

# CHAPTER-IV

## Motor Vehicles Tax

<b>EXECUTIVE SUMMARY</b>	
<b>Increase in tax collection</b>	Tax collection in respect of Motor Vehicles Taxes for the year 2012-13 increased by 21.28 <i>per cent</i> over the previous year which was attributed by the Department to receipts on One Time Tax on motor vehicle, issue of laminated driving license, receipts under the Motor Vehicles Act, 1988 and the West Bengal Motor Vehicles Tax Act, 1979.
<b>Non-existence of Internal Audit mechanism</b>	Transport Department has no Internal Audit Wing. Deficiencies such as those observed in paragraphs 4.8 to 4.11 occurred unchecked in the absence of internal controls.
<b>Very low recovery by the Department against observations pointed by audit</b>	During 2008-09 to 2012-13, audit had pointed out non/short levy, non/short realisation, underassessment/loss of revenue, etc. with revenue implication of ₹ 308.77 crore in 61 paragraphs. Of these, the department/Government accepted 27 paragraphs involving ₹ 221.53 crore of which only a meagre amount of ₹ 0.84 crore has been recovered by the Department.
<b>Results of audit conducted in 2012-13</b>	<p>In 2012-13, test check of the records of 14 units relating to Motor Vehicle Tax receipts indicated non-realisation/blocking of revenue and other irregularities involving ₹ 151.52 crore in 217 cases.</p> <p>The Department accepted non-realisation/blocking of revenue and other deficiencies of ₹ 2.86 crore in 59 cases, of which 15 cases involving ₹ 0.62 crore were pointed out in audit during 2012-13 and the rest in earlier years. An amount of ₹ 6.41 lakh was realised in eight cases at the instance of audit.</p>
<b>What has been highlighted in this Chapter</b>	In this Chapter cases of non-realisation of tax, additional tax, special tax and penalty, short realisation of fitness fee, non/short realisation of permit fee, non-realisation of audio fee, non-realisation of dealer's tax etc in the offices of the State Transport Authority, West Bengal, Director, Public Vehicles Department, Kolkata, Regional Transport Officers and Additional Regional Transport Officers amounting to ₹ 205.42 crore have been presented.

	<p>Similar omissions on the part of the Assessing Authorities (AAs) were pointed out in the Report No. 5 of the Comptroller and Auditor General of India for the year ended 31 March 2010 on “Collection of motor vehicle taxes, fees and fines”, despite which the irregularities persisted. These remained undetected till these were again pointed out by audit. Such irregularities/ omissions were apparent from the records made available to audit but were not detected by the AAs.</p>
<b>Conclusion</b>	<p><b>Transport Department may take appropriate steps to prepare an e-Tax Demand Register, ensure comprehensive mapping of business rules in the VAHAN software and initiate immediate action to recover the revenue pointed out by audit, more so in cases where audit contention has been accepted.</b></p>

## CHAPTER IV: MOTOR VEHICLES TAX

### 4.1 Tax administration

Taxes on vehicles consist of receipts under the Central Motor Vehicles Act and the State Motor Vehicles Taxation Act etc. Assessment and collection of Motor Vehicles tax is governed by the Central Motor Vehicles Act, 1988; Central Motor Vehicles Rules, 1989; the West Bengal Motor Vehicles Tax Act, 1979; West Bengal Motor Vehicles Rules, 1989 and West Bengal Additional Tax and One-time Tax on Motor Vehicles Act, 1989. Motor Vehicles Tax is administered by the Transport Department headed by the Principal Secretary who is assisted by the Financial Advisor and five Joint Secretaries at the headquarters. The Transport Department is responsible for collection of motor vehicle taxes, fees and fines through the State Transport Authority (STA), Public Vehicle Department (PVD), Kolkata and 40 registering authorities (RAs) comprising of 18 Regional Transport Officers at the district level and seven Additional Regional Transport officers at the Sub-Divisional level.

### 4.2 Trend of revenue

Actual receipts from Taxes on Vehicles during the years 2008-09 to 2012-13 along with the budget estimates and the total tax receipts of the State during the same period is exhibited in the following table and chart:

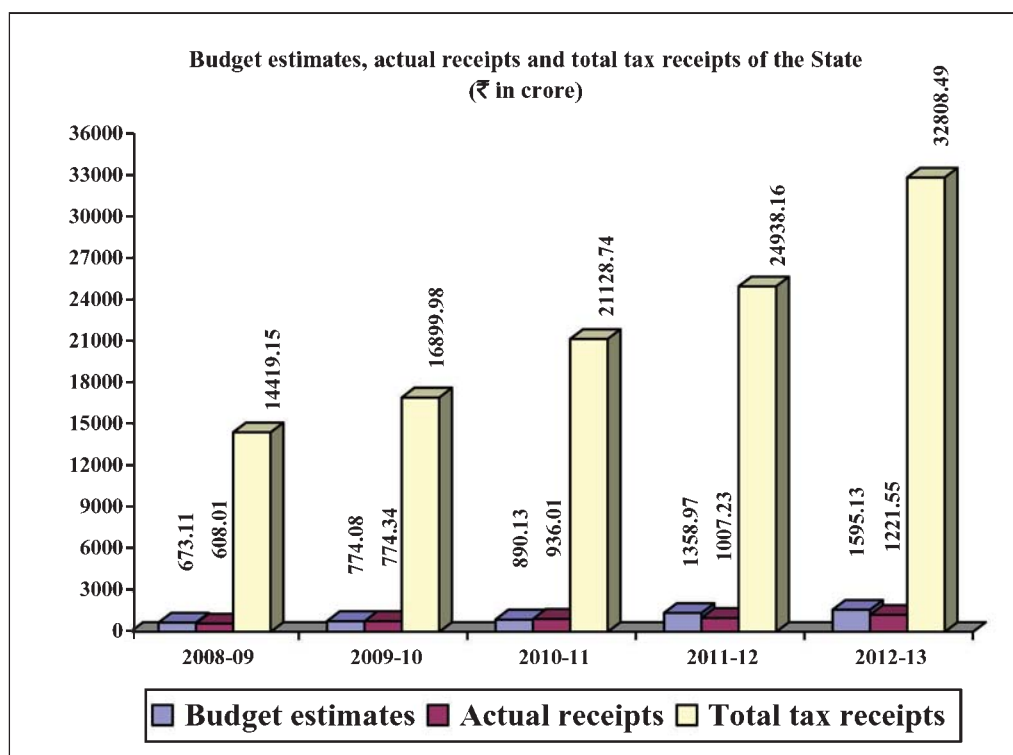
Table 4.1 – Trend of revenue

(₹ 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	673.11	608.01	(-)65.10	(-)9.67	14,419.15	4.22
2009-10	774.08	774.34	(+)00.26	(+)0.03	16,899.98	4.58
2010-11	890.13	936.01	(+)45.88	(+) 5.15	21,128.74	4.43
2011-12	1,358.97	1,007.23	(-)351.74	(-)25.88	24,938.16	4.04
2012-13	1,595.13	1,221.55	(-)373.58	(-)23.42	32,808.49	3.72

Source : Finance Accounts and Budget Publications of the Government of West Bengal.

**Chart 4.1 – Budget estimates, Actual receipts and Total tax receipts**



Revenue collection in respect of Motor Vehicles Taxes for the year 2012-13 increased by 21.28 per cent over the previous year which was attributed by the Department to receipts on One Time Tax on motor vehicle, issue of laminated driving license, receipts under the Motor Vehicles Act, 1988 and the West Bengal Motor Vehicles Tax Act, 1979. It was also observed that there was a variation of (-) 23.42 per cent in budget estimates and actual receipts indicative of unrealistic estimation.

### 4.3 Cost of collection

The gross collection of Motor Vehicles Tax and the expenditure incurred on collection during the years 2010-11 to 2012-13 are given in the following table:

**Table 4.2 – Cost of collection**

(₹ in crore)					
Head of revenue	Year	Gross collection	Expenditure on collection	Percentage of expenditure to gross collection	All India average of expenditure on collection for the preceding year
Motor Vehicles Tax	2010-11	936.01	19.64	2.10	3.07
	2011-12	1,007.23	20.16	2.00	3.71
	2012-13	1,221.55	21.10	1.73	2.96

Source: Finance Accounts.

The table shows a decreasing trend of expenditure over the years indicating improvement in tax administration.

#### 4.4 Revenue impact of audit reports

During the last five years (including the current year's report), Audit pointed out non/short levy, non/short realisation, underassessment/loss of revenue etc., with revenue implication of ₹ 308.77 crore in 61 paragraphs. Of these, the Department/Government has accepted audit observations in 27 paragraphs involving ₹ 221.53 crore and has since recovered ₹ 0.84 crore. Details are shown in the following table:

**Table 4.3 – Revenue impact of audit reports**

(₹ in crore)

Year of audit report	Paragraph included		Paragraphs accepted by the departments		Amount recovered	
	Number	Amount	Number	Amount	Number	Amount
2008-09	05	10.69	05	1.17	Nil	Nil
2009-10	42	14.41	09	4.76	Nil	Nil
2010-11	04	73.97	04	9.05	02	0.07
2011-12	06	4.28	05	2.15	03	0.02
2012-13	04	205.42	04 <sup>1</sup>	204.40	02	0.75
<b>Total</b>	<b>61</b>	<b>308.77</b>	<b>27</b>	<b>221.53</b>	<b>07</b>	<b>0.84</b>

Thus, against the accepted cases of ₹ 221.53 crore, the Department/Government has recovered ₹ 0.84 crore which is only 0.38 per cent.

#### 4.5 Working of internal audit wing

Internal audit wing of an organisation is a vital component of its internal control mechanism to enable the organisation to assure itself that the prescribed system is functioning reasonably well.

