

CHAPTER V

TAXES ON VEHICLES

5.1 Tax administration

Levy and collection of taxes and other receipts under the Motor Vehicles sector are regulated by the Central Motor Vehicles Act, 1988, the Maharashtra Motor Vehicle Tax Act, 1958, the Maharashtra Motor Vehicles Transportation of Passengers Act, 1958, and the Rules made there under. These Acts and Rules are implemented by the Transport Commissioner under the overall control of the Principal Secretary (Transport) to the Government in Home Department, assisted by an Additional Commissioner, a Joint Commissioner, Deputy Commissioners and Regional and Deputy Transport Officers. The motor vehicles receipts mainly comprise taxes on motor vehicles and taxes on goods and passengers.

5.2 Internal Audit

Each Regional Transport Office is having an internal audit wing headed by an Accounts Officer. The criteria for taking up audit has been laid down in order dated 1 September 1971, which prescribes checking of assessment of tax in case of newly registered vehicles, checking of cash book, dead stock etc.

Information regarding position of units planned to be taken up for audit and actually audited is given in **Table 5.2**.

Table 5.2

Year	No. of units planned	No. of units audited	Audit observations raised	Audit observations settled till 31/03/2017	Pending observations as on 31/03/2017
2012-13	29	29	1,171	847	324
2013-14	32	32	693	224	469
2014-15	119	136	642	208	434
2015-16	129	151	516	242	274
2016-17	135	126	373	69	304
Total	444	474	3,395	1,590	1,805

Source: Information furnished by the Department

During the last five years, the number of units actually audited have exceeded the number of units planned to be audited. The Department has settled 47 per cent of the observations raised by the internal audit wing.

5.3 Results of audit

In 2016-17, test check of the records of 52 units relating to Maharashtra Motor Vehicles Tax Act, etc. revealed under assessment of tax and other irregularities involving ₹ 461.01 crore in 313 observations, which fall under the following categories shown in **Table 5.3**.

Table 5.3

(₹ in crore)			
Sr. No.	Category	No. of observations	Amount
1	Non/short levy of tax	194	11.93
2	Miscellaneous	119	449.08
Total		313	461.01

In response to our audit observations pointed out during the year 2016-17 as well as earlier years, the concerned Department accepted underassessment, short levy, etc. and recovered ₹ 18.61 crore in 291 observations.

A few illustrative cases involving ₹ 1.04 crore are discussed in the succeeding paragraphs.

5.4 Non-recovery of Motor Vehicle Tax from transport vehicles (buses)

Tax amounting to ₹ 52.32 lakh was not recovered from owners of 97 transport vehicles i.e. buses

According to the provisions of Section 3(1) of the Maharashtra Motor Vehicle Tax Act, 1958, tax is leviable on transport series vehicles (buses), used or kept for use in the State of Maharashtra, at prescribed rates in accordance with the seating capacity of the vehicle. The tax is payable in advance for annual, quarterly and less than quarterly periods as specified in Section 4 of the Act. The Regional Transport Offices (RTOs) maintain the details of recoveries made from the vehicle owners, issue of demand notices, etc. in the Cash Balance Review Register (CBRR). In case the tax is not paid in time, interest at the rate of two percent per month on the unpaid is recoverable from the vehicle owners under Section 8A of the Act. Further, as per provisions of Section 12 of the Act, arrears of tax and interest are recoverable as arrears of land revenue.

During test check of seven¹ offices between March 2015 and February 2017, we noticed from the CBRR that tax in respect of transport series vehicles (bus) amounting to ₹ 52.32 lakh was not recovered from owners of 97 vehicles for periods ranging from three months to 45 months between July 2012 and May 2016. It was seen that the CBRR had not been reviewed periodically and the demand notices had not been issued by the RTOs.

On this being brought to notice of the Department, they accepted the observations and intimated recovery of ₹ 7.08 lakh in respect of 14 cases between April 2015 and February 2017 and report on recovery in the remaining cases has not been received.

