

## CHAPTER-III : Taxes on Vehicles, Goods and Passengers

### 3.1 Tax administration

The receipts from the Transport Department are regulated under the provisions of the Central and the State Motor Vehicle Acts and rules made thereunder and are under the administrative control of the Transport Department. The receipts from road tax and special road tax are regulated under the provisions of the Rajasthan State Motor Vehicles Taxation (RMVT) Act 1951, the rules framed thereunder and notification issued from time to time.

The Transport Department is headed by the Transport Commissioner and is assisted by five Additional Transport Commissioners and 13 Deputy Transport Commissioners. The entire State is divided into 11 regions, headed by Regional Transport Officers (RTO) cum *ex officio* Member, Regional Transport Authority. Besides, there are 37 vehicles registration cum taxation offices headed by District Transport Officers (DTO).

### 3.2 Internal audit conducted by the Department

The Department has an Internal Audit Wing under the charge of Financial Adviser. This Wing has to conduct test check of cases of assessment as per the approved action plan and in accordance with the criteria laid down by the Steering Committee so as to ensure adherence to the provisions of the Act and Rules as well as departmental instructions issued from time to time.

The position of last five years of internal audit was as under:

Year	Units pending for audit	Units due for audit during the year	Total units due for audit	Units audited during the year	Units remained unaudited	Shortfall in per cent
2011-12	-	43	43	43	-	-
2012-13	-	43	43	43	-	-
2013-14	-	43	43	39	4	9.30
2014-15	4	51	55	45	10	18.18
2015-16	10	57	67	66	1	1.50

Source: Furnished by the concerned Department.

It was noticed that 12,375 paragraphs were outstanding at the end of 2015-16. The year-wise break up of outstanding paragraphs of internal audit reports is as under:

Year	1992-93 to 2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	Total
<b>Paras</b>	8,210	664	729	651	805	1,316	<b>12,375</b>

Out of 12,375 paragraphs, 8,210 paragraphs pertained to the period prior to 2010-11 which indicates that the Department needs to pay more attention towards settlement of the observations particularly those that are pending for

more than five years as with the passage of time, the chances of recovery would become bleak.

The Government may issue appropriate instructions to the Department for early disposal of the outstanding observations raised by the Internal Audit Wing.

### 3.3 Results of audit

During test check of the records of 27 units during the year 2015-16, audit noticed irregularities in 9,235 cases involving ₹ 38.12 crore, which broadly fall under the following categories:

Sl. No.	Category	Number of cases	Amount (₹ in crore)
1	Paragraph on 'Control of Transport Department on Plying of Goods Vehicles'	1	10.62
2	Non/short payment of tax, penalty, interest and compounding fees, etc.	5,672	13.01
3	Non/short determination of tax, computation of motor vehicle tax/special road tax.	3,473	14.46
4	Other irregularities relating to		
	A- Revenue	13	0.01
	B- Expenditure	76	0.02
<b>Total</b>		<b>9,235</b>	<b>38.12</b>

During the year, the Department accepted underassessment and other irregularities of ₹ 27.86 crore in 9,325 cases, out of which 2,503 cases involving ₹ 7.49 crore were pointed out in audit during the year 2015-16 and the rest in earlier years. During the year 2015-16, an amount of ₹ 7.40 crore was recovered in 2,704 cases, out of which ₹ 1.28 crore in 493 cases were pointed out in 2015-16 and the rest in earlier years.

A paragraph on 'Control of Transport Department on Plying of Goods Vehicles' involving ₹ 10.62 crore and few illustrative cases involving ₹ 10.35 crore are discussed in the succeeding paragraphs.

## 3.4 Control of Transport Department on Plying of Goods Vehicles

### 3.4.1 Introduction

One of the major sources of revenue for Transport Department (Department) is levy of tax on goods vehicles which are broadly those motor vehicles which have been constructed or adapted for use solely for the carriage of goods. These are further divided in three categories: heavy goods vehicle, light goods vehicle and medium goods vehicle. Goods vehicles are allowed to ply with either National Permit (NP) or all Rajasthan goods permit. The vehicles whose gross vehicle weight does not exceed 3000 kilogram have been exempted from availing permits.

