

CHAPTER V: OTHER TAX RECEIPTS

5.1 Results of audit

Test check of the records in the offices of Transport, Excise and Taxation, Agriculture and Power departments relating to revenue received from taxes on vehicles, taxes on goods and passengers and other tax receipts during the year 2008-09 revealed non/short recovery of tax, fees and penalty etc. amounting to Rs. 5.18 crore in 5,738 cases which fall under the following categories:

(Rupees in crore)			
Sl. No.	Category	Number of cases	Amount
A: Transport Department (Taxes on vehicles)			
1.	Non/short recovery of token tax in respect of stage carriage buses	473	0.79
2.	Short charging of permit/countersignature fees from owners of heavy/light transport vehicles	1,226	0.29
3.	Non-recovery of bid money	18	0.20
4.	Non/short realisation of registration fee and token tax on vehicles transferred from other States	982	0.18
5.	Miscellaneous irregularities	1,510	0.65
Total		4,209	2.11
B: Excise and Taxation Department (Taxes on goods and passengers)			
1.	Non-recovery of passengers tax from bus owners of co-operative societies/educational institutions	713	1.58
2.	Non-recovery of goods tax	693	0.36
Total		1,406	1.94
C: Other Tax Receipts (entertainment duty and show tax, purchase tax on sugarcane and taxes and duties on electricity)			
	Other tax receipts	123	1.13
Grand total		5,738	5.18

During the year 2008-09, the departments accepted underassessments and other deficiencies of Rs. 2.17 crore involved in 1,860 cases of which 1,852 cases involving Rs. 2.13 crore had been pointed out during the year 2008-09 and the remaining in earlier years. The departments recovered Rs. 16.36 lakh in 99 cases during the year 2008-09, of which 91 cases involving Rs. 12.73 lakh related to the year 2008-09 and balance to the earlier years.

A few illustrative audit observations highlighting irregularities involving financial effect of Rs. 1.61 crore are mentioned in the succeeding paragraphs.

5.2 Audit observations

Scrutiny and records in the offices of Transport, Excise and Taxation, Agriculture and Power departments relating to revenue received from taxes on vehicles, taxes on goods and passengers and other tax receipts revealed several cases of non-observance of the provisions of the Acts/Rules resulting in non/short levy of tax/penalty/permit fee and other cases as mentioned in the succeeding paragraphs in this chapter. These cases are illustrative and are based on a test check carried out in audit. Such omissions are pointed out in audit each year, but not only the irregularities persist; these remain undetected till an audit is conducted. The Government needs to improve the internal control system to avoid occurrence of such cases in future.

EXCISE AND TAXATION DEPARTMENT

5.3 Non-observance of the provisions of Acts/Rules

The Punjab Passengers and Goods Taxation Act/Rules provide for levy of passengers tax at the prescribed rate.

While the owners of the vehicles did not pay the tax, the Department also did not issue the demand notice as required in some cases as mentioned in the paragraph 5.3.1. This resulted in non/short realisation of tax of Rs. 98.77 lakh.

5.3.1 Non/short realisation of passengers tax

Under the Punjab Passengers and Goods Taxation Act, 1952 (PPGT Act) and the rules framed thereunder, as applicable to Haryana, the passengers tax is payable by 20th of each month at the rates prescribed by Government from time to time. The owner of the bus shall pay lump sum tax by making deposit into the Government treasury or by furnishing demand draft or pay order to the appropriate authority. In case the said sum is paid within the first seven days of the month to which the payment relates, the permit holder shall be entitled to a concession of 10 *per cent* of lump sum payable. If any sum is payable by an owner under the Act or rules, the AA shall serve a notice in Form P.T.T. 11 (demand notice) alongwith a copy of the order and shall also fix date not less than 15 days from the date of service, by which the owner shall furnish the receipted challans in proof of such payment. In case the tax is not paid within the prescribed time, penalty not exceeding Rs. 5,000 shall be leviable.

5.3.1.1 Educational institutions

The owner of the bus of an educational institution may, in lieu of tax chargeable on fare and freight, pay lump sum tax (month wise) at the rate of Rs. 60 per seat per month for nine months (from July to March) in a year. Further as per notification dated 18 October 2007 (applicable from 1 March 2007), the Government prescribed lump sum tax in respect of private

schools owning educational institutional buses on the basis of monthly bus charges per seat exceeding Rs. 100 but not exceeding Rs. 200 at the rate of Rs. 20 and exceeding Rs. 200 at the rate of Rs. 40 per seat per month for nine months in a year.

