

**CHAPTER V**  
**TAXES ON VEHICLES AND STATE EXCISE**

**5.1 Results of Audit**

Test check of records of departmental offices conducted during the period from April 2004 to March 2005 revealed underassessment of tax etc., amounting to Rs.24.53 crore in 197 cases which broadly fall under the following categories.

(Rupees in crore)

Sl.No.	Categories	No. of cases	Amount
<b>Taxes on Vehicles</b>			
1	Non/short collection of tax	91	7.81
2	Non/short collection of fees	7	0.02
3	Non/short collection of penalty	35	0.31
4	Others	17	1.46
	<b>Total</b>	<b>150</b>	<b>9.60</b>
<b>State Excise</b>			
1	Non/short levy of excise duty	5	0.40
2	Non/short collection of licence fee, privilege fees etc	25	8.12
3	Non/short collection of penalty/ interest	8	0.03
4	Others	9	6.38
	<b>Total</b>	<b>47</b>	<b>14.93</b>
	<b>Grand Total</b>	<b>197</b>	<b>24.53</b>

During the course of the year 2004-05, the departments accepted under assessments of Rs.18.31 lakh in 15 cases, of which an amount of Rs.0.15 lakh has been collected.

A few illustrative cases involving Rs.2.01 crore are mentioned below:

## TAXES ON VEHICLES

### 5.2 Non levy of additional tax on stage carriages issued with temporary permits

Under the Tamil Nadu Motor Vehicles Taxation Act, 1974, (TNMVT Act) when a motor vehicle for which tax has been paid is altered or is proposed to be used as a vehicle for the period, for which tax is payable at a higher rate, the difference between tax which is payable at the higher rate and the tax already paid shall be levied as additional tax. The rate of tax for contract carriages (omni bus) is Rs.3,000 per seat per quarter whereas the tax for reserve stage carriages (mofussil) is three fourth of Rs.450 per seat per quarter.

In two regional transport offices (RTOs) of Kancheepuram and Pudukottai, it was noticed in March/July 2004 that during the years 2002-2003 and 2003-2004, a total number of 411 special permits were issued under Motor Vehicles Taxation Act, 1988 (MVT Act) in respect of 40 reserve stage carriages/spare buses, allowing them to operate as contract carriages without collecting additional tax. The omission resulted in non levy of additional tax amounting to Rs.84.04 lakh.

The matter was reported to the Department in July/August 2004 and Government in May 2005; replies have not been received (September 2005).

### 5.3 Non levy of green tax in respect of old motor vehicles

According to TNMVT Amendment Act, 2003, an additional tax called “Green Tax” shall be levied and collected at Rs.500 per annum on transport vehicles in addition to the tax levied under the TNMVT Act for the purpose of implementation of various measures to control air pollution.

In 17<sup>37</sup> RTOs, it was noticed between July 2004 and February 2005 that in respect of 1,323 transport vehicles, green tax was not levied and paid during the year 2003-04. This resulted in non levy of green tax amounting to Rs.6.61 lakh.

After this was pointed out in audit, the Department stated between July 2004 and February 2005 that in respect of Gobichettipalayam and Kancheepuram, an amount of Rs.0.15 lakh has since been collected. Report of recovery in respect of other regions is awaited (September 2005).

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<sup>37</sup> Chennai (East), Chennai (North), Cuddalore, Dharmapuri, Erode, Gobichettipalayam, Kancheepuram, Madurai (South), Meenambakkam, Mettupalayam, Ooty, Thiruvannamalai, Tiruchengode, Tiruppur, Tiruvarur, Salem and Vellore.

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

## STATE EXCISE

### **5.4 Non levy of penalty for low yield of rectified spirit**

According to Rule 39(1) of Tamil Nadu Distillery Rules (TND Rules), 1981, the licensee shall maintain efficiency in fermentation and distillation and ensure yield of different kinds of spirits for different grades of molasses at the rates specified by the Commissioner from time to time. Review of the yield shall be made by the Commissioner once in three months. As per sub-rule(4) of Rule 39 of TND Rules, where the yield rate is lower than the rate specified by Commissioner, the licensee shall pay penalty at Rs.16 per proof litre on the difference between the rate of yield specified by the Commissioner and the actual yield.

In two distilleries<sup>38</sup>, it was noticed in October 2004 and March 2005 that the actual yield of rectified spirit per metric tonne of molasses for the quarter ending 30 June 2003 was only 226.1 and 252.9 bulk litres (BL) respectively against the norms fixed by Commissioner at 250 and 255 BL respectively. This resulted in overall short yield of 3.77 lakh BLs (or 6.26 lakh proof litres<sup>39</sup>) for which penalty of Rs.1 crore, though leviable, was not levied.

The matter was reported to the Department in October 2004 and March 2005 and the Government in April 2005; replies have not been received (September 2005).

### **5.5 Non collection of excise duty at enhanced rates**

Government, by a notification dated 23 March 2002, enhanced the rate of excise duty (ED) in respect of 100 ml pack of ordinary brands of Indian Made Foreign Liquor (IMFL) from Rs.30 to Rs.47.50 per proof litre, with effect from 23 March 2002.

In the office of the Excise Supervisory Officer, M/s.Empee Distilleries Limited, Mevaloorkuppam, it was noticed in April 2003 that, the licensee had lifted 8,470 cases of 100 ml pack of ordinary brands of IMFL containing 57,172.500

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<sup>38</sup> M/s.Trichy Distilleries Ltd. and M/s.Arooran Sugar Limited.

<sup>39</sup> 1 bulk litre – 1.66 proof litre.

proof litres on 23 March 2002. The total ED payable on this quantity amounted to Rs.27.15 lakh. The distillery, however, paid only Rs.17.15 lakh at pre revised rates. This resulted in short collection of ED amounting to Rs.10 lakh.

After this was pointed out in April/May 2005, the Government stated in May 2005 that ED at enhanced rates for 23 March 2002 has been adjusted in the payment made on 26 March 2002. The reply is not tenable since on verification, it was seen that the company was charged excise duty at pre revised rates on 23 March 2002. Further reply has not been received (September 2005).