

CHAPTER-V
TAXES ON VEHICLES

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EXECUTIVE SUMMARY

Increase in tax collection	In 2012-13, collection of taxes from motor vehicles increased by 12.40 <i>per cent</i> over previous year.
Low recovery by Department against observations pointed out by audit in earlier years	During period 2007-08 to 2011-12, audit had pointed out non/short realisation of tax, fee etc., with revenue implication of ₹ 414.20 crore in 1238 cases. Of these, Department/ Government accepted audit observations in 621 cases involving ₹ 61.18 crore and recovered only ₹ 9.19 crore in 294 cases. Recovery position as compared to acceptance of audit observations was low (15.02 <i>per cent</i>).
Results of audits conducted in 2012-13	In 2011-12 audit test checked records of 34 offices of Transport Department and found preliminary audit observations involving non/short levy of tax, fees, penalty, realisation etc., of ₹ 147.91 crore in 197 cases. The Department accepted under assessments and other deficiencies of ₹ 7.74 crore in 42 cases during the year 2012-13 and rest in earlier years. An amount of ₹ 2.43 lakh was realised in two cases.
What audit has highlighted in this chapter	<p>In this chapter illustrative cases involving tax effect of ₹ 38.11 crore selected from observations noticed during test check of records relating to levy and collection of taxes on vehicles in offices of Transport Commissioner (TC), Joint Transport Commissioner (JTC), Regional Transport Officers (RTO), where non-compliance with provisions of Acts/Rules were not observed are featured.</p> <p>In addition to recurring issues, audit made new observations by way of data analysis. Following audit observation were made</p> <p>(i) Audit noticed that contract carriage permits issued in offices selected by audit were misused. Audit observed that Private Contract Carriages (PCCs) were being used as stage carriages. Lack of effective vigilance/enforcement activity by Regional Transport Authorities (RTAs) in state led to misuse of permits.</p>

(ii) Analysis of tax payable by PCCs holding intra state permits and that of Andhra Pradesh State Road Transport Corporation (APSRTC) was compared. Audit observed that although similar services were rendered by PCCs and APSRTC there was difference in tax liability due to differential tax structure which favoured PCC operators.

Conclusion

Department needs to improve its internal control system so that weaknesses in the system are addressed and omissions of the nature detected by audit are avoided in future.

In order to prevent accumulation of arrears, for effective monitoring and realisation thereof, a system of automatic generation of notices to defaulters is to be introduced if arrears cross beyond a prescribed limit.

With regard to payment of life tax on non transport vehicles, Audit recommends that Government may take necessary steps to update Citizen Friendly Services in Transport department (CFST) package so as to ensure levy of Life tax on second/subsequent non transport vehicles as well as those owned by companies, institutions, societies and organisations at applicable rates and minimise scope for non/short levy of tax.

With regard to audit observation on 'non-levy of green tax', audit recommends that Government put in place, a proper monitoring mechanism as part of CFST package to raise alerts for demanding green tax 60 days prior to expiry of validity of registration, in accordance with provisions of Central Motor Vehicles (CMV) Rules, 1989. Further, they may also introduce necessary mechanism to update demand of green tax whenever transactions of tax payments and issue/renewal of permits occur.

5.1 Tax administration

Transport Department of Government of Andhra Pradesh is governed by Motor Vehicles (MV) Act, 1988, Central Motor Vehicle (CMV) Rules, 1989, Andhra Pradesh Motor Vehicles Taxation (APMVT) Act, 1963, Andhra Pradesh Motor Vehicles Taxation (APMVT) Rules, 1963 and Andhra Pradesh Motor Vehicle (APMV) Rules, 1989. Transport Department is primarily responsible for enforcement of provisions of Acts and rules framed thereunder which *inter alia* include provisions for collection of taxes and fees, issue of driving licenses and certificates of fitness to transport vehicles, registration of motor vehicles and granting regular and temporary permits to vehicles. At Government level, Principal Secretary (Transport, Roads and Buildings Department) heads Transport Department. Transport Commissioner (TC) is in charge of the Department. At district level, there are Deputy Transport Commissioners (DTCs) and Regional Transport Officers (RTOs) who are in turn assisted by Motor Vehicles Inspectors (MVIs) and other staff.