During test check of records of four¹ offices of DETC between November 2007 and October 2008, it was noticed that the owners of 492 educational institution buses, granted permits for plying buses, either did not deposit the monthly passengers tax or deposited it short during the period between April 2007 and March 2008. The department, however, did not raise the demand to realise tax from the defaulting bus owners. This resulted in non/short realisation of passenger tax of Rs. 59.38 lakh. Additionally, a maximum penalty of Rs. 24.60 lakh was also recoverable.

After the cases were pointed out between November 2007 and October 2008, DETCs Bhiwani, Kaithal and Narnaul intimated between September 2008 and March 2009 that an amount of Rs. 18,480 had been recovered in respect of four buses of Kaithal between April and November 2008 and efforts were being made to recover the balance amount. DETC Rewari stated in September 2008 that notices would be issued to recover the tax from the defaulting institutions. Further report on recovery has not been received (August 2009).

5.3.1.2 Transport co-operative societies

The permit holder buses on link routes of the State under the scheme of privatisation of passenger road transport, are required to pay lump sum passengers tax based on the seating capacity of the bus on monthly rate of Rs. 16,000 for 52/54 seater and Rs. 10,000 for 30/32 seater buses. Further, the Government vide notification issued in April 2002, revised rates of passengers tax to Rs. 20,000 and Rs. 14,000 for 52/54 and 30/32 seater buses respectively, in case their routes are extended upto 24 kilometers. With effect from March 2007, the Government revised the passenger tax to Rs. 12,000 for 52/54 seater and Rs. 6,000 for 30/32 seater buses and in case their routes extended upto 24 kilometers at the rate of Rs. 16,000 for 52/54 seater and Rs. 10,000 for 30/32 seater buses.

During test check of records of six² offices of DETC in October and November 2008, it was noticed that 29 transport co-operative societies³ either did not deposit the monthly passengers tax or deposited it short during 2007-08. The department, however, did not raise the demand to realise tax from the defaulting societies. This resulted in non/short realisation of tax of Rs. 29.06 lakh. Additionally maximum penalty of Rs. 1.45 lakh was also recoverable.

¹ Bhiwani, Kaithal, Narnaul and Rewari.

² Bhiwani, Faridabad (East), Faridabad (West), Jind, Jhajjar and Panipat.

³ As per Haryana Co-operative Societies Act, 1984, a transport co-operative society means a society registered under the Act for plying buses on link routes in the State and granted permit under Section 7 of the Motor Vehicle Act, 1988.

After the cases were pointed out in October and November 2008, DETCs Faridabad (West), Jhajjar and Jind stated between November 2008 and March 2009 that a sum of Rs. 1.78 lakh had been recovered in two cases of Faridabad (West) in December 2008 and January 2009 and efforts were being made to recover the balance amount. DETC Faridabad (East) and Bhiwani stated between March and June 2009 that efforts were being made to recover the amount. DETC Panipat stated between January and May 2009 that notices had been issued to recover the dues from the defaulting vehicle owners. A report on recovery and final reply has not been received (August 2009).

5.3.1.3 City bus operators

The holders of permit for plying buses on the roads within the municipal corporation limit in Gurgaon and Faridabad districts are required to pay passengers tax at the rates prescribed for ordinary half body and ordinary full body at Rs. 4,200 and Rs. 7,000 per month respectively with effect from 24 February 2004.

During test check of the records of the offices of DETC, Faridabad (East) and Gurgaon for the year 2007-08 in April and October 2008, it was noticed that 26 private bus operators who were granted permits for plying buses in city areas did not deposit the monthly passengers tax for different periods between April 2007 and March 2008. The department, however, did not take action to realise the tax from the defaulting bus owners. This resulted in non/short realisation of tax of Rs. 10.33 lakh. Additionally, maximum penalty of Rs. 1.30 lakh was also leviable.

After the cases were pointed out in April and October 2008, DETCs, Faridabad (East) and Gurgaon stated between November 2008 and April 2009 that tax amounting to Rs. 2.56 lakh had been recovered between April 2008 and February 2009 and efforts were being made to recover the balance amount of Rs. 7.77 lakh. A report on action taken to levy penalty and the recovery of balance amount has not been received (August 2009).

