

CHAPTER V MOTOR VEHICLES TAX

5.1 Results of audit

Test check of records relating to taxes on motor vehicles, conducted in audit during the year 2004-05, revealed non/short realisation of revenue amounting to Rs.3.19 crore in 85 cases, which broadly fall under the following categories:

(Rupees in crore)

Sl.No.	Categories	No. of cases	Amount
1.	Non/short realisation of tax fee, fine and penalty	38	2.15
2.	Others	47	1.04
Total		85	3.19

During the course of the year 2004-05, the concerned Department accepted underassessment etc. of Rs.3.12 crore involved in 111 cases of which 80 cases involving Rs.2.96 crore had been pointed out in audit during the year 2004-05 and the rest in earlier years. An amount of Rs.10.75 lakh was realised at the instance of audit.

A few illustrative cases involving Rs.3.40 crore highlighting important observations are given in the following paragraphs:

5.2 Non/short realisation of tax, additional tax and penalty from different types of vehicles

The West Bengal Motor Vehicles (WBMV) Tax Act, 1979 and the West Bengal Additional Tax and One Time Tax on Motor Vehicles Act, 1989 as amended in January 2003, prescribe the rate of taxes on motor vehicles according to their use, seating capacity and weight, as the case may be. As per clarification of the Government of West Bengal, Transport Department issued in December 1998 and August 1999, additional tax of 50 *per cent* of road tax is leviable on articulated vehicles, breakdown vans, crane, dumper and tipper. Both the Acts provide for levy of penalty of an amount equal to tax and additional tax in case of non-payment of such taxes beyond 75 days from the due date of payment.

Scrutiny of records of four¹ Regional Transport Offices (RTOs) and Public Vehicles Department (PVD), Kolkata revealed that taxing officers did not levy or short levied tax and additional tax due to non-imposition/incorrect application of rate of tax and additional tax on 124 articulated vehicles, 18 cranes and 972² different types of vehicles. No penalty was also levied on 280³ different types of vehicles for non-payment of tax and additional tax within the specified period. This resulted in non/short realisation of tax, additional tax and penalty of Rs.2.25 crore.

After this was pointed out, four Taxing Officers, stated between June 2002 and July 2004 that demand notice would be/had been issued after proper scrutiny while the taxing officer of Burdwan did not furnish any specific reply.

Government to whom the cases were reported, stated between February and March 2005 that Rs.1.93 lakh and Rs.0.77 lakh had been realised from the owners of private cars and from the cars of private limited company respectively while instruction to realise the tax, additional tax and penalty

¹ Burdwan, Durgapur, Siliguri and South 24 Parganas.

² 52 buses of companies, 528 private service vehicles, 2 Tankers, 10 Contract carriages, 56 Minibus, 15 Tourist buses, 211 Private cars, 6 Deluxe buses, 5 breakdown vans, 50 cars of private limited companies and 37 vehicles of motor training schools.

³ 92 articulated vehicles, 7 cranes, 2 tankers, 10 contract carriages, 56 minibuses, 15 tourist buses, 6 deluxe buses, 5 breakdown vans, 50 cars of private limited companies and 37 vehicles of motor training schools.

from other vehicles had been issued to PVD, Kolkata. Report on further realisation has not been received (October 2005).

5.3 Non-levy of additional fee on transfer of ownership of vehicles

Under the WBMV Rules, 1989, as amended in 2003, the owners of motor vehicles are liable to pay additional fee on transfer of ownership of their vehicles from December 16, 2003 at the rates prescribed therein.

Test check of records of PVD, Kolkata revealed that the taxing officer had not realised additional fee at the time of transfer of ownership of 3,645 vehicles between December 2003 and March 2004. This resulted in non-levy of additional fee of Rs.57.51 lakh.

After this was pointed out, the taxing officer attributed the short levy to non-entry of the item in computer programme and stated in July 2005 that the item had been included in the programme w.e.f. 29.03.04.

The cases were reported to Government in July 2004 followed by reminders issued up to June 2005; their reply has not been received (October 2005).

5.4 Non/Short realisation of dealer's tax

Under the provisions of the WBMV Tax Act, every person who keeps in his possession or control any motor vehicle as a dealer is required to pay tax on such motor vehicle at the prescribed rate at the time of first registration of the vehicle whether or not the vehicle is driven in any public place. Government of West Bengal by notification in August 2003 enhanced the dealer's tax for various categories of vehicles.