The Department has implemented VAHAN application software developed by National Information Centre (NIC) for registration of vehicles. The application helps the Department to register vehicles, collect tax, issue various certificates, permits and record fitness of vehicles.

### 3.4.2 Objective and scope of Audit

Records pertaining to selected<sup>1</sup> nine Regional Transport Officers<sup>2</sup> (RTOs) and five District Transport Officers<sup>3</sup> (DTOs) for the period from 2012-13 to 2014-15 were test checked between October 2015 and August 2016 to ascertain whether enforcement provisions regarding recovery of tax, surcharge, penalty, fee and other charges on goods vehicles plying in the State were effective. A few observations noticed during transaction audit have also been included in this paragraph.

## Audit Findings

### 3.4.3 Registration of Goods vehicles

Under Section 39 of the Motor Vehicle Act (MV Act), 1988, no person shall drive any motor vehicle in any public/other place unless the vehicle is registered in accordance with the provision of the Act. The data relating to registration of vehicles are entered in the Registration module under VAHAN software.

#### 3.4.3.1 Lack of deterrence for delayed registration

As per Rule 47 of the Central Motor Vehicle Rules (CMV Rules), 1989, an application for registration of motor vehicle shall be made within seven days from the date of taking delivery of the vehicle. Further, under Section 41 of the MV Act read with Rule 4.17 of the Rajasthan Motor Vehicles Rules, (RMV Rules), 1990, Compounding Fee (CF) at the rate of ₹ 25 per calendar

<sup>1</sup> 14 RTOs/DTOs (25 per cent selection) on the basis of probability proportion to size sampling method were selected out of 54 district transport officers in Rajasthan.

<sup>2</sup> RTO: Alwar, Bharatpur, Bikaner, Chittorgarh, Jaipur, Jodhpur, Kota, Sikar and Udaipur.

<sup>3</sup> DTO: Banswara, Deedwana, Jaisalmer, Nagaur and Pratapgarh.

month limited to ₹ 100 is leviable for late registration of vehicle. The rate has not been revised after April 1990.

Scrutiny of registration files of three RTOs<sup>4</sup> revealed that 20 vehicles were registered after the expiry of the prescribed period of seven days. It was also observed from the records that in 16 cases, the vehicles were registered even after a delay of one month to twenty months from the date of taking delivery. The section relating to CF was incorporated for prevention of late registration of vehicles. However, extremely low rate of CF has defeated the very purpose of the section.

The matter was pointed out (between August 2016 and September 2016) to the Department and the Government; their reply is awaited (October 2016).

### **3.4.3.2 Non/short realisation of Fancy Number Registration fee**

As per Rule 4.3 of the RMV Rules, the State Government may allot registration mark in advance or allow a person to retain old number already allotted to his previous vehicle on his new vehicle on payment of fee. The Department specified (1 October 2014) process for allotment of advance number or retention of old number. The State Government vide notifications dated 30 April 2003 and 1 October 2014 prescribed fees for fancy numbers.

There was a system to monitor the allotment of the numbers in VAHAN but there was no provision in VAHAN for levy of registration mark fee payable for each fancy number. The fee payable was being worked out manually. Scrutiny of records of 699 new fancy numbers allotted by 14 RTOs/DTOs<sup>5</sup> during the year 2012-13 to 2014-15 revealed that in 349 cases, the registration mark fee amounting to ₹ 56.88 lakh was either not realised or short realised. The reasons for short/not-realisation was neither found on record nor were made available to audit.

The matter was pointed out (between August 2016 and September 2016) to the Department and the Government; their reply is awaited (October 2016).

## **3.4.4 Authorisation of National Permits**

As per Section 66 of the MV Act, 1988, no owner of a motor vehicle shall use or permit the use of vehicle as a transport vehicle in any public place whether or not such vehicle is actually carrying any goods in accordance with the conditions of a permit granted or countersigned by a prescribed authority authorising him the use of the vehicle in that place and in the manner specified. However, the goods vehicles whose gross vehicle weight does not exceed 3000 kilogram were not required to take such permits.

### **3.4.4.1 Non-renewal of authorisation of National Permits**

Goods vehicle intending to move at national level has to apply to the RTO for a National Permit in a prescribed form. A National Permit is valid for five years from the date of issue. Application for renewal of National Permit is required to be submitted 15 days prior to expiry of such permit. Under the new

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<sup>4</sup> RTO: Jodhpur, Sikar and Udaipur.