5.2 Trend of receipts

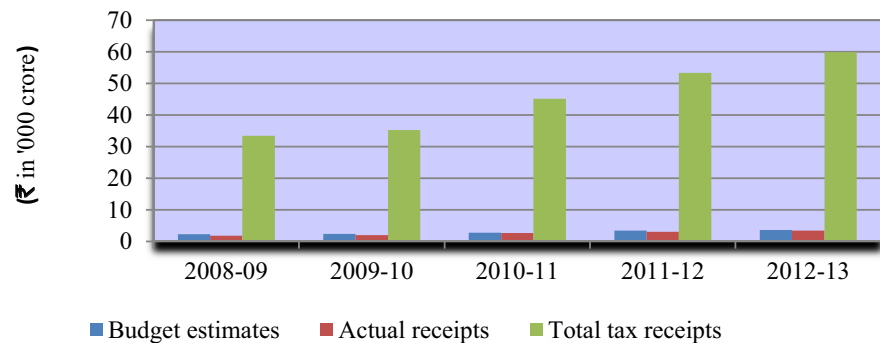
Actual receipts from taxes on vehicles during years 2008-09 to 2012-13, along with total tax receipts during the same period, is exhibited in the following table and graphs:

Table 5.1: Receipts from taxes on vehicles

(₹ in crore)

Year	Budget estimates	Actual receipts	Variation excess (+)/ shortfall (-)	Percentage of variation	Total tax receipts of the State	Percentage of actual receipts vis-à-vis total tax receipts
2008-09	2,289.80	1,800.62	(-) 489.18	(-) 21.36	33,358.29	5.40
2009-10	2,315.00	1,995.30	(-) 319.70	(-) 13.81	35,176.68	5.67
2010-11	2,778.00	2,626.75	(-) 151.25	(-) 5.44	45,139.55	5.82
2011-12	3,433.60	2,986.41	(-) 447.19	(-) 13.0	53,283.41	5.60
2012-13	3,640.00	3,356.60	(-)283.40	(-) 7.7	59,875.05	5.61

Graph 5.1: Budget estimates, actual receipts and total tax receipts



There was an increasing trend in receipts from taxes on motor vehicles from 2008-09 to 2012-13, matching trend in total tax receipts of State. It has also been noticed that budget estimates *vis-a-vis* actual receipts varied between (-)five *per cent* and (-) 21 *per cent*.

5.3 Cost of collection

Figures of gross collection in respect of taxes on vehicles, expenditure incurred on collection and percentage of such expenditure to gross collection during years 2010-11, 2011-12 and 2012-13 along with relevant all India average percentage of expenditure on collection to gross collection are mentioned below:

Table 5.2: Cost of collection of taxes on vehicles

(₹ in crore)

Head of revenue	Year	Gross collection	Expenditure on collection of revenue	Percentage of cost of collection to gross collection	All India average percentage for the previous year
Taxes on vehicles	2010-11	2,626.75	85.17	3.24	3.07
	2011-12	2,986.41	100.38	3.36	3.71
	2012-13	3,356.60	110.78	3.30	2.96

Cost of collection in respect of taxes on motor vehicles has increased in absolute terms though as percentage to gross collection it decreased in 2012-13, however the percentage was more than All India average in 2012-13.

5.4 Impact of Local Audit

During last five years, audit had, pointed out non/short levy, non/short realisation, loss of revenue with revenue implication of ₹ 414.20 crore in 1,238 cases. Of these, Department/Government had accepted audit observations in 621 cases involving ₹ 61.18 crore and had since recovered ₹ 9.19 crore. Details are shown in the following table:

Table 5.3: Impact of Local audit on Taxes on Vehicles

(₹ in crore)

Year	No. of units audited	Amount objected		Amount accepted		Amount recovered	
		No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
2007-08	39	230	74.16	128	13.92	90	3.43
2008-09	44	242	80.81	68	14.62	27	1.80
2009-10	44	277	69.18	50	2.31	50	2.34
2010-11	44	259	115.09	139	9.39	88	0.92
2011-12	44	230	74.96	236	20.94	39	0.70
Total	215	1,238	414.20	621	61.18	294	9.19

Recovery of only ₹ 9.19 crore (15.02 *per cent*) against money value of ₹ 61.18 crore relating to accepted cases during period 2007-08 to 2011-12 highlights failure of Government/Departmental machinery to act promptly to recover Government dues, even in respect of cases accepted by them.