Test check of records of three⁴ RTOs and PVD, Kolkata revealed that dealer's tax was not realised or realised short from 10,905 vehicles of different categories at the time of registration between April 2002 and March 2004. This resulted in non/short realisation of dealer's tax of Rs.35.33 lakh.

The cases were pointed out to the taxing officers between April 2003 and March 2005; no specific reply was furnished.

⁴ Hooghly, Howrah and South 24 Parganas.

Government to whom the cases were reported, directed PVD Kolkata in March 2005, to realise Rs.14.41 lakh. However, report on realisation has not been received (October 2005).

5.5 Non-imposition of fine on illegal plying of vehicles with expired certificate of fitness

Under the Motor Vehicle Act, 1988, no transport vehicle can ply without a valid certificate of fitness (CF). For renewal of CF, the owner of a vehicle is required to apply one month in advance of its expiry. The State Government by a notification issued in July 1995 prescribed a fine at the rate of Rs.3,000 and Rs.2,000 on goods/contract carriages and other vehicles respectively which was revised to Rs.4,000 and Rs.3,000 respectively w.e.f. 14 February 2003 for vehicles plying without valid certificate of fitness.

Scrutiny of records of transport offices of five⁵ RTOs and PVD, Kolkata revealed that the CFs of 159 goods carriages/contract carriage buses and 122 other vehicles were renewed between 1999-2000 and 2003-04 after expiry of validity for a period upto four years and nine months without imposing a fine. There was nothing on record that the vehicles were off the road. This resulted in non-levy of fine of Rs.8.63 lakh.

After this was pointed out, the Taxing Officer, PVD, Kolkata stated in January 2003 that fine was being realised. Other taxing officers did not furnish any specific reply.

The cases were reported to Government between October 2003 and July 2004 followed by reminders issued up to June 2005; their reply has not been received (October 2005).

5.6 Non/Short realisation of special registration fee

The State Government in their order issued in December 1990 permitted plying of heavy goods vehicles having gross vehicle weight above 22,542 kgs. on payment of special registration fee per annum at varying rates depending upon the gross vehicle weight of those vehicles and subject to fulfillment of conditions as prescribed therein.

⁵ Bankura, Hooghly, Murshidabad, Siliguri and South 24 Parganas.

Scrutiny of records of four⁶ RTOs and PVD, Kolkata revealed that no special registration fee on 147 goods vehicles having gross vehicle weight between 22,727 kgs. and 36,600 kgs. was realised between April 1999 and December 2004 although road taxes were paid regularly by their owners. This resulted in non-realisation of special fees of Rs.7.23 lakh.

After this was pointed out, the Taxing Officer, PVD, Kolkata stated in November 2003 that action had been taken to realise the fees while Taxing Officer, Burdwan stated in February 2005 that Rs.18,438 has been realised from owners of eight vehicles. Other taxing officers did not furnish any specific reply.

The cases were reported to Government between November 2003 and January 2005 followed by reminders issued up to June 2005; their reply has not been received (October 2005).

5.7 Non-levy of additional tax and penalty from seized vehicles

Under the provisions of the WBMV Tax Act, and the West Bengal Additional Tax and One Time Tax on Motor Vehicle Act, 1989, a motor vehicle may be seized for non-payment of tax and additional tax by enforcement authority and may be released on payment of due tax and penalty within 30 days of such detention.

Test check of records of PVD, Kolkata revealed that the taxing officer seized a vehicle in March 2003 for non-payment of tax and additional tax of Rs.4.49 lakh from April 1999 to March 2003. The taxing officer released the vehicle on realisation of road tax of Rs.2.99 lakh. However, additional tax of Rs.1.50 lakh was not realised. Besides, penalty of Rs.4.48 lakh for delayed payment of tax was not imposed. This resulted in non-realisation of additional tax and penalty of Rs.5.98 lakh.

After this was pointed out, the taxing officer stated between November 2003 and January 2004 that demand notice was being issued.

The case was reported to Government in February 2004 followed by reminders issued up to June 2005; their reply has not been received (October 2005).

⁶ Burdwan, Hooghly, Paschim Medinipur and Siliguri.

