

## CHAPTER V: TAXES ON VEHICLES, GOODS AND PASSENGERS

### 5.1.1 Tax administration

#### 5.1.1.1 Passengers and goods tax

Registration of motor vehicles, assessments, levy and collection of passengers and goods tax (PGT) are governed under the provisions of the Punjab Passengers and Goods Taxation Act, 1952 (PPGT Act) and the Rules framed thereunder, as applicable to the State of Haryana. The Principal Secretary to Government of Haryana, Excise and Taxation Department is the administrative head at the Government level. Overall charge of the Department vests with the Excise and Taxation Commissioner (ETC), Haryana, Chandigarh. The work relating to levy and collection of PGT is carried out by the Assistant Excise and Taxation Officers (AETOs) under Deputy Excise and Taxation Commissioners (DETCs) in the field. All the motor vehicles carrying goods and passengers are required to be registered with AETO of the district concerned in which the owner of the vehicle has residence or place of business where the vehicle is normally kept in the State.

#### 5.1.1.2 Taxes on vehicles

Registration of motor vehicles for goods and passenger tax, issue of permits, issue of driving/conductor licences, levy and collection of token tax, permit fee, licence fee etc. are governed under the provisions of the Motor Vehicles Act, 1988, (MV Act) Central Vehicles Rules, 1989, the Haryana Motor Vehicles Rules, 1993, the Punjab Motor Vehicles Taxation Act, 1924 (PMVT Act), as applicable to the State of Haryana and the Punjab Motor Vehicles Taxation Rules, 1925. The Additional Chief Secretary to Government of Haryana, Transport Department is the administrative head at the Government level and is responsible for the administration of the MV Act/Rules in the State and assisted by the Transport Commissioner who exercises general superintendence over the functioning of the Department. The powers of Registering and Licencing Authority (RLA) are being exercised by 57 Sub-Divisional Offices (Civil) in respect of non-transport vehicles, whereas 21 Secretary, Regional Transport Authorities (RTAs) are exercising the powers of RLA in respect of transport Vehicles.

### 5.1.2 Results of Audit

In 2013-14, test check of the records of 67 units relating to token tax, special road tax, registration fee, permit fee, driving license fee, conductor license fee, penalties and composite fee under the National Permit Scheme showed underassessment of tax and other irregularities involving ₹ 4.03 crore in 2,631 cases, which fall under the following categories in the table **Table 5.1**.

Table 5.1

(₹ in crore)			
Sr. No.	Categories	Number of cases	Amount
1.	Non/short realisation of		
	<ul style="list-style-type: none"> <li>• permit/counter signature fees from owners of heavy/light transport vehicles</li> <li>• registration fee and token tax on vehicles transferred from other States</li> </ul>	234	0.12
2.	Non/short recovery of		
	• bid money	23	0.36
	• token/road tax in respect of stage carriage buses/combine harvesters etc.	84	0.15
	• token tax from private vehicles	323	0.24
	• passengers tax from co-operative transport societies/educational institutions	437	2.01
	• goods tax	775	0.45
3.	Miscellaneous irregularities	697	0.69
<b>Total</b>		<b>2,631</b>	<b>4.03</b>

During the course of the year, the Department accepted underassessment and other deficiencies of ₹ 39.81 lakh in 176 cases, out of which ₹ 13.59 lakh involved in 74 cases were pointed out during the year and the rest in earlier years. The department recovered ₹ 26.22 lakh in 102 cases pointed out in earlier years.

A few illustrative cases involving ₹ 62.42 lakh are discussed in following paragraphs:

### Passengers and goods tax

#### 5.2 Non/short realisation of passenger tax from city bus operators

Section 9 (2E) of the Punjab Passengers and Goods Taxation (PPGT) (Haryana Amendment) Rules, 2004, as inserted with effect from 24 February 2004, provides that the holders of permit for plying buses on the roads within the municipal corporation limit in Faridabad and Gurgaon districts are required to pay passengers tax at the prescribed rates<sup>1</sup>. Further, as

<sup>1</sup> For ordinary half body and ordinary full body buses at ₹ 4,200 and ₹ 7,000 per month respectively. Ordinary full body buses having compressed natural gas as fuel are levied passenger tax at the rate of ₹ 8,000 per month.

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

per Section 14 (B) of the Act, where any tax or penalty is not paid within prescribed time, the owner of the vehicle shall be liable to pay interest at the rate of two *per cent* per month on the amount of tax.

During test check of the records of the offices of DETC (PGT), Faridabad (East) and Gurgaon between August 2012 and September 2013 for the years 2011-12 and 2012-13, we noticed that 240 private bus operators were granted permits for plying buses in city areas, out of which 53 private bus operators did not deposit the monthly passengers tax for different periods between April 2011 and March 2013. There was nothing on records to show that the department had taken any action to recover the tax from the defaulting bus owners. This resulted in non/short realisation of tax of ₹ 24.47 lakh. Additionally, interest amounting to ₹ 10.20 lakh was also leviable for the period between April 2011 and March 2013.

On this being pointed out between August 2012 and September 2013, DETC (PGT), Faridabad stated in May 2014 that a sum of ₹ 1.18 lakh had been recovered between August 2012 and December 2013 and efforts would be made to recover the balance amount. DETC (PGT), Gurgaon stated in December 2013 that notices had been issued to the defaulting vehicle owners for recovery of passengers and goods tax. We had not received further progress of recovery and action taken to levy interest (November 2014).