5.5 Working of Internal Audit Wing

Internal audit provides a reasonable assurance of proper enforcement of laws, rules and departmental instructions, and this is a vital component of the internal control framework. There was no system of internal audit in department to ascertain compliance with Rules/Government orders by Department. When this was pointed out in Audit Report 2008-09, department assured that internal audits would be conducted in future. However, department did not furnish information regarding its implementation (March 2014).

5.6 Results of Audit

Test check of records of 34 offices of Transport Department revealed preliminary audit observations involving underassessment of tax and other irregularities of ₹ 147.91 crore in 197 cases, which fall under following categories:

(₹ in crore)

Sl. No.	Category	No. of cases	Amount
1.	Non-realisation of fee due to non-renewal of fitness certificates	31	2.76
2.	Non-levy of quarterly tax and penalty	30	47.09
3.	Non/short levy of life tax	49	8.95
4.	Non-finalisation of action on VCR under Section 200	28	1.62
5.	Non-levy and collection of green tax	31	0.57
6.	Non levy of stamp duty on vehicles registered with hypothecation ⁹⁸ agreements	1	59.42
7.	Life tax due to variation in invoice price of vehicles	1	16.51
8.	Misuse of ‘Contract Carriage’ permits as ‘Stage Carriage’ permits	1	8.31
9.	Differential tax structure between private bus operators and Andhra Pradesh State Road Transport Corporation (APSRTC)	1	1.22
10.	Other irregularities	24	1.46
Total		197	147.91

During 2012-13 Department accepted short levy and other deficiencies of ₹ 7.74 crore in 42 cases pointed out during 2012-13. A few illustrative cases involving ₹ 38.11 crore are mentioned in succeeding paragraphs.

⁹⁸ Para on the subject is included in Chapter-VI - ‘Stamp Duty and Registration Fees’

5.7 Audit Observations

During scrutiny of records in offices of Transport department relating to revenue received from quarterly tax, green tax, life tax, etc., on vehicles Audit observed several cases of non-observance of provisions of Act/Rules resulting in non/short levy of tax/penalty and other irregularities as mentioned in succeeding paragraphs of this Chapter. These cases are illustrative and are based on test check carried out by audit. Audit pointed out such omissions, but not only do irregularities persist; these remain undetected till an audit is conducted. There is need for Government to improve the internal control system including strengthening internal audit so that such omissions are detected and rectified.

5.8 Quarterly Tax

5.8.1 Ineffective monitoring and non-realisation of Quarterly Tax arrears

Section 3 of APMVT Act stipulates that every owner of a motor vehicle is liable to pay the tax at rates specified by Government from time to time. Section 4 of APMVT Act specifies that tax shall be paid in advance either quarterly, half yearly or annually within one month from commencement of quarter. Under Section 6 of APMVT Act read with rule 13(1) of APMVT Rules, penalty for belated payment of tax shall be leviable at the rate equivalent to quarterly tax demanded, if tax is paid within two months and at twice the rate of quarterly tax if tax is paid beyond two months from beginning of quarter on cases detected.

In terms of section 53 of the MV Act, read with Rule 102 of AP MV Rules, 1989, any registering authority or other prescribed authority may suspend registration of a motor vehicle by sending a notice if the provisions of Act were not complied with.

During test check of records, audit noticed (between April 2012 and March 2013) that there was accumulation of arrears of quarterly tax of ₹ 19.55 crore realisable from owners of 49,486 vehicles in 34 offices⁹⁹ during the year 2011-12. Audit observed that in cases where quarterly tax exceeded ₹ 5000, tax amounting to ₹ 10.32 crore was neither paid by owners of 6,447 transport vehicles nor demanded by Department. Besides, penalty of ₹ 20.65 crore was also leviable at twice the rate of quarterly tax for delay over two months. This resulted in non-realisation of quarterly tax and penalty amounting to ₹ 30.97 crore.