The matter was pointed out to the ETC, Excise and Taxation Department between February 2008 and March 2009 and reported to the Government in March and April 2009; their reply has not been received (August 2009).

TRANSPORT DEPARTMENT

5.4 Non-observance of the provisions of Acts/Rules

The Punjab Motor Vehicles Act, 1924/Haryana Motor Vehicle Rules, 1993 provide for:-

- (i) payment of motor vehicles tax/token tax by the owner of vehicles at the prescribed rate;*
- (ii) token tax to be paid in advance and within the prescribed period; and*
- (iii) payment of permit fee in respect of transfer of permit by the owner of vehicles.*

The Transport Department did not observe some of the provisions of the Acts/Rules in some cases for levy and collection of token tax and permit fee as mentioned in the paragraph 5.4.1 which resulted in non/short realisation of tax/permit fee of Rs. 58.17 lakh.

5.4.1 Non/short recovery of token tax

Under the Punjab Motor Vehicles Taxation Act, 1924 (PMVT Act) and the rules framed thereunder, as applicable to Haryana, the token tax shall be leviable in advance on every motor vehicle⁴ in equal instalments for quarterly periods commencing on the first day of April, July, October and January per vehicle for a period of one year. Any broken period in such quarterly periods shall, for the purpose of levying the tax, be considered as a full quarter. In case of omission to comply with the provisions, the Act further provides that the licensing officers may impose a penalty which may extend to twice the amount of tax due. When a person neglects or refuses to pay instalment of tax within one month from the expiry of the period fixed for such payment, the licensing officer may forward to the Collector a certificate specifying the amount of tax due recoverable as arrears of land revenue.

5.4.1.1 City bus owners

A stage carriage or contract carriage plying under a permit issued under Faridabad and Gurgaon city 'Private Bus Service Scheme, 2004' is required to pay token tax prescribed for a half body bus⁵ and for a full body bus⁶ at the rate of Rs. 18,000 and Rs. 30,000 per annum respectively.

During test check of the records of the offices of Secretary, Regional Transport Authority (RTA), Faridabad and Gurgaon for the years 2006-07 to 2007-08 between August 2007 and June 2008, it was noticed that 138 private bus operators who were granted permits for plying buses in city areas did not deposit token tax for different periods between April 2006 and March 2008. No action was taken by the RTAs to recover token tax from the defaulting bus owners. This resulted in non/short realisation of token tax of Rs. 22.22 lakh. Additionally, maximum penalty of Rs. 44.43 lakh was also leviable.

After the cases were pointed out between August 2007 and June 2008, the Secretary, RTAs Faridabad and Gurgaon stated in June 2008 and March 2009 that a sum of Rs. 3.17 lakh had been recovered in 17 cases between August 2007 and March 2009 and efforts were being made to recover the balance amount. A report on recovery of balance amount has not been received (August 2009).

⁴ Motor vehicle means stage carriage and contract carriage permit holder vehicles.

⁵ Half-body bus means an omnibus, which is not a maxi cab, and not a full-body bus.

⁶ Full-body bus means an omnibus whose capacity shall be, with ordinary 3x2 seating arrangement, to carry more than 35 but not more than 54 persons, and with luxury 2x2 seating arrangement to carry more than 12 but not more than 35 persons excluding the driver.

5.4.1.2 Stage carriage bus owners

Token tax on a stage carriage bus plying for hire and used for the transport of passengers shall be leviable at the rate of Rs. 550 per seat per annum subject to a maximum of Rs. 35,000 per vehicle per annum.

During test check of the records of 10 offices⁷ of the Secretary, RTAs between November 2007 and October 2008, it was noticed that 102 buses were plied as stage carriages by the transport co-operative societies during the years 2006-07 and 2007-08. However, token tax was either not deposited or deposited short by the societies. No action was taken by the RTAs to recover the tax. This resulted in non/short realisation of token tax of Rs. 22.05 lakh. Additionally penalty was also leviable.

After the cases were pointed out between November 2007 and October 2008, six⁸ RTAs stated between January and June 2009 that Rs. 3.83 lakh had been recovered in 26 cases between April 2008 and May 2009 and efforts were being made to recover the balance amount of Rs. 10.42 lakh. RTA Fatehabad stated in January 2009 that recovery was being made. RTA Kaithal stated in February 2009 that action was being taken to recover the tax. A report on recovery and reply from the remaining two RTAs involving Rs. 4.17 lakh has not been received (August 2009).