The matter was reported to the Government; their reply has not been received (November 2014).

### **5.3 Non/short realisation of passengers tax from taxi/maxi owners**

Under Section 9 of the PPGT Act and rules framed thereunder, passengers tax on five seater taxi car is leviable at the rate of ₹ 3,000 per annum and on seven to 12 seater maxi cab at the rate of ₹ 100 per seat per month. Tax is payable in equal quarterly instalments within 30 days of the commencement of the quarter to which payment relates. In case of default, penalty and interest are leviable.

During test check of the records of five offices<sup>2</sup> of Deputy Excise and Taxation Commissioner (Passengers and Goods Tax) {DETC (PGT)} between January 2013 and January 2014, we noticed that passengers tax in respect of 165 car/maxi owners either had not deposited the passenger tax or short deposited between April 2011 and March 2013. No demand notices had been issued. This resulted in non/short realisation of tax ₹ 13.90 lakh (including interest<sup>3</sup> of ₹ 4.23 lakh).

On this being pointed out between January 2013 and January 2014, all DETCs stated in January 2014 that a sum of ₹ 1.37 lakh had been recovered in 17 cases and efforts would be made to recover the balance amount. We had not received further progress report on recovery and action taken to levy interest (November 2014).

<sup>2</sup> Bhiwani, Jind, Karnal, Panchkula and Rewari.

<sup>3</sup> Interest calculated upto March 2014.

The matter was reported to the Government; their reply has not been received (November 2014).

#### **5.4 Non/short realisation of passengers tax from transport co-operative societies buses**

Under the scheme of privatisation of passenger road transport, the permit holder of the buses plying on link routes of the State are required to pay lump sum passengers tax, based on the seating capacity of the bus monthly at the rate of ₹12,000 for 52/54 seater and ₹ 6,000 for 30 seater buses and in case their routes extended upto 24 kilometers at the rate of ₹16,000 for 52/54 seater and ₹ 10,000 for 30 seater buses with effect from March 2007. In case of default, penalty and interest are leviable under the Act.

During test check of records of five offices<sup>4</sup> of Deputy Excise and Taxation Commissioner (Passengers and Goods Tax) {DETC (PGT)}, we noticed that 54 transport co-operative societies buses did not deposit the monthly passenger tax either in full or in part during the years 2011-12 and 2012-13. This resulted in non/short realisation of tax of ₹ 8.45 lakh (including interest<sup>5</sup> of ₹ 1.53 lakh).

On this being pointed out between September 2012 and October 2013, DETC (PGT) Jhajjar and Karnal stated in January and March 2014 that a sum of ₹ 1.88 lakh had been recovered in four cases between March and December 2013 and efforts would be made to recover the balance amount. DETCs (PGT), Ambala, Faridabad (East) and Sonapat stated between December 2013 and May 2014 that efforts would be made to recover the outstanding amount. We had not received further progress report on recovery and action taken to levy interest (November 2014).

The matter was reported to the Government; their reply has not been received (November 2014).

### **Taxes on vehicles**

#### **5.5 Non renewal of permits of transport vehicles**

As per section 66 of the Motor Vehicles Act, 1988, no owner of a motor vehicle shall use or permit the use of vehicle as a transport vehicle in any public place without valid permit granted or countersigned by a Regional or State Transport Authority whether or not such vehicle is actually carrying any passenger or goods. Further Section 81 of the Act provides that validity of a permit is five years and may be renewed on an application made not less than 15 days before the date of expiry of the permit<sup>6</sup>. Plying of the vehicles without

<sup>4</sup> Ambala Cantt, Faridabad (East), Jhajjar, Karnal and Sonapat.

<sup>5</sup> Interest calculated upto March 2014.

<sup>6</sup> For this purpose prescribed permit fee for Heavy Transport Vehicle (HTV) @ ₹ 2,625 and for Light Transport Vehicle (LTV) @ ₹ 1,750 valid for five years in February 1997. Authorisation fee for national permit is ₹ 1,000 per annum as prescribed in Section 87 of the Central Motor Vehicle Rules, 1989.

a valid permit attracts minimum penalty of ₹ 2,000 under the provision of Section 192-A of the Act.

During test check of the records of the offices of the Secretary, Regional Transport Authorities (RTAs) Ambala, Faridabad and Hisar for the year 2012-13 pertaining to issue and renewal of permits of transport vehicles, we noticed that 96 vehicles which were issued permits for plying as transport vehicles by the authorities for five years from date of issue of permits, but owners of these vehicles did not renew permits of vehicles even after the expiry of last date of validity of permit. These transport vehicles were plying on roads without valid permits. Further scrutiny of records revealed that neither there was any recorded reasons for non renewal of permits of these vehicles nor these vehicles were declared off-road. This resulted in non realisation of revenue amounting to ₹ 5.40 lakh including minimum penalty of ₹ 1.92 lakh.

On this being pointed out between November 2013 and January 2014, all the RTAs stated between April and October 2014 that notices would be/had been issued to the defaulting owners to recover the outstanding amount. We had not received further progress report on recovery (November 2014).

The matter was reported to the Government; their reply has not been received (November 2014).