In response, RTO Khammam stated (March 2013) that in respect of 110 vehicles, an amount of ₹ 2.07 lakh had been recovered; RTOs Mancherial

⁹⁹Joint Transport Commissioner (JTC) – Khairatabad. DTCs - Adilabad, Anantapur, Kadapa, Kakinada, Karimnagar, Kurnool, Nellore, Nizamabad, Rangareddy, Srikakulam, Vijayawada, Visakhapatnam and Warangal. RTOs - Amalapuram, Gudivada, Hindupur, Hyderabad (East, West, North, South), Ibrahimpatnam, Khammam, Mahbubnagar, Mancherial, Medchal, Nandigama, Nandyal, Nalgonda, Ongole, Proddatur, Rajahmundry, Siddipet and Vizianagaram.

and Nandyal stated (February 2013 and July 2013) that show cause notices were issued to all registered owners of vehicles (66); DTC Kakinada and RTO Hindupur have stated (April/May 2012) that show cause notices would be issued to vehicle owners. Seven DTC/RTOs¹⁰⁰ (between April 2012 and August 2012) stated that action would be taken to levy and realise tax and penalty in respect of 713 vehicles. Seven DTCs/RTOs¹⁰¹ in respect of 713 vehicles stated (between May 2012 and March 2013) that detailed reply would be submitted in due course. No reply has been received in respect of remaining vehicles.

In order to prevent accumulation of arrears, for effective monitoring and realisation, a suitable mechanism for automatic generation of show cause notices (SCN) is required to be put in place in Citizen Friendly Services in Transport (CFST) package.

Matter was referred to Department in April 2013 and to Government in July 2013. Their reply has not been received (March 2014).

5.8.2 Non realisation of quarterly tax and penalty in respect of vehicles owned by state autonomous bodies/State Government Companies/Municipalities

As per Section 9(1) of APMVT Act, Government granted tax exemption¹⁰² to all motor vehicles belonging to Government of Andhra Pradesh which are used for non-commercial purposes. Scope of this notification was extended¹⁰³ to jeeps used by Zilla Parishads/Panchayat Samitis and road rollers supplied to Zilla Parishads. However, vehicles registered in favour of quasi Government/autonomous bodies/State Government Companies were not exempted from payment of tax.

Audit noticed (July 2012 and March 2013) during scrutiny /analysis of data relating to DTC Nizamabad and RTO Khammam that quarterly tax of ₹ 12.26 lakh for the years 2008-09 to 2011-12 was not paid in respect of 140 vehicles maintained by State Government Company/Corporation/autonomous bodies. Besides tax, penalty of ₹ 24.51 lakh leviable at twice the rate of quarterly tax for delay over two months was not levied. This resulted in non-realisation of tax and penalty amounting to ₹ 36.76 lakh.

In response, DTC and RTO stated that show cause notices (SCNs) would be issued.

Matter was referred to Department in March 2013 and to Government in July 2013. Their reply has not been received (March 2014).

¹⁰⁰ DTCs - Karimnagar, Nellore, Ongole and Warangal.

RTOs - Amalapuram, Nalgonda and Vizianagaram.

¹⁰¹ DTCs-Adilabad, Ananthapur, Kurnool, Nizamabad, and Visakhapatnam

RTOs- Mahabubnagar and Rajahmundry.

¹⁰² G.O.Ms. No.453 Home (TR-II) dated 17 March 1964.

¹⁰³ Government Memo No. 2880/Progs VI/65 dated 10 October 1965,
Government Memo No. 5387/Progs VI/65-2 dated 7 January 1966,
Government Memo No. 2851/Progs VI/66-2 dated 29 August 1966.

5.9 Life Tax

5.9.1 Non/Short levy of life tax on construction equipment vehicles

As per Section 4 (aa) of APMVT Act, tax levied under second proviso to sub-section (2) of Section 3 shall be for life time of motor vehicle and shall be paid in advance in lumpsum by registered owner of motor vehicle or any other person having possession or contract thereof.

As per amended provisions of Section 3(2) of APMVT Act, through an ordinance¹⁰⁴, construction equipment vehicles were brought under purview of life tax. Rates, as specified in fourth schedule to AP MVT, Act are leviable on these vehicles which vary from four *per cent* to 7.5 *per cent*, depending upon cost of vehicle and age of vehicle at the time of registration.

