2000-2001 to 2002-2003 | Excavator/ loader | Motor vehicles tax in respect of 118 vehicles was not paid. The taxation officer did not initiate any action to realise the tax. | Motor vehicles tax | 26.42 |
| Remarks: After this was pointed out between September 2003 and April 2004, the Department/Government stated in June/ July 2004 that the amount in respect of six excavators/loaders of Udaipur and Jhunjhunu has been recovered. Reply in respect of other offices has not been received till September 2004. | | | | | | |

⁴ Bhilwara, Chittorgarh, Jaipur (stage carriage), Jhunjhunu, Jodhpur, Kota, Sriganganagar, Sikar, Udaipur, Ajmer, Sawaimadhopur and Nagaur.

⁵ Bhilwara, Chittorgarh, Jaipur (Contract carriage), Jhunjhunu, Kota, Sriganganagar, Sikar, Udaipur and Ajmer

⁶ Alwar, Bikaner and Udaipur.

⁷ Pali, Udaipur, Banswara, Jaipur (Goods), Kotputli, Dungarpur, Rajsamand and Tonk.

⁸ Ajmer, Alwar, Bhilwara, Jhunjhunu, Jodhpur, Karauli, Rajsamand and Udaipur.

(Rupees in lakh)

| Sl. No. | Number of offices | Period | Type of vehicles | Nature of irregularity | Tax | Amount |
|--|-------------------------------|-------------------------------|------------------|---|---|---------------|
| 6. | 2 RTOs ⁹ 3 DTOs | 1997-1998 to 2002- 2003 | Goods vehicles | Motor vehicles tax and special road tax in respect of 222 vehicles was not paid. The taxation officer did not initiate any action to realise the tax. | Motor vehicles tax/ Special road tax | 35.56 |
| Remarks: After this was pointed out between November 2003 and April 2004, the Department/Government stated in June/ July 2004 that the amount in respect of 23 vehicles of Alwar, Karauli and Bikaner has been recovered. Reply in respect of other offices has not been received till September 2004. | | | | | | |
| Total | | | | | | 301.47 |

3.4 Short/non-realisation of tax from traders

The State Government prescribed in April 1997 a tax on manufacturers/dealers/financers/body builders etc. having possession of motor vehicles, in a financial year under the authorisation of trade certificate granted or deemed to be granted under the motor vehicles rules. In the case of two wheeled vehicles the annual tax was payable at the rate of Rs.1,000 and Rs.2,000 for every 100 vehicles or part thereof upto March 2000 and thereafter respectively. However, in the case of three or four wheeled vehicles, the tax was payable at the rate of Rs.2,000 and Rs.4,000 for every 50 vehicles or part thereof upto March 2000 and thereafter respectively.

In six Transport Offices¹⁰, it was noticed between July 2003 and March 2004 that 84 dealers/financers/body builders etc. having trade certificate did not deposit the prescribed tax of Rs.7.87 lakh in respect of vehicles sold/financed by them during the period between April 1999 and March 2003. In addition, three dealers in Rajsamand neither obtained the trade certificate nor deposited the chargeable tax of Rs.0.28 lakh. No action to recover the tax was taken by the Taxation Officers. The omission resulted in short/non-realisation of tax amounting to Rs.8.15 lakh.

The matter was pointed out between August 2003 and April 2004 to the Government; their reply has not been received till September 2004.

⁹ Alwar, Baran, Bikaner, Karauli and Rajsamand.

¹⁰ Kota, Baran, Bhilwara, Jaipur (NT), Nagaur and Rajsamand.