

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 2002-03 revealed non-levy or short-levy of taxes, under assessment of road tax, goods tax and other irregularities amounting to Rs.103.26 crore in 222 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	96	4.20
2	Under-assessment of road tax	17	0.18
3	Goods tax	20	0.54
4	Other irregularities	88	1.30
5	Review on “Assessment and collection of taxes and fees in Transport Department”	01	97.04
	Total	222	103.26

During the year 2002-03, the department accepted under-assessment etc. of Rs.4.71 crore involved in 58 cases pointed out in audit in 2002-03.

A few illustrative cases and one review, **Assessment and collection of taxes and fees**, involving Rs. 97.99 crore are given in the succeeding paragraphs.

4.2 Review on “Assessment and collection of Taxes and Fees”

Highlights

- There was under-assessment of Additional Tax of Rs.2.96 crore.
(Para 4.2.6)
- Additional Tax of Rs.7.64 crore on Public Service Buses was not levied.
(Para 4.2.8)

- Penalty of Rs.65.61 crore for late payment of Additional Tax was not recovered.

(Para 4.2.10)

Introduction

4.2.1 The United Province Motoryan Karadhan Adhinyam, 1935, the Uttar Pradesh Motor Gadi (Yatri Kar) Adhinyam, 1962, Uttar Pradesh Motor Gadi (Malkar) Adhinyam, 1964, the Uttar Pradesh Motor Vehicle Taxation Act, 1997, U.P. Motor Vehicle Taxation Rules, 1998 and Motor Vehicle Taxation Act, 1988 provide for the levy of various type of taxes viz goods tax, additional tax (passenger tax) and fees etc. in the state.

Organisational Set up

4.2.2 The entire process of assessment and collection of taxes and fees is administered and monitored by the Transport Commissioner of U.P. Lucknow, who is assisted by four Additional Transport Commissioners in Headquarter office and Six Dy. Transport Commissioners (DTCs), 19 Regional Transport Officers (RTOs) and 70 Asstt. Regional Transport Officers (Administration) (ARTOs) in the field.

Audit Objectives

4.2.3 A detailed scrutiny of the records of the Transport Commissioner, 17 out of 19 RTOs and 7 out of 70 ARTOs for the period from 1997-98 to 2001-02 was made from April 2002 to January 2003 to :

- Seek assurance of compliance with Act and Rules,
- Ascertain extent of loss of revenue due to deviations from rules/procedures.

Trend of Revenue Receipts

4.2.4 The budget estimates vis-à-vis revenue realized during last five years ending 31 March 2002 were as under:

(Rupees in crore)

Years	Budget estimates	Actuals	Shortfall (-) Excess (+)	Percentage
1997-1998	449.13	388.96	(-) 60.17	(-) 13.40
1998-1999	650.00	449.48	(-) 200.52	(-) 30.85
1999-2000	650.00	612.36	(-) 37.64	(-) 5.79

2000-2001	728.85	628.89	(-) 99.96	(-) 13.71
2001-2002	945.10	579.69	(-) 365.41	(-) 38.66

It would be seen that actual realisation of revenue was less as compared to budget estimates. The shortfall, ranged between 13.40 per cent and 38.66 per cent during these years except 1999-2000, when it was 5.79 per cent. As such, the budget estimates framed were unrealistic.

Position of Arrear

4.2.5 As per the records of the Transport Commissioner, the position of arrears during the last five years as on 31 March of each year was as under:

(Rupees in crore)

Years	UPSRTC ⁰	Other Private Parties	Total
1997-98	149.36	11.94	161.30
1998-99	186.10	10.88	196.98
1999-2000	218.88	10.98	229.86
2000-01	275.25	13.42	288.67
2001-02	375.50	15.00	390.50

It would be seen that out of total arrears of Rs. 390.50 crore, as on 31 March 2002, Rs.375.50 crore was recoverable from the UPSRTC, which constitutes 96.16 per cent of the total arrears.

Out of balance arrears of Rs.15 crore as on 31 March 2002 recoverable from private transport vehicles, Rs.1.11 crore was stayed by various courts, Government and the Department.

Short realisation of additional tax

4.2.6 Under Uttar Pradesh Motor Vehicle Taxation Act, 1997, additional tax in respect of a three wheelers with capacity of upto six persons excluding driver, is charged at the rate of Rs.450 per quarter, and where the capacity is more than six persons excluding driver, the rate of additional tax is Rs.675 per quarter, with effect from January 1999.