During data analysis and test check of records of offices of three DTCs¹⁰⁵ and RTO Khammam, audit noticed (July and August 2012) that in offices of DTC Medak and RTO Khammam, life tax of ₹ 1.41 crore was not levied in respect of 167 vehicles; in remaining two offices there was short levy of life tax of ₹ 52.22 lakh on 57 construction equipment vehicles. Thus there was a total non/short levy of life tax of ₹ 1.93 crore in respect of 224 construction equipment vehicles.

After Audit pointed out the cases, DTC Karimnagar replied (August 2012) that action would be taken for collection of life tax and audit intimated (52 vehicles). Final replies in respect of remaining three offices have not been received (172 vehicles).

Matter was referred to Department in January 2013 and to Government in June 2013. Their reply has not been received (March 2014).

5.9.2 Short levy of Life Tax on Non Transport Vehicles

Government of Andhra Pradesh amended Section 3 (2) of APMVT Act, through an Ordinance No. 2/2010 dated 2 February 2010, enhancing life tax from 12 to 14 *per cent*, at the time of registration of second or subsequent non-transport vehicles owned by individuals. This ordinance was extended through ordinance (No.5/2010) dated 20 April 2010 and replaced by Act No. 11/2010 dated 31 July 2010.

Audit noticed (between April 2012 and August 2013) during audit of offices of 12 DTCs¹⁰⁶ and 10 RTOs¹⁰⁷ that life tax in respect of 647 second or subsequent registration of non-transport vehicles owned by individuals was

¹⁰⁴ No. 2/2010 dated 2 February 2010. This Ordinance was extended vide Ordinance No. 5/2010 dated 20 April 2010 and replaced by Act No. 11/2010 dated 31 July 2010

¹⁰⁵ DTCs - Karimnagar, Medak and Warangal

¹⁰⁶ DTCs - Adilabad, Eluru, Kadapa, Kakinada, Karimnagar, Kurnool, Medak, Nellore, Nizamabad, Rangareddy, Warangal and Vijayawada

¹⁰⁷ RTOs - Amalapuram, Hindupur, Ibrahimpatnam, Khammam, Mahabubnagar, Nalgonda, Nandyal, Ongole, Proddatur and Rajahmundry

collected during 2011-12 at pre-revised rate, instead of enhanced rate, resulting in short levy of life tax amounting to ₹ 33.62 lakh.

In response to audit observation, DTCs and RTOs replied (between April 2012 to April 2013) that details would be verified and action will be taken for collection of differential amount under intimation to audit.

Matter was referred to Department in January/May 2013 and to Government in June/July 2013. Their reply has not been received (March 2014).

5.10 Misuse of ‘Contract Carriage’ permits as ‘Stage Carriage’ Permits

As per Section 2 (7) of MV Act, a “Contract Carriage” means a motor vehicle which carries passengers for hire or reward and is engaged under a contract, for the use of such vehicle for carriage of passengers (a) on time basis, whether or not with reference to any route or distance; or (b) from one point to another, without stopping to pickup or set down passengers not included in contract anywhere during journey.

In terms of Section 2(40) of the MV Act, a “Stage Carriage” means a motor vehicle which carries more than six passengers excluding driver for hire or reward at separate fares paid by or for individual passengers, either for whole journey or for stages of journey.

Government by its order¹⁰⁸ fixed tax payable in respect of ‘contract carriage’ as ₹ 2,625 per seat per quarter (PSPQ) and in respect of ‘Stage Carriage’ as ₹ 3,675 PSPQ.

Under section 3A of AP MVT Act if permit granted under one class of vehicle is misused attracting higher rate of tax falling in another category, differential amount is collectable as additional Tax.

Audit collected information relating to 452 contract carriage permits granted from five offices¹⁰⁹. By obtaining service numbers of PCCs from portals of website and matching them with permits granted by concerned, audit found that these vehicles were issued contract carriage permits. Audit noticed from portals of these PCCs that tickets were issued from originating point to multiple points before reaching destination which was in violation of conditions prescribed under contract carriage permit.

It is thus evident that there was lack of effective vigilance/enforcement activity by RTA authorities in State resulting in misutilisation of contract carriage permits by private operators.