<sup>5</sup> RTO: Alwar, Bharatpur, Bikaner, Chittorgarh, Jaipur, Jodhpur, Kota, Sikar, and Udaipur; DTO: Banswara, Didwana, Jaisalmer, Nagaur and Pratapgarh.

National Permit System (May 2010), a composite fee of ₹ 15,000 per annum along with home state authorisation fee of ₹ 1,000 had to be deposited for authorisation of National Permit up to March 2012. Thereafter, a composite fee of ₹ 16,500 per annum along with home state authorisation fee of ₹ 1,000 was to be deposited for authorisation of National Permit.

Scrutiny of vehicles files, permit registers, receipt books, cash books and data available on VAHAN software of nine RTOs<sup>6</sup> disclosed that out of 3,36,675 goods vehicles having National Permit, 22,439 vehicles had not renewed their authorisation as mentioned in the following table:

	2010-11	2011-12	2012-13	2013-14	2014-15	Total
Total permits issued (in numbers)	40,777	75,110	70,620	72,481	77,687	3,36,675
Numbers of defaulters	2,122	4,183	4,710	4,396	7,028	22,439
Percentage of defaulters	5.20	5.57	6.67	6.07	9.05	6.66
Rate per authorisation (in ₹)	16,000	16,000	17,500	17,500	17,500	-
Due Amount (₹ in crore)	3.40	6.69	8.24	7.69	12.30	38.32

There was nothing on record to indicate that these vehicles were declared off the road or had been transferred to other states. The RTOs had neither made any effort to ensure that these vehicles off the road nor had issued any notices to the vehicles owners. The amount of authorisation fee and composite fee involved in these 22,439 vehicles amounted to ₹ 38.32 crore.

#### 3.4.4.2 Non-observance of formalities after cancellation of National Permit

Under Section 86 (D) of MV Act, the transport authority which granted a permit may cancel the permit or suspend it for such period as it thinks fit, if the holder of the permit has obtained the permit by fraud or misrepresentation. Under Rule 5.35 (1)(i) of RMV Rules, when a Regional Transport Authority suspends or cancels any permit under Section 86 of MV Act, the holder shall surrender Part A<sup>7</sup>, B<sup>8</sup> and authorisation of the permit within seven days of the receipt of order in writing of the concerned authority.

During test check of permit records of RTO, Bharatpur for the years 2013-15, it was noticed that 207 National Permits of goods vehicles were cancelled on the ground of fraud or misrepresentation. It was also observed that the validity of authorisation of 31 permits out of 207 permits had expired. The part A, B and valid authorisation of the permit were neither surrendered despite cancellation of the National Permits nor any action was initiated by transport authorities to seize the vehicles. Thus, post cancellation formalities were not carried out, in absence of which possibilities of running the vehicles after cancellation of permits cannot be ruled out.

<sup>6</sup> RTO: Alwar, Bharatpur, Bikaner, Chittorgarh, Jaipur, Jodhpur, Kota, Sikar and Udaipur.

<sup>7</sup> Part A- details of vehicle, owner, name of states for which permit issued, validity period and conditions

<sup>8</sup> Part B- details of vehicle, owners including transferor and transferee of permit, etc.

The matter was pointed out (between August 2016 and September 2016) to the Department and the Government; their reply is awaited (October 2016).

Thus, the Government may consider putting a system in place to watch the movement of those vehicles that were granted National Permit but had not applied for renewal of their authorisation.

### **3.4.5 Levy and Collection of Tax**

It was observed that no system existed in the Department to monitor proper maintenance of tax ledger of registered vehicles to monitor recovery of tax, fee and other charges. No return was prescribed to show the number of vehicles that had not paid the tax dues.

