

## CHAPTER IV MOTOR VEHICLES TAX

### 4.1 Results of audit

Test check of records relating to taxes on motor vehicles conducted during the year 2005-06, revealed non/short realisation of revenue amounting to Rs.2.58 crore in 69 cases, which broadly fall under the following categories:

*(Rupees in crore)*

Sl. No.	Categories	No. of cases	Amount
1.	Non/short realisation of tax, additional tax and penalty	36	1.47
2.	Non realisation of revenue due to non disposal of seized vehicles	5	0.20
3.	Non realisation of revenue due to non reference of offence cases to the court of law	5	0.08
4.	Others	23	0.83
<b>Total</b>		<b>69</b>	<b>2.58</b>

During the course of the year 2005-06, the concerned department accepted underassessment etc. of Rs.64.03 lakh involved in 21 cases which were pointed out in audit during the year 2005-06. An amount of Rs.3.63 lakh involved in 12 cases was realised at the instance of audit in 2005-06.

A few illustrative cases involving Rs.80.98 lakh highlighting important observations are given in the following paragraphs:

#### **4.2 Non levy of tax, additional tax and penalty from different types of vehicles**

The West Bengal Motor Vehicles Tax Act (WBMVT Act), 1979 and the West Bengal Additional Tax and One-time Tax on Motor Vehicles Act, 1989 as amended in January and September 2003, prescribe the rate of tax on motor vehicles based on their use, seating capacity or weight. As per clarification of the Transport Department issued in December 1998 and August 1999, additional tax of 50 *per cent* of road tax is leviable on articulated<sup>1</sup> vehicles, break down 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.

Scrutiny of records of Public Vehicles Department (PVD), Kolkata, Regional Transport Office (RTO), Burdwan and two Additional Regional Transport Offices (ARTO), Siliguri and Durgapur revealed that taxing officers did not levy tax and additional tax on 32 articulated vehicles, 17 tippers, 5 tankers and 419<sup>2</sup> different types of vehicles between April 2000 and March 2005. The delay in non payment of tax and additional tax ranged between 3 and 59 months for which due tax and additional tax with 100 *per cent* penalty thereon is realisable. This resulted in non levy and consequent non realisation of tax, additional tax and penalty of Rs.45.86 lakh.

After this was pointed out between May 2004 and December 2005, three<sup>3</sup> taxing officers stated in 346 cases involving Rs.44.80 lakh that demand notice would be issued/action would be taken for realisation of dues. Reports on realisation have not been received. Taxing Officer, Burdwan did not furnish any specific reply.

Government to whom the cases were reported in March 2006 did not furnish any specific reply (October 2006).

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<sup>1</sup> A motor vehicle to which a semi-trailer is attached

<sup>2</sup> Goods vehicles 116, Auto rickshaw-251, Vehicles of Motor Training School-31, Deluxe buses-5, Brake down vans-4, Trailer-7, Tractor-3, LMV-2 =419.

<sup>3</sup> ARTO, Durgapur, Siliguri and PVD Kolkata.

### **4.3 Failure to follow the prescribed system led to non realisation of fine**

As per provisions of the WBMV Rules, 1989 the compounding officer including the police officers not below the rank of sub-inspector shall compound the offence with the consent of the offender and issue notice for payment of compounded fine, within seven days from the date of issue of the notice. In case of non payment of compounded fine within the said period, he shall refer the case to the Court of Law for the prosecution of the offender. An offence case register was required to be maintained under the Act.

Scrutiny of records in eight<sup>4</sup> RTO/ ARTO revealed that the compounding officers did not prosecute the offending owners/drivers of motor vehicles in 440 cases detected between April 2000 and December 2004 for their failure to pay compounded fines of Rs.17.14 lakh after expiry of period of notices which ranged between one month and 44 months. This resulted in non realisation of fine of Rs.17.14 lakh due to failure of submission of case for prosecution against the offending driver or owner in the Court of Law.

After this was pointed out, six<sup>5</sup> compounding officers in 293 cases stated between August 2004 and February 2005 that prosecution reports were being sent/submitted to the Court of Law. The remaining compounding officers did not furnish any specific reply.

Government to whom the cases were reported in February 2006 did not furnish any specific reply (October 2006).

### **4.4 Short realisation of fees due to application of pre revised rates**

By an amendment of the Central Motor Vehicles Rules, 1989, in March 2001 Government of India, Ministry of Road Transport and Highways enhanced the rates of fees for grant and renewal of driving/learner's licence from 28 March 2001. The rate of driving licence was further enhanced from 31 May 2002 by an amendment of the Rule.