Audit observed that the Transport Department has no internal audit wing. Deficiencies such as detected in paragraphs 4.8 to 4.11 occurred unchecked in the absence of internal control.

#### 4.6 Results of audit

In 2012-13, Audit test checked the records of 14 units relating to Motor Vehicles Tax and found cases of non-realisation/blocking of revenue and other irregularities involving ₹ 151.52 crore in 217 cases which fall under the following categories:

<sup>1</sup> One paragraph partly accepted.

**Table 4.4 – Results of audit**

(₹ in crore)

Sl. no.	Categories	No. of cases	Amount
1.	Non-realisation of tax, additional tax and penalty	94	125.02
2.	Non-realisation of special tax	13	20.77
3.	Non-realisation of audio fee	11	1.83
4.	Non-realisation of special fee	11	0.56
5.	Short realisation of fitness inspection fee	13	1.02
6.	Non-realisation of penalty for delayed payment of taxes	10	0.48
7.	Non-realisation of showroom inspection fee	05	0.37
8.	Short realisation of additional tax from goods vehicles of other states	06	0.18
9.	Non/short realisation of permit fee due to non-renewal of permits	18	0.76
10.	Non/short realisation of dealer's tax	11	0.24
11.	Non-realisation of video fee	07	0.04
12.	Others	18	0.25
<b>Total</b>		<b>217</b>	<b>151.52</b>

During the year, the Department accepted non-realisation/blocking of revenue and other deficiencies of ₹ 2.86 crore in 59 cases, of which 15 cases involving ₹ 0.62 crore were pointed out in audit during the year 2012-13 and the rest in earlier years. An amount of ₹ 6.41 lakh was realised in eight cases at the instance of audit.

A few illustrative cases involving ₹ 205.42 crore are mentioned in the following paragraphs.

#### 4.7 Audit observations

*Scrutiny of the records in the offices of the State Transport Authority (STA), West Bengal, Public Vehicles Department (PVD), Kolkata, Regional Transport Officers (RTOs) and Additional Regional Transport Officers (ARTOs) revealed non-realisation and short realisation in number of cases of taxes and fees as mentioned in the succeeding paragraphs in this chapter. These cases are illustrative and are based on test checks carried out in audit. Similar omissions were pointed out by audit repeatedly in the past but these lapses continue to persist indicating systemic weaknesses. There is a need to improve the internal control system so that recurrence of such cases can be avoided.*

#### 4.8 Non-realisation of taxes due to non-maintenance of Tax Demand Register (TDR)

Section 3 of the West Bengal Motor Vehicles Tax (WBMVT) Act, 1979 and Sections 3, 4, 9B and 10 of the West Bengal Additional Tax and One-time Tax on Motor Vehicles (WBAT & OTMV) Act, 1989 prescribe the rates of tax, additional tax and special tax on motor vehicles. Further, Sections 11 and 10 of the Acts respectively, provide for imposition of penalty in case of non-payment of taxes. In addition, Rule 26 of the West Bengal Motor Vehicles Tax (WBMVT) Rules, 1957 prescribes that the tax officer shall maintain a Tax Demand Register in Form 'J' showing registration number, name and address of the owner, tax due etc. and shall review the register in order to see whether the tax is regularly paid and shall take prompt action against the person concerned who has not paid the tax.

During analysis of data of 14 Registering Authorities (RAs), audit found that the VAHAN<sup>2</sup> software had no provision for maintenance of TDR for monitoring the payment of taxes due, and neither the RAs maintain prescribed TDRs in manual form. There was neither any provision in the software to automatically generate a report containing the information required in the TDR, even though the information was scattered through different tables created in the software. By analysing the information available in the tables relating to payment of different kinds, audit was able to calculate the penalty leviable and observed that non-maintenance of the TDRs in the changed scenario of IT environment deprived the department from monitoring and taking necessary action. Non-maintenance of TDRs led to non-realisation of taxes and penalty of ₹ 199.57 crore as per details provided in table 4.5.

Audit observed that 1,95,200 owners of vehicles did not pay tax, additional tax and penalty of ₹ 165.37 crore, though their vehicles were plying on roads which was evident from records of payment of fitness fee. Audit also found that special tax and penalty of ₹ 34.20 crore in respect of 58,985 air conditioned vehicles were not collected from the owners.

<sup>2</sup> VAHAN- software used by the Transport Department for registration of vehicles and collection of taxes and fees thereof.