The Commissioner of Central Excise, Lucknow, in his order dated 6 November 2001 had stated that M/s Scooters India Ltd., Lucknow was engaged in manufacture and sale of three wheelers Vikram 750 D, fitted with engine designed to have seating capacity of more than six persons excluding driver. The R & D Department

⁰ Uttar Pradesh State Road Transport Corporation

of M/s Scooters India Ltd. had also confirmed these facts. Keeping this in view, the Central Excise Department had demanded excise duty and levied penalty on the manufacturer.

- During the test check of records of 20[♥] Regional/Assistant Regional Transport Offices, it was noticed that in respect of Vikram 750-D three wheelers (between 19 to 7379 vehicles in different RTO/ARTOs), with seating capacity of more than six persons excluding driver, additional tax was charged at the rate of Rs.450/- per quarter instead of Rs.675/- per quarter per vehicle, during the period from February 1999 to March 2002. This resulted in loss of additional tax of Rs.2.96 crore.

4.2.7 Under the provisions of U.P. Motor Vehicle Taxation Act, 1997 on a stage carriage, additional tax is calculated on the basis of distance covered in a quarter for A and B class routes, at the rates prescribed.

Test check of records of RTOs Gorakhpur, Moradabad, Lucknow and ARTO Rampur revealed that due to incorrect calculations of distances covered under various routes in a quarter, additional tax of Rs.46.41 lakh was realized short from 86 contract carriages during the period January 1999 to March 2002.

Loss of additional tax on public service buses

4.2.8 Under the provisions of Uttar Pradesh Motor Vehicle 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 the buses. In the case of buses plying outside the municipal/corporation area, additional tax is leviable treating these buses as contract carriages.

During the audit of four Regional Transport Offices[◁], it was noticed during November 1998 to March 2002, that 437 city buses were operating beyond the limit of municipal areas. However, the vehicles were paying additional tax applicable to city buses instead of rates applicable to contract carriages and no efforts were made by the Department to realize the same. This resulted in loss of Rs.7.64 crore.

Loss of Compounding Fee

4.2.9 Motor Vehicle Act, 1988 provides for the operation of a transport vehicle in a public place, if the same is covered by proper permit. The enforcement squad is required to check the vehicle plying without permit and challan it and realize compounding fee of Rs.2500 from such vehicle.

[♥] Lucknow, Meerut, Kanpur city, Faizabad, Allahabad, Agra, Bareilly, Azamgarh, Aligarh, Jhansi, Gorakhpur, Bulandshahar, Etawah, Saharanpur, Rampur, Muzaffarnagar, Varanasi, Sonbhadra, Mirzapur and Moradabad
[◁] Faizabad, Meerut, Agra and Gorakhpur

During the audit of the records of Transport Commissioner, U.P., it was noticed that 3312 stage carriages were plying in the state without permits as on 31 December 2000. No efforts were made by the Department to realize the compounding fee from these vehicles. This resulted in loss of Rs.82.80 lakh on account of compounding fee.

Non-Levy of Penalty

4.2.10 Under the provision of U.P. Motor Vehicle Taxation Act, 1997, if the tax or additional tax in respect of a motor vehicle is not paid within the specified period, in addition to the amount of tax or additional tax due, a penalty not exceeding 25 per cent of the due amount shall be payable.

Test check of the records of the Transport Commissioner, UP revealed that additional tax amounting to Rs.262.46 crore pertaining to the period April 1997 to March 2002 was deposited late by UPSRTC. The delay ranged from one month to twelve months on which a penalty of Rs.65.61 crore was leviable but not imposed by the Department. This resulted in loss of Rs.65.61 crore.

4.2.11 As per the provision of U. P. Motor Vehicle Taxation Act, 1997, no transport vehicle shall ply in state under a temporary permit granted by an authority having jurisdiction outside the state without payment of tax or additional tax payable under the Act. If such vehicle is found plying in the state without payment of tax or additional tax, a penalty equivalent to ten times of the tax or additional tax due shall be charged.

During the test check of records of ARTO, Muzaffarnagar, it was noticed that enforcement squad of the Department intercepted 75 vehicles of Uttaranchal state plying in the state without payment of any tax of the state during the period January 2002 to March 2002. Though, tax and additional tax amounting to Rs.1.12 lakh was realized on these vehicles, the Department failed to impose a penalty of Rs.11.20 lakh. This resulted in loss of Rs.11.20 lakh.

Non-Realisation of Registration Mark Fee

4.2.12 Under the provision of Section 47 of Motor Vehicle Act, 1988, when a vehicle registered in one state is kept in another state for a period exceeding 12 months, the owner of such vehicle is required to apply for registration mark on payment of fee of Rs.600/- per vehicle in case of a heavy vehicle, Rs.400/- for a medium vehicle and Rs.300/- for a light vehicle (Commercial), to the registering authority of the concerned state.