No report was drawn by the RTOs/DTOs to know the number of vehicles that were declared off road or had moved/shifted their operations to other districts/States. Weak monitoring mechanism resulted in lack of action on the part of the taxation officers for realisation of the tax due. A few cases are mentioned in the following paragraphs:

#### **3.4.5.1 Non/short realisation of Motor Vehicles Tax and Special Road Tax**

Under Section 4 of the Rajasthan Motor Vehicle Tax Act, 1951 and the rules made thereunder, motor vehicle tax (MVT) and special road tax (SRT) are to be levied and collected on goods vehicles including articulated goods vehicles used or kept for use in the State at the rates prescribed by the State Government vide notification dated 9 March 2007. Further, surcharge at the rate of five *per cent* on tax was also payable *vide* notification dated 9 March 2011.

- **Articulated goods vehicles**

During test check of the tax ledger and data available on VAHAN software of 16 RTOs/DTOs<sup>9</sup> for the years 2012-15, it was found that in case of 640 articulated goods vehicles, MVT and SRT (including surcharge) of ₹ 2.26 crore for the period April 2012 to March 2015 were not deposited. After this was pointed out, the Department intimated that out of these vehicles, tax amounting to ₹ 20.74 lakh in respect of 74 vehicles was either already deposited or not due. Thus, in respect of 566 articulated goods vehicles, taxes were not paid by the owners of these vehicles. However, the taxation officers did not initiate any action to realise the tax due. This resulted in non-realisation of tax and surcharge amounting to ₹ 2.06 crore.

The matter was pointed out (between August 2016 and September 2016) to the Department and the Government; their reply is awaited (October 2016).

- **Goods vehicles**

During test check of the tax ledger and data available on VAHAN software of 19 RTOs/DTOs<sup>10</sup>, it was found that in case of 1689 goods vehicles, MVT and

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<sup>9</sup> RTO: Alwar, Bikaner, Chittorgarh, Jaipur, Jodhpur, Kota, Sikar and Udaipur; DTO: Didwana, Hanumangarh, Jaisalmer, Kishangarh, Nagaur and Pratapgarh. Local Audit: RTO Ajmer and DTO Bhilwara.

<sup>10</sup> RTO: Alwar, Bharatpur, Bikaner, Chittorgarh, Jaipur, Jodhpur, Kota, Sikar and Udaipur; DTO: Banswara, Didwana, Jaisalmer, Nagaur and Pratapgarh. Local Audit: RTO Ajmer and DTO: Bhilwara, Dholpur Hanumangarh and Ramganjmandi

SRT (including surcharge) of ₹ 3.79 crore for the period from April 2012 to March 2015 were not deposited. After this was pointed out, the Department intimated that out of these vehicles, tax amounting to ₹ 15.98 lakh in respect of 110 vehicles was either already deposited or not due. Thus, in respect of 1,579 goods vehicles, taxes were not paid by the owners of these vehicles. However, the taxation officers did not initiate any action to realise the tax due. This resulted in non-realisation of tax and surcharge amounting to ₹ 3.63 crore.

The matter was pointed out (between August 2016 and September 2016) to the Department and the Government; their reply is awaited (October 2016).

### **3.4.5.2 Non/short realisation of motor vehicle tax in respect of dumpers/tippers**

Under Section 4 of the RMVT Act and the rules made thereunder, MVT is to be levied and collected on goods vehicles of special category (dumpers/tippers, *etc.*) used or kept for use in the State at the rates prescribed by the State Government *vide* notification dated 1 March 2002. Further, *vide* notification dated 9 March 2011, surcharge at the rate of five *per cent* on tax was also payable.

During scrutiny of the tax ledger and data available on VAHAN software of 17 RTOs/DTOs<sup>11</sup>, it was found that in case of 803 dumpers/tippers, MVT and surcharge of ₹ 2.95 crore for the period from April 2012 to March 2015 were not deposited. After this was pointed out, the Department intimated that out of these vehicles, tax amounting to ₹ 9.97 lakh in respect of 38 vehicles was either already deposited or not due. Thus, in respect of 765 vehicles, taxes were not paid by the owners of these vehicles. However, the taxation officers did not initiate any action to realise the tax due. This resulted in non-realisation of tax and surcharge amounting to ₹ 2.85 crore.

The matter was pointed out (between August 2016 and September 2016) to the Department and the Government; their reply is awaited (October 2016).