Government could not collect differential tax under APMVT Act as AP High Court ordered¹¹⁰ to forbear from taking action under section 3A of the Act till

¹⁰⁸ G.O.Ms.No.68 (Transport, Roads & Building (Tr 1)) department dated 13 April 2006

¹⁰⁹ Chittoor, Rangareddy, Tirupati, Vijayawada and Visakhapatnam

¹¹⁰ WP No. 21008 of 2006

a notification was issued and a machinery was provided for adjudication and collection of additional tax. Till date Government had neither issued any notification nor provided any adjudication machinery. In the absence of any other provisions for taking action against defaulting permit holders, misuse of permits continued.

Matter was referred to Department in March 2013 and to Government in April 2013. Their reply has not been received (March 2014).

5.11 Non-renewal of fitness certificates

As per Section 56 of the MV Act, a transport vehicle shall not be deemed to be validly registered, unless it carries a certificate of fitness (FC) issued by prescribed authority. As per Rule 62 of the CMV Rules, FC in respect of the transport vehicles shall be renewed every year. Rule 81 of CMV Rules, prescribes fee for conducting test of a vehicle for grant and renewal of FC.

Audit noticed (between April 2012 and May 2013) during test check of records relating to grant of FCs and analysis of the data of offices of one Joint Transport Commissioner (JTC) Khairatabad, 14 DTCs¹¹¹ and 15 RTOs¹¹² that during the year 2011-12, FCs in respect of 58,930 Transport vehicles had not been renewed although their status was active as per CFST database. 'Active' status implies that the vehicle has all the requisite certificates. Non-renewal of FC which is issued after testing of the vehicle for fitness, jeopardised public safety besides non realisation of FC fee of ₹ 1.75 crore.

In response, 22 JTC/DTCs/RTOs¹¹³ replied (between April 2012 and May 2013 in respect of 42,037 vehicles) that vehicles which plied without valid fitness certificate would be booked by enforcement authorities by prosecuting/seizure of vehicle. It was responsibility of registered owner to get fitness certificate renewed. It was added that offices were taking suitable action on vehicles plying without valid FC.

DTC Eluru stated (May 2012 in respect 409 vehicles) that it would be brought to notice of Transport Commissioner for making arrangements in system to allow both transactions i.e., tax payment and renewal of FC in a single counter when validity of FC expired.

Six DTCs/RTOs¹¹⁴ (between May 2012 and March 2013 in respect of 16,484 vehicles) furnished irrelevant replies.

¹¹¹ DTCs - Adilabad, Anantapur, Eluru, Kadapa, Kakinada, Karimnagar, Kurnool, Medak, Nellore, Nizamabad, Rangareddy, Vijayawada, Visakhapatnam and Warangal

¹¹² RTOs - Amalapuram, Anakapalle, Bhimavaram, Hindupur, Ibrahimpatnam, Khammam, Mahabubnagar, Mancherial, Nandyal, Nalgonda, Ongole, Proddatur, Rajahmundry, Rangareddy (East) and Vizianagaram

¹¹³ JTC - Khairatabad. DTCs - Anantapur, Kadapa, Kakinada, Kurnool, Medak, Nellore, Rangareddy, Vijayawada and Warangal
RTOs - Amalapuram, Anakapalle, Bhimavaram, Hindupur, Ibrahimpatnam, Mancherial, Proddatur, Khammam, Mahabubnagar, Nalgonda, Nandyal and Rangareddy (East)

¹¹⁴ DTCs Adilabad, Karimnagar, Nizamabad and Visakhapatnam
RTOs Ongole and Vizianagaram.

However, under section 56 of MV Act, it is mandatory to renew FC. Presumption that vehicles without FCs would be invariably checked by enforcement authorities and that vehicles not so detected were not plying on road is fallacious. Absence of an in-built mechanism in the CFST package to give alerts regarding validity of FC while issuing / renewal of permits, payment of quarterly tax etc., led to non-monitoring of fitness of vehicle.

Matter was referred to Department (between February and July 2013) and to Government in June/August 2013. Their reply has not been received (March 2014).

5.12 Differential tax structure between private contract carriages and Andhra Pradesh State Road Transport Corporation (APSRTC)

Section 3 of APMVT Act stipulates that every owner of a motor vehicle is liable to pay the tax at the rates specified by the Government from time to time. As per Government order¹¹⁵, tax of ₹ 2,625 is leviable per seat per quarter (PSPQ) on vehicles with contract carriage permits carrying more than six passengers (excluding driver) plying on intra state routes.