We reported the matter to the Government in July 2017; their reply has not been received (February 2018).

5.5 Non recovery of Motor Vehicle Tax in respect of transport vehicles (goods)

Tax amounting to ₹ 26.72 lakh was not recovered from owners of 123 transport vehicles i.e. goods vehicles

According to the provisions of Section 3(1) of the Maharashtra Motor Vehicle Tax Act, 1958, tax is leviable on transport series vehicles (goods), used or kept for use in the State of Maharashtra, at prescribed rates in accordance with the registered laden weight of the vehicle. The tax is payable in advance for annual, quarterly and less than quarterly periods as specified in Section 4 of the Act. The Regional Transport Offices (RTOs) maintain the details of recoveries made from the vehicle owners, issue of demand notices, etc. in the Cash Balance Review Register (CBRR). In case the tax is not paid in time, interest at the rate of two percent per month on the unpaid is recoverable from the vehicle owners under Section 8A of the Act. Further, as per provisions of

¹ Regional Transport Officer – Mumbai (E), Mumbai (W) and Nashik; Dy. Regional Transport Officer – Ambajogai, Kalyan, Panvel and Vashi.

Section 12 of the Act, arrears of tax and interest are recoverable as arrears of land revenue.

During test check of five² offices between March 2015 and February 2017, we noticed from the CBRR that tax in respect of transport series vehicles (goods) amounting to ₹ 26.72 lakh was not recovered from owners of 123 vehicles for periods ranging from three months to 51 months between March 2011 and May 2016. It was seen that the CBRR had not been reviewed periodically and the demand notices had not been issued by the RTOs.

On this being brought to notice of the Department, they accepted the observations and intimated recovery of ₹ 7.03 lakh only in 26 cases during February 2016 and July 2017, and report on recovery in the remaining cases was not received.

We reported the matter to the Government in June 2017; their reply has not been received (February 2018).

5.6 Non recovery of Motor Vehicle Tax in respect of non-transport series of vehicles (Excavators/Cranes)

Tax amounting to ₹ 25.25 lakh was not recovered from owners of 94 equipment fitted vehicles

According to the provisions of Section 3(1) of the Maharashtra Motor Vehicle Tax Act, 1958, tax is leviable on equipment fitted vehicles such as cranes and excavators, used or kept for use in the State of Maharashtra, at prescribed rates in accordance with the registered unladen weight of the vehicle. The tax is payable in advance for annual, quarterly and less than quarterly periods as specified in Section 4 of the Act. The Regional Transport Offices (RTOs) maintain the details of recoveries made from the vehicle owners, issue of demand notices, etc. in the Cash Balance Review Register (CBRR). In case the tax is not paid in time, interest at the rate of two percent per month on the unpaid amount is recoverable from the vehicle owners under Section 8A of the Act. Further, as per provisions of Section 12 of the Act, arrears of tax and interest are recoverable as arrears of land revenue.

During test check of four³ offices between March 2015 and February 2017, we noticed from the CBRR that tax amounting to ₹ 25.25 lakh was not recovered from owners of 94 equipment fitted vehicles such as excavators, earthmovers, cranes, etc., for periods ranging from nine months to 72 months between July 2010 and December 2017. It was seen that the CBRR had not been reviewed periodically and the demand notices had not been issued by the RTOs.

On this being brought to notice of the Department, they accepted the observations and intimated recovery of ₹ 6.20 lakh in 23 cases in February and August 2017, and report on recovery in the remaining cases was not received.

We reported the matter to the Government in June 2017; their reply has not been received (February 2018).

² Regional Transport Officer – Nashik; Dy. Regional Transport Officer – Ambajogai, Kalyan, Panvel and Vashi.

³ Regional Transport Officer – Andheri, Jalna and Nashik; Dy. Regional Transport Officer – Panvel.