**Table 4.5 - Non-realisation of tax, additional tax, special tax and penalty**

(₹ in crore)

Sl. No.	Name of the RA	Non-realisation of tax, additional tax and penalty			Non-realisation of special tax and penalty	
		Total no. of registered vehicles	Total no. of defaulter vehicles	Amount of non-realisation	Total no. of defaulter vehicles	Amount of non-realisation
1.	Alipur	3,14,043	17,356	15.23	2,221	1.69
2.	Alipurduar	14,244	597	0.70	24	0.02
3.	Asansol	1,46,629	4,933	7.27	104	0.06
4.	Bankura	40,015	710	0.34	34	0.01
5.	Barasat	1,46,787	3,292	2.16	1,757	0.59
6.	Barrackpore	1,41,789	3,796	3.01	444	0.16
7.	Burdwan	1,31,794	6,726	8.13	36	0.03
8.	Contai	11,322	233	0.11	11	0.02
9.	Durgapur	91,713	2,074	4.80	57	0.03
10.	Howrah	2,95,275	6,575	7.51	550	0.53
11.	Nadia	68,241	2,068	1.73	17	0.01
12.	Public Vehicles Department (PVD), Kolkata	7,07,651	1,42,637	111.60	53,263	30.60
13.	Siliguri	1,21,325	2,957	1.46	447	0.44
14.	Tamluk	63,030	1,246	1.32	20	0.01
<b>Sub-Total</b>		<b>22,93,858</b>	<b>1,95,200</b>	<b>165.37</b>	<b>58,985</b>	<b>34.20</b>
<b>Total</b>		<b>165.37</b>			<b>34.20</b>	
<b>Grand total</b>		<b>199.57</b>				

After audit pointed out the cases, 11 RAs<sup>3</sup> admitted (between January 2012 and May 2013) the audit observations in 1,73,702 cases of tax, additional tax and penalty involving ₹ 143.61 crore and realised ₹ 0.70 crore in 510 cases. While accepting the observation in respect of 56,690 cases of special tax involving ₹ 32.47 crore, RAs stated that ₹ 3.77 lakh had been realised in 28 cases and demand notices 'had been'/'would be' issued in 56,662 cases. Their report on further action taken and realisation made is awaited. In the remaining cases, three RAs<sup>4</sup> did not furnish any specific reply (November 2013).

<sup>3</sup> Alipurduar; Asansol; Bankura; Barasat; Barrackpore; Burdwan; Contai; Howrah; PVD, Kolkata; Siliguri and Tamluk.

<sup>4</sup> Alipur, Durgapur and Nadia.

Government accepted (October 2013) the audit observation and stated that demand notices were issued in most of the cases and recovery was under process, but did not furnish any report on realisation (November 2013).

#### **4.9 Non/partial mapping of business rules in the VAHAN software**

Collection of motor vehicles taxes, fees and fines is guided by provisions laid down in the WBMVT Rules, 1957, the WBMVT Act, 1979, the WBAT & OTMV Act, 1989, the Motor Vehicles (MV) Act, 1988 and the Central Motor Vehicles (CMV) Rules, 1989. For effective implementation of these provisions, it was essential that all the provisions were mapped properly in the software VAHAN to prevent any non/short realisation of revenue.

During analysis of data of 14 RAs, audit found that various provisions of the business rules were either not mapped or were mapped partially or were not made mandatory (wherever applicable) in VAHAN software for realisation of revenue due at the time of transaction. This resulted in non/short realisation of revenue of ₹ 4.75 crore as detailed in the subsequent sub-paragraphs.

##### **4.9.1 Non-realisation of penalty**

Section 11 of the WBMVT Act and Section 10 of the WBAT & OTMV Act provide for levy of penalty at rates ranging between five *per cent* and 100 *per cent* (depending upon the kind of vehicle and period of delay) of taxes due in case of failure in payment of the taxes within stipulated time.

During analysis of data of nine RAs, audit found that in 4,334 cases penalty was not realised from owners of the vehicles for delayed payment of taxes. This was due to non-mapping of the provision pertaining to the realisation of penalty in case of delayed payment of taxes in the VAHAN software. This resulted in non-realisation of penalty of ₹ 1.16 crore as detailed in the following table:

**Table 4.6 - Non-realisation of penalty**

(₹ in lakh)

Sl. No.	Name of the RA	No. of vehicles	Non-realisation of penalty
1.	Alipur	629	24.09
2.	Alipurduar	200	10.45
3.	Barasat	597	3.07
4.	Barrackpore	127	1.53
5.	Durgapur	661	14.08
6.	Howrah	1,601	41.25
7.	Nadia	139	3.94
8.	PVD, Kolkata	142	2.70
9.	Siliguri	238	14.62
<b>Total</b>		<b>4,334</b>	<b>115.73</b>

Five RAs<sup>5</sup> admitted (between February 2012 and January 2013) the audit observations in 2,667 cases involving ₹ 0.59 crore and one RA while accepting the observation stated that NIC<sup>6</sup> had been requested for rectification of the software. Their report on further development and realisation of penalty is awaited. In the remaining 1,667 cases involving ₹ 0.57 crore, four RAs<sup>7</sup> did not furnish any reply/specific reply (November 2013).

Government accepted (October 2013) the audit observation and stated that demand notices were issued in most of the cases, but did not furnish any report on realisation (November 2013).