Under Section 6-A of AP MVT Act every registered owner who owns or keeps in his possession or control more than two thousand motor vehicles for plying on hire or reward shall pay tax at the rate of seven *per cent* of Gross Traffic Earning (GTE)¹¹⁶.

(i) A comparative analysis of tax payable by 40 private contract carriages (PCCs) (Volvo buses) holding intra state permits and that of APSRTC was undertaken by audit. Analysis had shown that APSRTC, having possession/control of more than 2000 vehicles, was liable to pay tax at seven *per cent* on GTE under section 6-A of the Act. Taking into consideration number of seats available in the fleet (Volvo buses) of vehicles of APSRTC and the amount of fare collected during a quarter, audit estimated the tax¹¹⁷ to be paid by APSRTC as ₹ 3,547 PSPQ, whereas the tax being paid by PCCs was ₹ 2,625 PSPQ. Although both PCCs and APSRTC rendered similar services, PCCs were paying ₹ 922 PSPQ less than tax paid by APSRTC.

(ii) Similar analysis of 20 sleeper coaches operated by PCCs *vis-à-vis* sleeper coaches operated by APSRTC was undertaken by audit. Analysis revealed that APSRTC was liable to pay tax at ₹ 4,914 PSPQ, against the tax being paid by PCCs at ₹ 2,625 PSPQ for rendering similar services. Difference in tax liability of APSRTC and tax paid by PCCs worked out to ₹ 2,289 PSPQ.

¹¹⁵ G.O.Ms. No.68 TR&B (TR1) dated 13 April, 2006

¹¹⁶ Gross Traffic Earning means total amount collected towards fares, freights, including luggage charges and any amount collected towards hire or reward by or on behalf of the registered owner.(Section 6-A of APMVT Act)

¹¹⁷ Gross Traffic Earning from Volvo buses = (Number of seats) x (fare collected per seat) x (number of days of operation) x (occupancy ratio provided by APSRTC).
Tax payable PSPQ= Seven *per cent* of GTE divided by number of seats.

Owing to disparity in tax structure, the PCCs were liable to pay tax at lower rates which would result in less collection of taxes approximately by ₹ 1.01 crore per annum (calculated on differential amount of taxes in respect of 40 Volvo buses and 20 Sleeper coaches taken for analysis).

In response, Government accepted (November 2013) audit observation and stated that action will be taken for review of existing taxation policy.

5.13 Non-realisation of compounding fee

Motor Vehicle Inspectors (MVIs) prepare VCRs on vehicles checked by them and forward these to RTOs concerned for taking action against the registered owners. These reports noted in register of VCRs for monitoring of the action taken. Under Section 200 of MV Act, authority concerned may compound offences punishable under the Act by collecting compounding fee in lieu of penal action as prescribed by Government. Government by its order¹¹⁸ prescribed minimum rates of compounding fee for various types of offences.

Audit noticed (between April and March 2012) during test check of VCRs/VCR Registers for the years 2010-11 and 2011-12 of offices of seven DTCs¹¹⁹ and eight RTOs¹²⁰ that 3731 cases of compoundable offences on motor vehicles like overloading, carrying excess passengers, driving without license, permit, FC, registration certificate etc. were registered. In all these cases, neither was penal action taken nor was minimum compounding fee levied. This resulted in non-realisation of compounding fee of ₹ 63.85 lakh.

In response DTC /RTO¹²¹ replied (between April 2012 and March 2013) that action would be taken and audit intimated.

Matter was referred to Department in January/May 2013 and to Government in July 2013. Their reply has not been received (March 2014).

5.14 Non-levy of green tax

Government levies¹²² “green tax” on transport vehicles and non-transport vehicles that have completed seven years and 15 years of age respectively from date of registration. Rate of tax is ₹ 200 per annum for transport vehicles. In respect of non-transport vehicles, it is ₹ 500 for every five years and in case of motorcycles it is ₹ 250 for every five years. As per Section 41(7) of MV Act read with Rule 52 of CMV Rules, registration of every non-transport vehicle is required to be renewed on completion of 15 years. Application for renewal can be submitted 60 days before its expiry.

¹¹⁸ G.O.Ms.No.332 {Transport Roads& Buildings (TR-1)} dated 13 November 2008.