### **3.4.5.3 Non/short realisation of outstanding instalments of lump-sum tax from transport vehicles**

Under Section 4-C of the Rajasthan Motor Vehicles Taxation Act, 1951 and the rules made thereunder, a lump-sum tax on transport vehicles shall be levied at the rates prescribed by notification issued from time to time by the State Government. The lump-sum tax may be paid at the option of vehicle owner either in full or in three equal instalments and in six equal instalments with effect from 14 July 2014 within a period of one year. Further, *vide* notification dated 9 March 2011, surcharge at the rate of 10 *per cent* on tax was also payable.

During test check of the records of five Regional Transport Offices (RTOs)/District Transport Offices (DTOs)<sup>12</sup> for the years 2013-14 to 2014-15, it was noticed (between June 2015 to November 2015) that in respect of 188 transport vehicles, the vehicle owners opted for lump-sum payment of tax in

<sup>11</sup> RTO: Alwar, Bharatpur, Bikaner, Chittorgarh, Jaipur, Jodhpur, Kota, Sikar and Udaipur; DTO: Banswara, Didwana, Jaisalmer, Nagaur, and Pratapgarh. Local Audit: RTO: Ajmer and DTO: Bhilwara and Ramganjmandi.

<sup>12</sup> RTO: Udaipur and Sikar; DTO: Jaipur (CC), Balotara and Chomu.

instalments. The vehicle owners after paying first or second instalments had not paid the remaining instalments. However, taxation officers did not initiate any action to realise the amount of tax due. This resulted in non-realisation of lump-sum tax amounting ₹ 85.69 lakh.

After this was pointed out (between June 2015 to May 2016) the Department replied (July 2016) that in respect of 49 vehicles, 22.26 lakh had been recovered. The replies in respect of remaining vehicles are awaited (October 2016).

#### **3.4.5.4 Undue benefit due to exemption of tax**

As per Rule 28 of the RMVT Rules, motor vehicle owned and exclusively used by or on behalf of any Department of the Central Government, the Government of Rajasthan or the Government of any other State of India other than those used in any commercial enterprise were totally exempted from tax liability. Further, motor vehicles designed and constructed or adopted for use only for the purpose of exploration of oil and natural gas and used in Rajasthan for the said purpose are completely exempted from payment of the tax under Rule 28 (O) of the RMVT Rules. Any motor vehicle with seating capacity more than nine excluding driver, owned by and used solely for the purpose of any educational institution, recognised by the Government was exempt from payment of tax. Under Section 41(4) of MV Act, 1988, fire tender has been specified as a transport vehicle.

During test check of the records of eight RTOs/DTOs<sup>13</sup> for the year 2012-15, it was noticed that 11 fire tenders used by PSUs<sup>14</sup> and educational institutions<sup>15</sup> were irregularly registered as non-transport vehicles by the concerned taxation officers. This resulted in undue exemption of tax amounting to ₹ 49.21 lakh.

The matter was pointed out (between August 2016 and September 2016) to the Department and the Government; their reply is awaited (October 2016).

#### **3.4.6 Certificate of Fitness of goods vehicles**

Under Section 56 of MV Act, read with Rule 62 of CMV Rules, a transport vehicle shall not be deemed to be validly registered unless it carries a certificate of fitness (FC) issued by competent authority in the prescribed form. Further, under Rule 4.2A of RMV Rules, a transport vehicle shall not be deemed to be validly registered after the expiry of 15 years from the date of its first registration until the vehicle is re-registered. As per Rule 81 of the CMV Rules, FC in respect of a new goods vehicle shall be valid for two years; thereafter, it shall be renewed every year against payment of prescribed fees of ₹ 100.

It was observed that Department had no system to monitor and ensure that old vehicles which were plying had valid FCs. Each RC in respect of a new goods vehicle was valid for two years and details thereof were available with the RTO in which he was registered. However, after the expiry of the two years

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<sup>13</sup> RTO: Alwar, Bharatpur, Jaipur, Jodhpur, Kota and Sikar; DTO: Jaisalmer and Nagaur.

<sup>14</sup> Bharat Petroleum Co. Ltd, Gas Authority of India Ltd, RIICO, Godawari green energy Ltd., J K cement Ltd and Ultra tech cement Ltd, Narayan Seva Sansthan..

<sup>15</sup> Param education society, Sikar.



the vehicle owner could renew his FC in any other RTO. In these cases, there was no system to update the renewal of FC data with the RTO in which the vehicle was registered. Thus, the software did not give a complete picture of the vehicles that had not come for renewal of the FCs.