During the audit of 23 Regional/Assistant Regional Transport Offices[□], it was noticed that 2,482 vehicles registered in other states were plying in this state for more than 12 months. These vehicles had applied for registration in the state but the confirmation of no objection certificates were still awaited from other states, these vehicles were thus not registered in the state. This resulted in non-realisation of registration fee of Rs.14.52 lakh.

U.P. Road Transport Accident Relief Fund (ARF)

4.2.13 Under the provision of Uttar Pradesh Motor Vehicles Taxation Act, 1997, for the purpose of providing relief to passengers or other persons suffering casualty in any accident of a public service vehicle, the State Government shall establish a fund to be known as “Uttar Pradesh Road Transport Accidents Relief Fund” to provide relief to the effected passengers or to the heirs of the passengers, as the case may be.

As per the Act, an amount equivalent to 1 out of 21 parts of additional tax shall be levied and credited to U.P. Road Transport Accident Relief Fund. Where a public service vehicle is wholly or partially exempted from the payments of additional tax by or under this act, a surcharge for the purpose of fund shall be levied at the rate of 5 per cent of additional tax and credited to said fund.

During test check of the records of Transport Commissioner, U.P. Lucknow it was noticed that during 1998-99 to 2001-02, Rs.19.28 crore was required to be credited to U.P. Road Transport Accident Relief Fund but was not so far credited.

On this being pointed out, the Transport Commissioner stated in April 2002 that no head of account had been allotted so far in which the amount was to be credited.

Recommendations

4.2.14 In view of the observations made above, The Government may consider—

- taking adequate steps for realisation of tax in time;
- taking action for ensuring application of correct rates of tax.
- To make special efforts to realize the arrears;
- Strengthen enforcement wing for impounding the vehicles which ply without permit/payment of additional tax. An effective mechanism is to be put in place.

[□] Bareilly, Lucknow, Ghaziabad, Faizabad, Agra, Meerut, Kanpur city, Azamgarh, Aligarh, Jhansi, Gorakhpur, Varanasi, Saharanpur, Mathura, Etawah, Muzaffarnagar, Sonbhadra, Rampur, Bijnore, Fatehpur, Behraich, Bagpat and Moradabad.

The foregoing Paragraphs were accepted by the Department and Government and it was stated that action was being taken (December 2003). Further progress is awaited (January 2004).

4.3 Non-assessment of additional tax (Passenger Tax)

Under the Uttar Pradesh Motor Vehicle Taxation Act, 1997 (Act), additional tax (passenger tax) from a maxi-cab having seating capacity of more than 6 but not more than 12 passengers excluding driver is to be realized at the rate Rs.2350 per month from 21 November 1996, Rs.1500 per month from 9 November 1998, Rs.1650 per month from 10 March 2000 and Rs.10,000 per quarter from 06 October 2001.

During audit of 12 Regional / sub-Regional Transport Offices[#], it was noticed that 142 maxi cabs were plying during the period August 1998 to December 2002, but the additional tax was neither assessed nor realized. This resulted in non-assessment of additional tax amounting to Rs.34.87 lakh.

On this being pointed out in audit, the Department stated that recovery certificates for Rs.2.64 lakh in respect of six maxi cabs had been issued and a sum of Rs.0.05 lakh recovered. Replies to other cases were awaited (November 2003).

The observation was accepted by the Department and Government and it was stated that action was being taken (December 2003). Further progress is awaited (January 2004).

4.4 Short assessment of additional tax

Under the provisions of the Act, additional tax is leviable on a stage carriage on the total distance covered in a quarter at prescribed rates.

During test check of records of four Regional/Sub-Regional Transport Offices[^], it was noticed that 105 vehicles plied on different routes during the period November 1998 to December 2002. The Department assessed additional tax without taking into account the actual distance covered by the vehicles in a quarter, which resulted in short assessment of additional tax of Rs.61.78 lakh.

The observation was accepted by the Department and Government and it was stated that action was being taken (December 2003). Further progress is awaited (January 2004).

[#] RTO (Agra), ARTO (Ambedkar Nagar), ARTO (Ballia), RTO (Bareilly), ARTO (Deoria), ARTO (Fatehpur), ARTO (Ghazipur), ARTO (Jalaun), ARTO (Kannauj), ARTO (Maharajganj), ARTO (Sant Ravidas Nagar) and ARTO (Sidharata Nagar)

[^] Badaun, Gonda, Hamirpur and Jhansi