#### **4.9.2 Short realisation of fitness fee**

Rules 62 and 81 of the CMV Rules, 1989 prescribe that the owner of a transport vehicle shall make application and produce the vehicle for inspection for conducting test of fitness annually for the renewal of certificate of fitness (CF) after completion of two years of registration and pay fees at the prescribed rates. Further, Rule 57(6) of the WBMVT Rules, 1989 provides that if the owner fails to produce the vehicle within stipulated time, he shall be liable to pay 150 *per cent* of prescribed fee for conducting test of fitness.

During analysis of data of 14 RAs, audit found that in case of 72,698 vehicles, the owners produced the vehicles belatedly for inspection for renewal of CF and the RAs realised the fee for CF at normal rates instead of 150 *per cent* of the fitness fee. This was due to non-mapping of provision in the VAHAN software regarding realisation of fee for CF at the rate of 150 *per cent* in case of delayed production of vehicles. This resulted in short realisation of fitness

<sup>5</sup> Alipurduar; Barasat; Barrackpore; Howrah and PVD, Kolkata.

<sup>6</sup> National Informatics Centre.

<sup>7</sup> Alipur, Durgapur, Nadia and Siliguri.

fee of ₹ 98.45 lakh as detailed in the following table:

**Table 4.7 -Short realisation of fitness fee**

(₹ in lakh)

Sl. No.	Name of the RA	No. of Vehicles produced belatedly for inspection of fitness	Fee realisable (inclusive of application fee @ ₹ 100 per vehicle)	Fee realised (inclusive of application fee @ ₹ 100 per vehicle)	Short-realisation
1.	Alipur	9,440	43.79	32.34	11.45
2.	Alipurduar	1,761	7.70	5.72	1.98
3.	Asansol	7,058	41.49	30.01	11.48
4.	Bankura	1,501	7.20	5.30	1.90
5.	Barasat	3,751	19.57	14.30	5.27
6.	Barrackpore	5,460	32.49	23.48	9.01
7.	Burdwan	6,079	34.45	24.99	9.46
8.	Contai	589	2.91	2.14	0.77
9.	Durgapur	3,695	22.50	16.23	6.27
10.	Howrah	6,018	31.65	23.11	8.54
11.	Nadia	4,101	20.81	15.24	5.57
12.	PVD, Kolkata	15,221	60.73	45.56	15.17
13.	Siliguri	4,206	20.35	14.97	5.38
14.	Tamluk	3,818	22.41	16.21	6.20
<b>Total</b>		<b>72,698</b>	<b>368.05</b>	<b>269.60</b>	<b>98.45</b>

Ten RAs<sup>8</sup> admitted (between February 2012 and January 2013) the audit observations in 43,347 cases involving ₹ 65.49 lakh, but did not furnish any report on realisation. In the remaining 29,351 cases involving ₹ 32.96 lakh, four RAs<sup>9</sup> did not furnish any reply/specific reply (November 2013).

Government accepted (October 2013) the audit observation, but did not furnish any report on further action taken (November 2013).

### 4.9.3 Short realisation of fancy registration mark fee

Rule 61(4) of the WBMVT Rules, 1989 read with notifications issued from time to time provides for allotment of fancy registration number to motor vehicles and the rates of fee thereof. The Government has reserved numbers from 0001 to 0020 and all four digit numbers of same digit (e.g.1111, 2222 etc.) (total 29 numbers) in a series. The fancy fee for these 29 numbers in a series has been kept higher than other fancy numbers.

<sup>8</sup> Alipurduar, Asansol, Bankura, Barasat, Barrackpore, Burdwan, Durgapur, Howrah, Siliguri and Tamluk.

<sup>9</sup> Alipur; Contai; Nadia and PVD, Kolkata.

By a notification issued in November 2007, the Government has fixed rate of fancy registration fee at ₹ 2.00 lakh for all four digit numbers of same digit.

During analysis of data of the RAs, Contai, Nadia and Tamluk, audit found that reserved fancy registration numbers (all four digit numbers of same digit) were allotted to five vehicles during the period 2008-09 to 2010-11. However, due to non-mapping of the prescribed rate of fancy registration fee in the software/system, only ₹ 0.69 lakh was realised due to application of incorrect rate against the realisable fee of ₹ 10.00 lakh. This resulted in short realisation of fee for fancy registration mark of ₹ 9.31 lakh.

RA, Contai admitted (February 2013) the audit observation in one case involving ₹ 1.99 lakh and stated that action was being taken for realisation of the fee short levied. In the remaining four cases involving ₹ 7.32 lakh, the RAs, Nadia and Tamluk did not furnish any specific reply (November 2013).

Government accepted (October 2013) the audit observation, but did not furnish any report on further action taken (November 2013).

#### **4.9.4 Non-realisation of renewal fee**

Section 41 (3) of the MV Act, 1988 prescribes that a certificate of registration issued in respect of a motor vehicle, other than a transport vehicle, shall be valid for a period of 15 years from the date of issue of first such certificate and shall be renewable thereafter. Further, Rule 81 of the CMV Rules, 1989 prescribes fee for issue/renewal of certificates of registration. The fee for registration for two wheelers and light motor vehicles has been prescribed as ₹ 60 and ₹ 200 per vehicle respectively.

