

CHAPTER 5
TAXES ON VEHICLES

5.1 Results of Audit

Test check of records of departmental offices conducted during the period from April 2000 to March 2001 revealed short collection/non-collection of tax, short collection/non-collection of fees, non-levy/short-collection of penalty, incorrect/excess refund of tax, others etc. amounting to Rs.613.25 lakh in 159 cases which broadly fall under the following categories.

Sl No	Categories	No. of cases	Amount (Rs. in lakh)
1	Short collection/Non collection of tax	56	475.03
2	Short collection/Non collection of fees	89	132.82
3	Non-levy/short collection of penalty	11	4.81
4	Others	3	0.59
	Total	159	613.25

During the course of the year 2000-2001, the concerned department accepted and recovered under-assessments of Rs.1.16 lakh in 12 cases.

Two cases involving a financial effect of Rs.67.81 lakh are mentioned below.

5.2 Non realisation of revenue due to non-issue of fresh permits

The Government by a notification (November 1999) introduced modified schemes for various districts according to which all vehicles belonging to State Transport Undertakings in the districts were immediately brought under the new modified scheme. As the existing system was modified and approved, the permits issued previously to the State Transport Undertakings became invalid and a fresh permit in the light of the modified scheme had to be obtained.

However, it was noticed in 27 Regional Transport Offices, 4173 vehicles of the State Transport Undertakings were continued to be operated with permits obtained under the old approved scheme even though the old permits are invalid on the introduction of the modified scheme. The non-issue of fresh permits to 4173 Stage Carriages had resulted in non-realisation of revenue amounting to Rs.62.60 lakh.

On this being pointed out (June 2000), the department replied (May 2001) that the Government had not cancelled the scheme but only modified the approved scheme and so there is no need to get fresh permits on surrendering the existing ones. The reply is not acceptable as fresh permits have to be obtained under the Tamil Nadu Motor Vehicles Rules, 1989 even when the approved scheme is modified.

The matter was reported (May/June 2001) to the Government and followed up with reminder (September 2001). However in spite of such efforts no reply was received (October 2001).

5.3 Incorrect grant of permit to operate mini-buses to private operators

The Government in their order dated 30 July 1998 directed the Regional Transport Authorities to grant permit to private operators for operation of Minibuses in the unserved rural areas of the districts concerned, for a route length upto 16 Kms with an overlapping distance in served areas, not exceeding 4 Kms. The concessional rate of Motor Vehicle Tax of Rs.100/- per seat per quarter for the minibuses was fixed by the Government in their order dated 14 May 1998 for the years 1998-1999 and extended upto the year 2000-2001.

It was noticed (July 2000) during the audit of the Regional Transport Office, Karur for the period 1999-2000, that out of 16 minibus permits issued between April and July 1999, in 14 cases, the unserved areas in Karur Town were treated as unserved rural areas and thereby the actual overlapping distance exceeded 4 kms and violated the conditions prescribed for operating minibuses. The incorrect grant of concessional rate of tax had resulted in loss of revenue of Rs.5.21 lakh.

On this being pointed out (July 2000), the department replied (November 2000) that treating unserved town areas as unserved rural area was correct and that the permit granted at the concessional rate was also in order. The reply is not tenable since `Rural Area' means any area not included in any (Municipal area) township constituted under any law for the time being in force. The intention of the Government is to serve the rural areas which were not served so far. Therefore the permit granted at the concessional rate for the minibuses plying in town areas is not in order.

The matter was reported (February 2001) to the Government and followed up with reminder (September 2001). However in spite of such efforts no reply was received (October 2001).