

CHAPTER-IV

TAXES ON VEHICLES, GOODS AND PASSENGERS

4.1 Results of audit

Test check of records of various offices of the Transport Department conducted in audit during 2005-06 revealed non/short levy of taxes, under assessment of road tax, goods tax and other irregularities amounting to Rs. 20.45 crore in 250 cases, which broadly fall under the following categories:

(Rupees in crore)

Sl. No.	Category	Number of cases	Amount
1.	Non / short-levy of passenger tax / additional tax	126	15.38
2.	Underassessment of road tax	11	0.69
3.	Short levy of goods tax	17	0.93
4.	Incorrect computation of lump sum passenger tax	4	0.08
5.	Other irregularities	92	3.37
	Total	250	20.45

During the year 2005-06, the department accepted underassessment etc. of Rs. 1.73 crore involved in three cases out of which Rs. 1.77 lakh had been recovered in one case.

A few illustrative cases involving financial effect of Rs. 1.73 crore are given in the succeeding paragraphs:

4.2 Non assessment of additional tax

Under the provisions of UP Motor Vehicles Taxation Act, 1997 (UPMVT Act) additional tax in respect of maxicab, was fixed at the rate of Rs. 4,500 per quarter per vehicle from 9 November 1998, Rs. 4,950 per quarter per vehicle from 10 March 2000 and Rs. 10,000 per quarter per vehicle from 6 October 2001.

Test check of records of Regional Transport Officer (RTO) Allahabad and Assistant Regional Transport Officer (ARTO) Ambedkar Nagar between July 2004 and June 2005 revealed that additional tax on 32 maxicabs plying during the period April 2001 to May 2005 was not assessed. Non assessment of additional tax resulted in loss of Rs. 21.84 lakh.

After this was pointed out in November 2005, the department stated in August 2006 that action was being taken and further intimation will be sent after recovery.

The matter was reported to Government in November 2005; reply has not been received (August 2006).

4.3 Loss of revenue due to under assessment of additional tax

According to fourth schedule under Section 6 of UPMVT Act, additional tax on stage carriage upto a distance of 9,000 km. on 'A' class routes was

applicable in four¹ slabs upto 1 November 2002. From 2 November 2002, these slabs were merged into one slab, and additional tax upto 9,000 km. on 'A' class routes was payable at the rate of Rs. 376 per seat per quarter.

During audit of records of five² offices of Transport Department, it was noticed between June and November 2005 that during the period between November 2002 and August 2005, 1,010 vehicles were plying on 'A' class route. Additional tax was levied at slab rates applicable upto 1 November 2002 instead of revised rates effective from 2 November 2002. This resulted in short levy of additional tax of Rs. 1.36 crore.

After this was pointed out between November 2005 and February 2006; department accepted the observation and stated in August 2006 that due to matter being under dispute for a long time and pending for decision in Government, recovery at enhanced rate could not be made regularly.

The matter was reported to Government between November 2005 and February 2006; reply has not been received (August 2006).

4.4 Non realisation of additional tax on vehicles plying without permit

Under Motor Vehicles Act, 1988, no vehicle owner shall use transport vehicle in a public place without proper permit. Under UPMVT Act, as amended from 6 October 2001, no motor vehicle (stage carriages) registered or adapted to carry more than nine persons excluding driver shall be kept for use without permit unless the vehicle owner has paid in addition to tax, an additional tax at the rate of 25 *per cent* of tax payable in respect of such vehicles.

Test check of records of office of RTO, Kanpur Nagar and ARTO, Pratapgarh for the period April 2001 to October 2005, revealed that during the period between September 2004 and October 2005, 15 stage carriages were plying on their prescribed routes after expiry of validity of their permits. The vehicle owners did not get their permits renewed. Though tax was paid by them but additional tax as required was not paid. This resulted in non realisation of additional tax amounting to Rs. 14.85 lakh.

After this was pointed out in January 2005, department accepted the observation and recovered Rs. 1.77 lakh in two cases of Pratapgarh and stated in August 2006 that action was being taken for recovery in remaining cases.

The matter was reported to Government in January 2006; reply has not been received (August 2006).

¹	Distance run in a quarter (in km.)	'A' class route rates per seat per quarter
	Upto 4,500	Rs. 177
	Exceeding 4,500 but not exceeding 5,700	Rs. 223
	Exceeding 5,700 but not exceeding 7,200	Rs. 283
	Exceeding 7,200 but not exceeding 9,000	Rs. 376

² RTO Moradabad, ARTO Barabanki, Bulandsahar, Mau and Muzaffar Nagar.