During analysis of data of four RAs<sup>10</sup>, audit found that 2,668 vehicles, other than transport vehicles, were plying without renewal of their certificate of registration which had expired between April 2008 and March 2011. Audit also noticed that the VAHAN software was not customised for prompting automatic requirement of renewal after expiry of the specified period at the time of payment of taxes. This resulted in non-realisation of renewal fee of ₹ 5.28 lakh.

RA, Asansol admitted (February 2012) the audit observation in 330 cases involving ₹ 0.64 lakh. In the remaining 2,338 cases involving ₹ 4.64 lakh, three RAs<sup>11</sup> did not furnish any reply/specific reply (November 2013).

Government stated (October 2013) that detailed reply would be furnished shortly; their detailed reply is awaited (November 2013).

#### **4.9.5 Non-realisation of audio fee**

Schedule F to Rule 218(7) of the WBMVT Rules, 1989 provides for realisation of annual audio fees at prescribed rates for installation of radio set, gramophone, tape recorder, cassette recorder or any kind of apparatus producing sound effect or voice in the motor vehicle.

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<sup>10</sup> Alipur; Asansol; PVD, Kolkata and Tamluk.

<sup>11</sup> Alipur; PVD, Kolkata and Tamluk.

During analysis of data of 12 RAs, audit found that against audio sets installed in 1,38,071 vehicles, owners of 29,006 vehicles did not pay the audio fee of ₹ 1.08 crore for different periods between 2008-09 and 2010-11. Since the VAHAN software was not customised to make the field “audio fee” mandatory for realisation of the due audio fee at the time of payment of road tax, there was non-realisation of audio fee of ₹ 1.08 crore as detailed in the following table:

**Table 4.8 - Non-realisation of audio fee****(₹ in lakh)**

Sl. No.	Name of the RA	Total no. of audio fitted vehicles	No. of defaulter vehicles	Amount of non-realisation
1.	Alipur	15,193	1,252	5.76
2.	Alipurduar	686	169	0.60
3.	Asansol	2,944	1,310	5.29
4.	Barasat	9,395	2,294	6.90
5.	Barrackpore	14,791	6,026	18.09
6.	Burdwan	2,509	922	4.37
7.	Durgapur	3,621	286	1.95
8.	Howrah	10,776	5,350	28.78
9.	Nadia	2,309	438	2.42
10.	PVD, Kolkata	66,490	8,298	24.89
11.	Siliguri	6,943	1,660	4.98
12.	Tamluk	2,414	1,001	3.86
<b>Total</b>		<b>1,38,071</b>	<b>29,006</b>	<b>107.89</b>

Six RAs<sup>12</sup> admitted (between February and November 2012) the audit observation in 15,047 cases involving ₹ 60.69 lakh but did not furnish any report on realisation. In the remaining 13,959 cases involving ₹ 47.20 lakh, the RAs did not furnish any specific reply (November 2013).

Government accepted (October 2013) the audit observation and stated that demand notices were issued in most of the cases and recovery had also been made in some cases, but did not furnish any report on realisation (November 2013).

#### **4.9.6 Non-realisation of showroom inspection fee**

Under Rule 60A of the WBMVT Rules, 1989, a vehicle shall be inspected at the time of first registration in the showroom/premises of the dealer or sub-dealer and a fee (ranging between ₹ 50 and ₹ 400) as prescribed in Schedule A of the Rules shall be realised from the dealer or sub-dealer.

<sup>12</sup> Alipurduar, Barasat, Barrackpore, Burdwan, Durgapur and Howrah.

During analysis of data of four RAs<sup>13</sup>, audit found that 1,87,764 new vehicles were registered during the period from 2008-09 to 2010-11, however, showroom inspection fee of ₹ 50.35 lakh was not realised in 40,766 cases. It was also noticed that the VAHAN software was not customised to make the field “showroom inspection fee” mandatory for realisation of such fee at the time of first registration. This resulted in non-realisation of showroom inspection fee of ₹ 50.35 lakh as detailed in the following table:

**Table 4.9 - Non-realisation of showroom inspection fee**

(₹ in lakh)

Sl. No.	Name of the RA	No. of new vehicles registered	No. of cases of non-realisation	Amount of non-realisation
1.	Alipur	66,802	8,157	11.25
2.	Asansol	50,201	270	0.62
3.	PVD, Kolkata	45,407	32,076	37.96
4.	Tamluk	25,354	263	0.52
<b>Total</b>		<b>1,87,764</b>	<b>40,766</b>	<b>50.35</b>

The RAs did not furnish any specific reply (November 2013).

Government stated (October 2013) that detailed reply would be furnished shortly which is awaited (November 2013).