Analysis of the data available in VAHAN revealed that the FCs in respect of 1,74,264 goods vehicle registered within 15 years under transport category had not been renewed during the period 2012-13 to 2014-15. Apart from monitoring the reliasation of revenue of ₹ 1.74 crore, plying of vehicles without valid FCs was not ensured, thus compromising the safety norms.

The matter was pointed out (between August 2016 and September 2016) to the Department and the Government; their reply is awaited (October 2016).

### **3.4.7 Non-recovery of fine in respect of pending challans**

Under Section 200 (1) of the MV Act and the rules made thereunder, fine on any offence shall be levied at the rates prescribed by the State Government. The Government notifications<sup>16</sup> prescribed rate of fine for certain categories of offences.

During scrutiny of 12 RTOs/DTOs,<sup>17</sup> it was observed that there was no mechanism for monitoring the challans issued by the Enforcement Wing of the Department. No register for the purpose was maintained in these offices. Month-wise bundles of challans remained unattended in shelves. Though, a module for monitoring of challans existed in the VAHAN software, the details were not being fed in except in RTO, Jaipur. Scrutiny of pending challans<sup>18</sup> checked for the years 2012-15 revealed that 812 pending challans in respect of goods vehicles were not compounded by the owners of these vehicles. The taxation officers also did not initiate any further action regarding these challans. An amount of ₹ 73.45 lakh could have been recovered by the Department.

The matter was pointed out (between August 2016 and September 2016) to the Department and the Government; their reply is awaited (October 2016).

### **3.4.8 Transfer of vehicles without obtaining temporary registration certificate**

Under Rule 4.2 (1) (a) of the RMV Rules, 1990, an application for temporary registration is to be made when any motor vehicle is sold or distributed by manufacturer to his dealer or sub-dealer or its branch for resale within or outside the State. Explanation note of above Rule stipulated that temporary registration issued to any such vehicle shall cease to be in force as soon as it reaches the premises of the dealer or sub-dealer or its branch. Sub Rule (2) of Rule 4.2 provides that the temporary registration certificate (TRC) shall be issued on payment of prescribed fee and is valid for a period not exceeding one month ordinarily.

<sup>16</sup> 21 August 2009, 22 July 2010, 28 January 2013 and 3 July 2014.

<sup>17</sup> RTO: Alwar, Bharatpur, Bikaner, Chittorgarh, Jaipur, Jodhpur, Kota, Sikar and Udaipur; DTO: Didwana, Jaisalmer and Nagaur.

<sup>18</sup> 25 pending challans of the last quarter of financial years 2012-15 were selected for each RTO/DTO. However, in RTO: Chittorgarh, Sikar; DTO: Deedwana and Jaisalmer only 72, 64, 50 and 26 pending challans were available respectively. Therefore, total 812 challans were test checked.

During test check of the trade certificate register and annual returns of RTO, Alwar for the years 2012-15, it was noticed that a manufacturer (M/s Ashok Leyland) had transferred vehicles to its branch offices without TRCs. However, the taxation officers did not correlate the TRCs with the return submitted by the manufacturer regarding number of vehicles transferred by it. This resulted in non-realisation of TRC fees amounting to ₹ 16.43 lakh.

The matter was pointed out (between August 2016 and September 2016) to the Department and the Government; their reply is awaited (October 2016).

### **3.4.9 Conclusions and Recommendations**

The rate of Compounding Fee has not been revised after 1 April 1990. The low rate has failed to act as deterrence in case of late registration of goods vehicles. In absence of a system to monitor the maintenance of tax ledgers of registered vehicles for prompt and timely recovery of tax, the tax authorities failed to monitor the vehicles liable to pay tax. The Department had no system to monitor old vehicles plying without valid fitness certificate which resulted in non-realisation of renewal fee besides compromising public safety.