The matter was pointed out to the State Transport Controller (STC), Transport Department between December 2007 and March 2009 and reported to the Government in April and May 2009; their reply has not been received (August 2009).

5.4.1.3 Short realisation of permit transfer fee

Under the Haryana Motor Vehicles Rules, 1993, where the holder of a permit desires to transfer the permit to some other person under section 82 (1) of the Motor Vehicles Act, 1988 (MV Act), they shall make a joint application accompanied by a cash receipt or treasury challan showing the payment of fee of Rs. 100 specified for making application for grant of permit to the State or RTA for issue of the permit. If the RTA allows transfer of a permit, it shall call upon the holder of the permit, in writing, to surrender parts A and B of the permit within seven days of the receipt of the order and shall likewise call upon the person to whom the permit is to be transferred to deposit the fee of Rs. 2,625 and Rs. 1,750 specified for grant of permit for heavy transport vehicle (HTV) and light transport vehicle (LTV) respectively.

During test check of the records of offices of Secretary, RTA Naraingarh (now RTA Ambala) and Sirsa in October and November 2008, it was noticed that holders of 576 permits (HTV: 463; LTV: 113) applied for transfer of permits during the years 2006-07 and 2007-08. RTAs allowed transfer of permits in these cases. Against the recoverable fee of Rs. 14.71 lakh, the department

⁷ RTAs Bhiwani, Faridabad, Fatehabad, Gurgaon, Jhajjar, Kaithal, Panipat, Rewari, Rohtak and Sirsa.

⁸ RTAs Bhiwani, Faridabad, Gurgaon, Panipat, Rewari and Sirsa .

charged application fee of Rs. 57,600 and permit fee of Rs. 23,400 only. This resulted in short realisation of permit fee of Rs. 13.90 lakh.

After the cases were pointed out in October and November 2008, RTA Ambala stated in February 2009 that an amount of Rs. 63,500 had been recovered in 25 cases in December 2008 and January 2009 and efforts were being made to recover the balance amount. RTA Sirsa stated in June 2009 that notices would be issued to recover the permit transfer fee from the concerned parties. A report on recovery has not been received (August 2009).

The matter was pointed out to the STC, Transport Department in November and December 2008 and reported to the Government in May 2009; their reply has not been received (August 2009).

5.5 Non-realisation of additional fee for retention of choice registration mark

The Department did not observe provisions of Government notification in some cases at the time of allowing the registration of choice numbers which resulted in non-levy of additional fee of Rs. 4.35 lakh.

As per notification issued by Government in December 2005 under Section 65 of the MV Act and the Haryana Motor Vehicles Rules, 1993 framed thereunder, the registering authority shall allot to the owner of non-transport vehicle⁹, a registration mark of his choice from amongst the registration mark specified by the Central Government on payment of prescribed additional fee. However, if the motor vehicle with choice registration number is being transferred in the name of other person, the same may be allowed by the registering authority on payment of additional fee as prescribed.

During test check of the records of five¹⁰ registering authorities {Motor Vehicles (MVs)} between February and October 2008, it was noticed that in 63 cases, the motor vehicles with choice registration numbers were transferred in the name of other persons. Registering authorities transferred the vehicles with choice registration numbers without charging the additional fee as prescribed. This resulted in non-realisation of additional fee of Rs. 4.35 lakh.

After the cases were pointed out between February and October 2008, four¹¹ registering authorities (MVs) stated in June 2008 and March 2009 that a sum of Rs. 15,000 (Faridabad: Rs. 5,000; Nuh: Rs. 10,000) had been recovered in two cases and efforts were being made to recover the balance amount of Rs. 3.40 lakh. Further report on recovery and reply from registering authority (MV), Panchkula has not been received (August 2009).

⁹ Non-transport vehicle means private service vehicle registered in the name of an individual and if declared to be used by him solely for personal purposes.

¹⁰ Faridabad, Jagadhari, Narwana, Nuh and Panchkula.

¹¹ Faridabad, Jagadhari, Narwana and Nuh.

The matter was pointed out to the STC, Transport Department in February 2009 and reported to the Government in April 2009; their reply has not been received (August 2009).