#### **4.9.7 Non-realisation of dealer’s tax**

Section 3(2) of the WBMVT Act, 1979 prescribes that every dealer or manufacturer who keeps in his possession or control any motor vehicle shall pay dealer’s tax on such motor vehicle at the time of its first registration at the prescribed rates. Further, Section 11(b) (iii) of the Act provides that in case of delay in payment of tax exceeding 60 days after the expiry of grace period of 15 days, penalty equal to the amount of tax payable is also realisable from a defaulter dealer.

During analysis of data of 11 RAs, audit found that dealer’s tax and penalty of ₹ 42.18 lakh in respect of 9,254 newly registered vehicles were not realised from the dealers during the period from April 2008 to March 2011. It was noticed that the VAHAN software was not customised to make the field “Dealer’s tax” mandatory for realisation of the dealer’s tax at the time of first registration. This resulted in non-realisation of dealer’s tax and penalty of ₹ 42.18 lakh as detailed in the following table:

<sup>13</sup> Alipur; Asansol; PVD, Kolkata and Tamluk.

Table 4.10 -Non-realisation of dealer's tax

(₹ in lakh)

Sl. No.	Name of the RA	Total no. of vehicles registered during audit period	No. of vehicles against which dealer's tax was not realised	Amount of non-realisation
1.	Alipur	66,802	7,166	22.12
2.	Asansol	50,201	162	2.70
3.	Bankura	25,811	478	6.67
4.	Barasat	33,616	22	0.42
5.	Barrackpore	19,728	47	0.46
6.	Burdwan	40,038	68	1.27
7.	Durgapur	55,077	156	0.56
8.	Howrah	49,294	761	2.76
9.	Nadia	34,055	74	0.49
10.	PVD, Kolkata	45,407	226	2.73
11.	Tamluk	25,354	94	2.00
<b>Total</b>		<b>4,45,383</b>	<b>9,254</b>	<b>42.18</b>

RA, Howrah admitted (March 2013) the audit observation in 761 cases involving ₹ 2.76 lakh and stated that ₹ 0.56 lakh had been realised in 174 cases; but did not furnish any report on realisation in respect of the remaining cases. The RAs, Bankura, Barasat, Barrackpore and Burdwan admitted (between February 2012 and January 2013) the audit observations in 615 cases involving ₹ 8.82 lakh; but did not furnish report on realisation. In the remaining cases the Department did not furnish any specific reply (November 2013).

Government accepted (October 2013) the audit observation and stated that an amount of ₹ 1.06 lakh was realised in RTO, Howrah, but did not furnish any report on realisation of the balance amount (November 2013).

#### 4.9.8 Short levy of additional tax

The Schedule-I appended to Section 3 of the WBAT & OTMV Act, 1989 prescribes levy of additional tax on the goods vehicles registered in the other states at the rate of 80 per cent of the annual tax payable under the WBMVT Act, 1979.

During analysis of data of two RAs<sup>14</sup>, audit found that for 6,498 cases of goods vehicles of the other states additional tax of ₹ 56.12 lakh was assessed and realised between April 2007 and March 2011. On further analysis Audit found that the additional tax was assessed by VAHAN at the rates below the prescribed rate of 80 per cent of tax payable under the WBMVT Act, 1979. This resulted in levy and realisation of additional tax of ₹ 56.12 lakh instead of leviable amount of ₹ 102.29 lakh. Thus, improper mapping of the Section 3 of the WBAT & OTMV Act, 1989 in VAHAN resulted in short levy and

<sup>14</sup> Asansol and Durgapur.



subsequent short realisation of additional tax of ₹ 46.17 lakh as detailed in the following table:

**Table 4.11 – Short levy of additional tax**

(₹ in lakh)

Sl. No.	Name of the RA	No. of vehicles	Amount of additional tax leviable	Amount of additional tax levied	Short levy of additional tax
1.	Asansol	5,839	91.70	50.51	41.19
2.	Durgapur	659	10.59	5.61	4.98
<b>Total</b>		<b>6,498</b>	<b>102.29</b>	<b>56.12</b>	<b>46.17</b>

After audit pointed out the cases, the RA, Asansol stated (February 2012) that the matter would be taken up with the NIC; but has not yet furnished any report regarding further action taken and realisation of tax despite issue of reminders (upto May 2013). No specific reply has been received from the other RA (November 2013).

Government stated (October 2013) that detailed reply would be furnished shortly; their detailed reply is awaited (November 2013).

#### **4.10 Non-realisation of special fee**

Rule 121 of the WBMVT Rules, 1989 prohibits plying of heavy goods vehicles having gross vehicle weight (GVW) above 22,542 kg within the State. However, the Government relaxed this restriction and permitted plying of such vehicles in the State on payment of a special fee at varying rates depending on the GVW by orders issued from time to time.