¹¹⁹ DTCs - Anantapur, Kadapa, Karimnagar, Nizamabad, Srikakulam, Vijayawada and Visakhapatnam.

¹²⁰ RTOs - Amalapuram, Bhimavaram, Hyderabad (South), Mancherial, Nalgonda, Nandyal, Rajahmundry and Vizianagaram.

¹²¹ DTC – Kadapa. RTO - Hyderabad (South).

¹²² G.O.Ms.No. 238, Transport, Roads and Buildings (TR.I) dated 23 November 2006.

Audit noticed (between April 2012 and May 2013) during test check of records relating to re-registrations, permits and fitness and analysis of data of office of JTC Khairatabad, 12 DTCs¹²³ and seven RTOs¹²⁴ that green tax aggregating ₹ 52.46 lakh in respect of 16,945 transport vehicles and 6,518 non-transport vehicles that had completed seven years and 15 years of age respectively had not been levied or collected for the period from April 2011 to March 2012.

While exploring reasons for non-levy of green tax, audit observed that in CFST package, in respect of non-transport vehicles, levy of green tax is linked with renewal of registration as green tax is also to be collected after 15 years. However, as per provisions of CMV Rules, registration of a vehicle can be renewed 60 days before expiry of its validity. Hence, vehicles which come for renewal of registration before completion of 15 years escape payment of green tax.

Similarly, in respect of transport vehicles, payment of green tax is linked up in the CFST package with granting of fitness certificate which is also due every year. Vehicles which did not come for fitness certificate escaped payment of green tax. This could have been avoided by linking payment of green tax with renewal of FC or with other events like issue of permits, payment of quarterly tax etc.

In response, the JTC/DTCs/RTOs replied (April 2012 and May 2013) that the problem was due to non-synchronization of Transport Department server with Citizen Service Centres (Mee-Seva, AP online etc.) and that the matter would be brought to notice of IT wing for taking necessary action.

Matter was referred to Department in January and July 2013 and to Government in June/August 2013. Their reply has not been received (March 2014).

5.15 Non-levy of Bilateral Tax

Interstate vehicular traffic of goods is regulated by bilateral agreements, provisions of MV Act and Rules made thereunder. In terms of Section 88 of the Act, a permit granted by State Transport Authority (STA)/Regional Transport Authority (RTA) of any one State/Region shall not be valid in any other State/Region, unless permit has been countersigned by STA of that state or by RTA concerned.

In pursuance of bilateral agreement entered into with state of Maharashtra by Government of AP, Government ordered¹²⁵ levy of bilateral tax of ₹ 5,000 per annum (under APMVT Act) on every goods carriage vehicle which is registered in Maharashtra, provided it is covered by countersignature permits

¹²³ DTCs - Anantapur, Guntur, Kadapa, Karimnagar, Medak, Nellore, Nizamabad, Rangareddy, Srikakulam, Visakhapatnam, Vijayawada and Warangal.

¹²⁴ RTOs - Hindupur, Hyderabad (south), Mahabubnagar, Nalgonda, Ongole, Proddatur and Rangareddy (East).

¹²⁵ G.O.Ms.No.362, Transport, Roads and Buildings (Tr. II) department dated 16 December 2008.

and operated on routes lying partly in Maharashtra and partly in Andhra Pradesh. Tax shall be paid in advance in lumpsum before 15th of April every year failing which an additional sum of ₹ 100 for each calendar month of default shall be charged as penalty.

Audit noticed (between March and March 2013) during analysis of data at offices of DTCs Adilabad and Nizamabad and scrutiny of the registers relating to countersignature permits that in respect of 935 Maharashtra vehicles, bilateral tax amounting to ₹ 46.75 lakh and penalty of ₹ 11.22 lakh for the year 2011-12 was not collected. This resulted in non-realisation of revenue of ₹ 57.97 lakh.

In response DTCs replied (March/March 2013) that after introduction of national permits, most of the vehicles plying with countersignature permits had shifted to national permits. It was also added that vehicles pointed out by audit would be monitored.

However, as per CFST data all the vehicles pointed out by audit were covered by countersignature permits and no evidence was provided by DTCs in support of their statement.

Matter was referred to Department in January 2013 and to Government in July 2013. Their reply has not been received (March 2014).