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<sup>4</sup> Bankura, Darjeeling, Hooghly, Murshidabad, North 24 Parganas, Paschim Medinipur, Siliguri and Tamluk.

<sup>5</sup> Hooghly, Murshidabad, North 24 Parganas, Paschim Medinipur, Siliguri and Tamluk.

Test check of records of RTO Bankura, ARTO Asansol and PVD Kolkata between November 2003 and September 2004 revealed that in 30,980 cases the taxing officers realised fees for grant and renewal of driving/learners licence at pre revised rates between 28 March 2001 and 18 September 2002 instead of revised rates. Thus, application of pre revised rates instead of revised rates resulted in short realisation of fees of Rs.16.01 lakh.

After this was pointed out between November 2003 and September 2004, the Taxing Officer, PVD, Kolkata stated in November 2003 that in 9,724 cases involving Rs.6.23 lakh short payment would be realised at the time of renewal of licence while Taxing Officer, Asansol stated in September 2004, that in 9,959 cases involving Rs.4.98 lakh necessary action for realisation of fees would be taken after verification of office records. However, report on action taken for realisation has not been received. Taxing Officer, Bankura did not furnish any specific reply in 11,297 cases involving Rs.4.80 lakh.

Government to whom the cases were reported in March 2006 did not furnish any specific reply (October 2006).

#### **4.5 Non realisation of revenue due to non disposal of seized vehicles**

Under the provisions of the WBMVT Act and the West Bengal Additional Tax and One Time Tax on Motor Vehicles Act, 1989, a motor vehicle may be detained and seized by enforcement authority due to non payment of tax and additional tax and may be released on realisation of due tax and additional tax along with prescribed penalty within 30 days of seizure. The owner is liable to pay double the amount of tax and penalty within a further period of 15 days after expiry of said 30 days and in case of default the vehicle may be sold in auction for realisation of the dues.

Scrutiny of records in PVD, Kolkata and ARTO, Barrackpore and Tamluk between November 2003 and March 2005 revealed that 12 vehicles of different categories were seized between December 2002 and January 2004 for non payment of tax, additional tax and other dues. No action was initiated to auction the vehicles to recover the dues even after lapse of time between 8 and

23 months from the dates of seizure of the vehicles. This resulted in non realisation of revenue of Rs.13.99 lakh due to non disposal of seized vehicles.

After this was pointed out, Taxing Officer, PVD, Kolkata stated between November 2003 and May 2004 that in four cases involving Rs.2.28 lakh necessary action would be taken; in one case involving Rs.0.81 lakh proposal for auction was awaiting the approval of the Director and in the remaining case involving Rs.1.38 lakh action was being taken to realise the dues by placing the vehicle in auction. Taxing Officer, Barrackpore stated in March 2004 that in all the five cases involving Rs.6.19 lakh necessary steps had been taken to form an auction committee headed by Additional District Magistrate. Taxing Officer, Tamluk stated in December 2004 that matter of auction involving Rs.3.33 lakh had been brought to the notice of higher authority. Further progress on all the cases has not been received (October 2006). Government to whom the cases were reported in March 2006 did not furnish any specific reply (October 2006).

#### **4.6 Loss of revenue due to non issuance of statutory forms**

The WBMV Rules and Central Motor Vehicles Rules, 1989, prescribe forms for issue of learner licence, driving licence, permit and registration of vehicles which shall be supplied by the registering authority on payment of Rs.5 per page (including both sides of each form).

Scrutiny of records of RTO, Burdwan and ARTO, Siliguri revealed between September and December 2005 that 27,827 learners licence, 5,200 driving licence, 16,880 registration, 2,047 temporary permit and 2,821 permanent permit were granted during the period 2004-05 for which relevant forms were not supplied by the office. Thus, saleable forms were not issued by the registering authorities but obtained from private parties which resulted in loss of revenue of Rs.5.12 lakh.

After this was pointed out between September and December 2005, Taxing Officer, Burdwan did not furnish any specific reply while Taxing Officer, Siliguri stated in December 2005 that there was no supply of forms from

Government. The reply is not tenable as there is nothing on record in support of submission of requisition for the relevant forms.

Government to whom the cases were reported in March 2006 did not furnish any specific reply (October 2006).