*It is recommended that the Department should consider revising the rate of Compounding Fee in case of delayed registration of goods vehicles and incorporate suitable provision in VAHAN software to ensure its levy; improve the system of updation and monitoring of tax ledgers of registered vehicles to ensure timely recovery of tax, fee, etc.; consider prescribing returns to show the number of vehicles from which tax was due but not received; undertake measures to check plying of goods vehicles without valid fitness certificates and consider implementing a facility to issue notice/SMS alert to vehicle owners not having valid fitness certificate on the basis of MIS report of VAHAN database.*

### **3.5 Non/short realisation of penalty on late deposit of special road tax and surcharge by fleet owner**

Section 4 of the RMVT Act, 1951 provided that all the tax shall be payable in advance. In respect of fleet owner, special road tax (SRT) shall be paid on or before 14<sup>th</sup> day of each month. Further, Section 6 of RMVT Act stipulated that if the tax due in respect of a vehicle is not paid within the period allowed, the defaulter shall be liable to pay in addition to the tax due, a penalty at the rate of 1.5 per cent per month or part thereof for delayed payment.

During test check of records of RTO, Jaipur for the year 2014-15, it was noticed (March 2016) that the Rajasthan State Road Transport Corporation (RSRTC) deposited/adjusted ₹ 115.73 crore during the year 2014-15. It was noticed that the RSRTC deposited the tax late by one to three months after June 2014 for which it was liable to pay the penalty on SRT and surcharge amounting to ₹ 2.31 crore.

The matter was pointed out to the Department and reported to the Government (between March 2016 and May 2016); their reply is awaited (October 2016).

### 3.6 Taxes on motor vehicles not realised

Under Sections 4 and 4-B of the RMVT Act, 1951 and the Rules made thereunder, motor vehicle tax and special road tax are to be levied and collected on all motor vehicles used or kept for use in the State at the rates prescribed by the State Government from time to time. Further, *vide* notification dated 9 March 2011, surcharge at the rate of 5 per cent on tax is also payable.

During test check of the registration records, tax ledgers, general index registers and information available on VAHAN software of eight RTOs<sup>19</sup> and six DTOs<sup>20</sup> for the period 2012-13 to 2014-15, it was noticed (between June 2015 and March 2016) that in respect of 2,204 vehicles for the period from April 2013 to March 2015, the tax was either not paid or short paid by the owners of these vehicles. There was no evidence on record to prove that the vehicles were off the road or were transferred to other District/States. However, the taxation officers did not initiate any action to realise the tax due to the State Government. This resulted in non/short realisation of tax and surcharge amounting to ₹ 8.04 crore as mentioned below:

Sl. No.	Category of vehicles	No. of vehicles	Period of tax	Amount (₹ in crore)	Name of offices where irregularities noticed
1	Contract carriages (seating capacity upto 13 persons excluding driver)	1,799	April 2013 to March 2015	3.21	RTOs- Ajmer, Alwar, Bharatpur, Bikaner, Jodhpur, Kota, Sikar and Udaipur. DTOs- Bhilwara, Chomu, Dholpur, Hanumangarh and Jaipur (CC).
2	Contract carriages (seating capacity more than 13 persons excluding driver)	159	April 2013 to March 2015	3.11	RTOs- Bikaner, Jodhpur, Sikar and Udaipur. DTO- Jaipur (CC).
3	Stage carriages	184	April 2013 to March 2015	1.33	RTOs- Alwar, Jodhpur, Sikar and Udaipur. DTOs- Bhiwadi and Hanumangarh.
4	Passenger vehicles kept without permits	14	April 2014 to March 2015	0.13	RTO- Jodhpur.
5	Private service vehicles	48	April 2013 to March 2015	0.26	DTO- Jaipur (CC)
<b>Total</b>		<b>2,204</b>		<b>8.04</b>	

After being pointed out (between June 2015 and May 2016), the Department stated (August 2016) that in respect of 805 vehicles, ₹ 2.73 crore had been recovered and in respect of 116 vehicles, the owners had already paid the tax amount of ₹ 0.55 crore. However, no reasons for not making the relevant

<sup>19</sup> RTO: Ajmer, Alwar, Bharatpur, Bikaner, Jodhpur, Kota, Sikar and Udaipur.

<sup>20</sup> DTO: Bhilwara, Bhiwari, Chomu, Dholpur, Hanumangarh and Jaipur (CC) .

entries in the VAHAN or in the registers maintained for this purpose were furnished to audit. The progress of recovery in the remaining cases is awaited (October 2016).