During analysis of data of 11 RAs, audit found that 34,439 vehicles having GVW above 22,542 kg plied in the state of West Bengal during the period from 2008-09 to 2010-11. Further analysis revealed that owners of 2,240 vehicles did not pay special fee of ₹ 80.72 lakh. However, the concerned RAs did not take any action to realise the special fee from the defaulting vehicle owners. This resulted in non-realisation of special fee of ₹ 80.72 lakh as detailed in the following table:

**Table 4.12 - Non-realisation of special fee**

(₹ in lakh)

Sl. No.	Name of the RA	Total number of goods vehicles having GVW greater than 22,542 kg	No. of defaulting vehicles	Non-realisation of special fee
1.	Alipur	961	54	1.72
2.	Asansol	4,870	414	16.99
3.	Barasat	3,654	187	4.32
4.	Barrackpore	7,828	560	15.74
5.	Burdwan	6,003	391	16.37
6.	Durgapur	2,645	249	13.54
7.	Howrah	3,115	163	5.07
8.	Nadia	381	20	0.80
9.	PVD, Kolkata	1,028	60	1.44
10.	Siliguri	1,322	51	1.32
11.	Tamluk	2,632	91	3.41
<b>Total</b>		<b>34,439</b>	<b>2,240</b>	<b>80.72</b>

Five RAs<sup>15</sup> admitted (between February and November 2012) the audit observations in 1,352 cases involving ₹ 42.82 lakh but did not furnish any report on further action taken or realisation of fee. In the remaining 888 cases involving ₹ 37.90 lakh, the RAs did not furnish any reply/specific reply (November 2013).

Government accepted (October 2013) the audit observation and stated that demand notices were issued in most of the cases, but did not furnish any report on realisation (November 2013).

#### **4.11 Non/short realisation of permit fee**

Section 66 of the MV Act, 1988 provides that the owner of a transport vehicle can use his vehicle in a public place only after obtaining a permit from the prescribed authority. Further, Rules 126 and 127 of the WBMVT Rules, 1989 prescribe that fees for application and grant/renewal of permit in respect of different kinds of vehicles are realisable as per rates specified in Schedule-‘A’ of the Rules.

From the scrutiny of permit registers of seven RAs<sup>16</sup>, audit found that 436 public transport vehicles were plying with expired permits. Audit also noticed that owners of those vehicles were paying fitness fee and road taxes which is indicative of those vehicles being on road and not lying idle. However, the RAs did not realise permit fees from them while collecting other taxes. This resulted in non-realisation of permit fee of ₹ 22.31 lakh.

It was also observed in three RAs<sup>17</sup> that permit fee of ₹ 21.09 lakh was realised in lieu of ₹ 28.07 lakh in case of 306 public transport vehicles during

<sup>15</sup> Barasat, Barrackpore, Burdwan, Howrah and Siliguri.

<sup>16</sup> Alipur; Bankura; Barasat; Burdwan; Howrah; PVD, Kolkata and Tamluk.

<sup>17</sup> Barasat; STA, WB and Tamluk.

2008-09 to 2011-12 due to application of pre-revised rate<sup>18</sup> of permit fee. This resulted in short realisation of permit fee of ₹ 6.98 lakh.

Thus, there was an overall non/short realisation of permit fee in case of 742 public transport vehicles of ₹ 29.29 lakh as detailed in the following table:

**Table 4.13 – Non/short realisation of permit fee**

(₹ in lakh)

Sl No. (1)	Name of the RA (2)	Permit fee non-realised (no. of vehicles) (3)	Permit fee short realised			Total (3+6)
			Permit fee realisable (4)	Permit fee realised (5)	Short realisation of Permit fee(no. of vehicles) (6)	
1.	Alipur	1.87(28)	-	-	-	1.87(28)
2.	Bankura	3.56(62)	-	-	-	3.56(62)
3.	Barasat	1.85(41)	0.72	0.58	0.14(9)	1.99(50)
4.	Burdwan	6.65(133)	-	-	-	6.65(133)
5.	Howrah	2.10(41)	-	-	-	2.10(41)
6.	PVD, Kolkata	3.24(58)	-	-	-	3.24(58)
7.	State Transport Authority (STA), WB	-	5.52	3.20	2.32(45)	2.32(45)
8.	Tamluk	3.04(73)	21.83	17.31	4.52(252)	7.56(325)
<b>Total</b>		<b>22.31(436)</b>	<b>28.07</b>	<b>21.09</b>	<b>6.98(306)</b>	<b>29.29(742)</b>

Five RAs<sup>19</sup> admitted (between January 2012 and November 2012) the audit observations in 611 cases involving ₹ 21.86 lakh and stated that demand notices would be issued to the defaulting vehicle owners. Their report on further action taken is awaited. In the remaining 131 cases involving ₹ 7.43 lakh, three RAs<sup>20</sup> did not furnish any specific reply (November 2013).

Government accepted (October 2013) the audit observation and stated that recovery had been made in some cases, but did not furnish any report on realisation (November 2013).

<sup>18</sup> Rates of the permit fees and security deposits were revised in October 2005 vide Notification No. 4026-WT/6M-13/2005 dated 5 October 2005.

<sup>19</sup> Bankura, Barasat, Burdwan, Howrah and Tamluk.

<sup>20</sup> Alipur; PVD, Kolkata and STA, WB.