

CHAPTER - 4 : 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 2001-2002 revealed short-levy or non-levy of taxes/fees amounting to Rs. 10.26 crore in 310 cases which broadly fall under the following categories:

(Rupees in crore)

Sl.No.	Category	Number of cases	Amount
1	Non-levy or short-levy of passenger tax/additional tax	122	6.05
2	Under-assessment of road tax and goods tax	24	0.73
3	Other irregularities	164	3.48
	Total	310	10.26

During the year 2001-2002, the department accepted under-assessment etc. of Rs. 1.39 crore involved in 69 cases pointed out in audit in 2001-2002. Of these a sum of Rs. 2.37 lakh has been recovered.

A few illustrative cases involving Rs. 2.96 crore are given in the succeeding paragraphs.

4.2 Short levy of additional tax

Under the provisions of the Uttar Pradesh Motor Vehicles Taxation Act, 1997 effective from 9 November 1998, additional tax is leviable on city buses operating within the limits of a corporation or a municipal area, at the rate of Rs. 4200 and Rs. 6000 per quarter depending on the seating capacity of buses. In the case of buses plying outside the municipal/corporation area, i.e. in violation of permit condition, additional tax is leviable treating these as contract carriages.

During the audit of Regional Transport Offices, Kanpur City and Bareilly, it was noticed (between July 2000 and June 2001) that 137 buses (50 buses in Kanpur city and 87 in Bareilly) were operating beyond the limits of municipal area. However, the vehicles were paying additional tax applicable to city buses instead of rates applicable to contract carriages. This resulted in short levy of additional tax amounting to Rs. 1.74 crore for the period from November 1998 to June 2000.

The matter was reported to the department and Government (between December 2000 and February 2001); their replies have not been received (December 2002).

4.3 Short levy of tax and additional tax

As per para 1 (a) of fourth schedule of Uttar Pradesh Motor Vehicles Taxation Act, 1997, additional tax is leviable on a stage carriage operating within the limits of a corporation or a municipality (city bus), at the prescribed rate depending upon the seating capacity. Under explanation 1 of above provision, the seating capacity shall be calculated by adding fifty per cent of the allowed standing capacity to the full seating capacity.

During audit of Regional Transport Office, Kanpur City and Assistant Regional Transport Office, Bahraich it was noticed (July 2000 and September 2001) that 293 vehicles were plying as city buses and were paying tax and additional tax on their full seating capacity but their sanctioned standing capacity were not taken into consideration for levying additional tax as was required under the Act, during the period from November 1998 to September 2001 which resulted in short realisation of tax and additional tax amounting to Rs. 53.71 lakh.

The case was reported to the department and the Government (November 2001 and March 2002); their replies have not been received (December 2002).

4.4 Non-assessment of additional tax

Under the provisions of Section 6 of U.P. Motor Vehicles Taxation Act, 1997 and rules made thereunder, additional tax is to be charged on stage carriages including contract carriages. However, vehicles owned by recognised educational institutions have been exempted from payment of additional tax.

During the audit of offices of the Assistant Regional Transport Officer, Bahraich and Muzaffarnagar and Regional Transport Officer, Bareilly and Jhansi, it was noticed (between January 2001 and November 2001) that 18 vehicles which were used to carry children from their houses to schools and back during November 1998 to November 2001 were not registered in the name of recognised educational institutions. The additional tax was neither assessed nor realised by the department. This resulted in non-levy of additional tax amounting to Rs. 41.94 lakh.

The matter was reported to the department and the Government (between January 2001 and July 2002); their replies have not been received (December 2002).

4.5 Non-levy/realisation of additional tax / Passenger tax

Under the U.P. Motor Gadi (Yatrikar) Adhiniyam, 1962 and notification dated 21 November 1996, passenger tax in respect of maxi-cabs was fixed at the rate

of Rs. 2350 per month. Thereafter, under U.P. Motor Vehicle Karadhan Adhiniyam, 1997 (effective from 9 November 1998) passenger tax was renamed additional tax and was payable at the rate of Rs. 1500 per month which has been enhanced by 10 per cent from 10 March 2000.

During the audit of Regional Transport Offices, at Bareilly, Varanasi and Kanpur, it was noticed (between July 2000 and June 2001), that in the case of 73 maxi cabs, passenger tax/ additional tax were neither assessed nor realised by the departments during the period from November 1996 to June 2001. This resulted in non-levy/realisation of passenger/additional tax amounting to Rs. 16.53 lakh.

The matter was reported to the department and the Government (between December 2000 and January 2002); their replies have not been received (December 2002).

4.6 Loss of Revenue due to delay in circulation of Government notification

As per Government notification dated 28 March 2001, the Central government enhanced the rates of licence fees, registration fees and fitness fees by amending Central Motor Vehicle Rules, 1989.

During the audit of four Regional/Sub-Regional Transport offices, (Kanpur City, Bareilly, Pratapgarh and Basti), it was noticed (between June 2001 and October 2001) that the department failed to realise fees at enhanced rates from 28 March 2001 to 29 April 2001. This resulted in loss of revenue to the extent of Rs. 9.33 lakh.

On this being pointed out in audit, the department stated (between June 2001 to October 2001) that the revised rates were levied from 30 April 2001 (from the date of receipt of orders). The reply of the department is not tenable as the enhanced rates were recoverable from the date of issue of order, i.e., from 28 March 2001.

The cases were reported to the department and the Government (between August 2001 and February 2002); their replies have not been received (December 2002).