

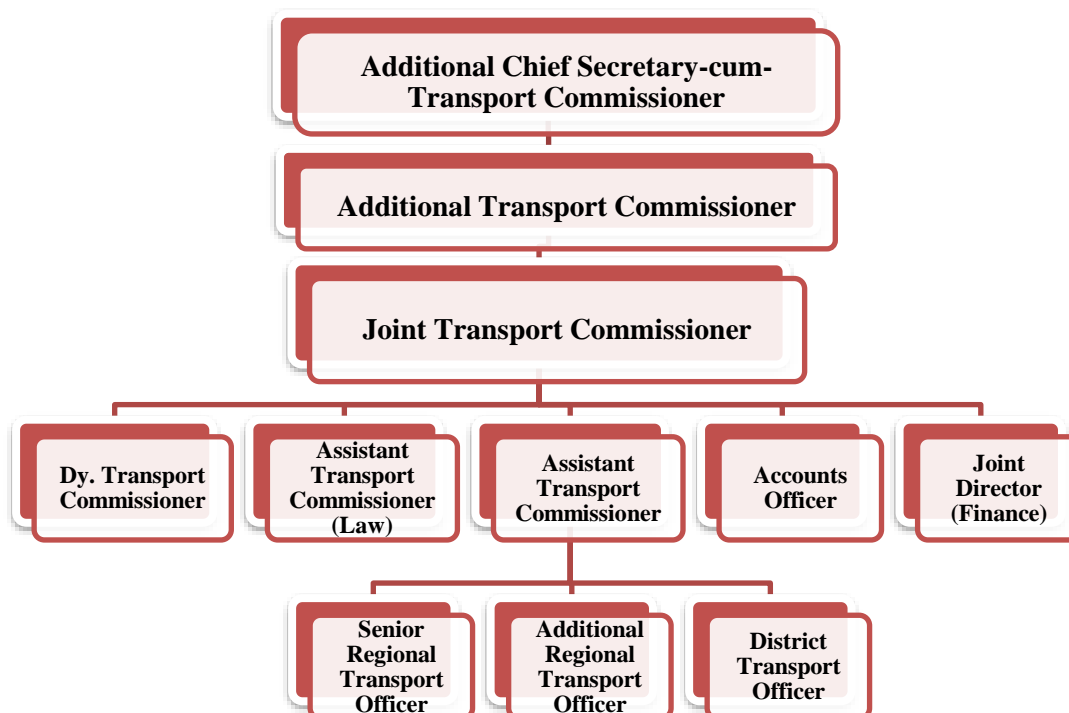
CHAPTER-III: TAXES ON VEHICLES

3.1 Tax administration

The Transport Department is responsible for administering and regulating registration of vehicles, levy and collection of taxes and fees, grant of permits, issue of certificates of fitness, levy of penalties, etc.

The Transport Department functions under the overall charge of the Additional Chief Secretary-cum-Transport Commissioner (TC), who is responsible for formulation, execution and implementation of policies, direction, administration, initiating proposals for change of tax rates, etc. Besides this, he is also the appellate authority for hearing of cases assessed by his subordinates. He is assisted by one Additional TC, one Joint TC, one Deputy TC, one Assistant TC (Law), one Assistant TC, one Accounts Officer, and one Joint Director, Finance at Headquarters. There are five Senior Regional Transport Officers (Sr. RTOs), one Additional Regional Transport Officer (ARTO), and 21 District Transport Officers (DTOs) under the administrative control of TC. RTO is responsible for issue of permits, licences, registration of vehicles and assessment, and collection of Motor Vehicle Tax. The ARTO/DTO discharges the duties of RTO except for issue of permits. Permits in respect of vehicles registered under ARTO/DTO are issued by the assigned RTO. The organisational set up of the Department is given in **Chart 3.1**:

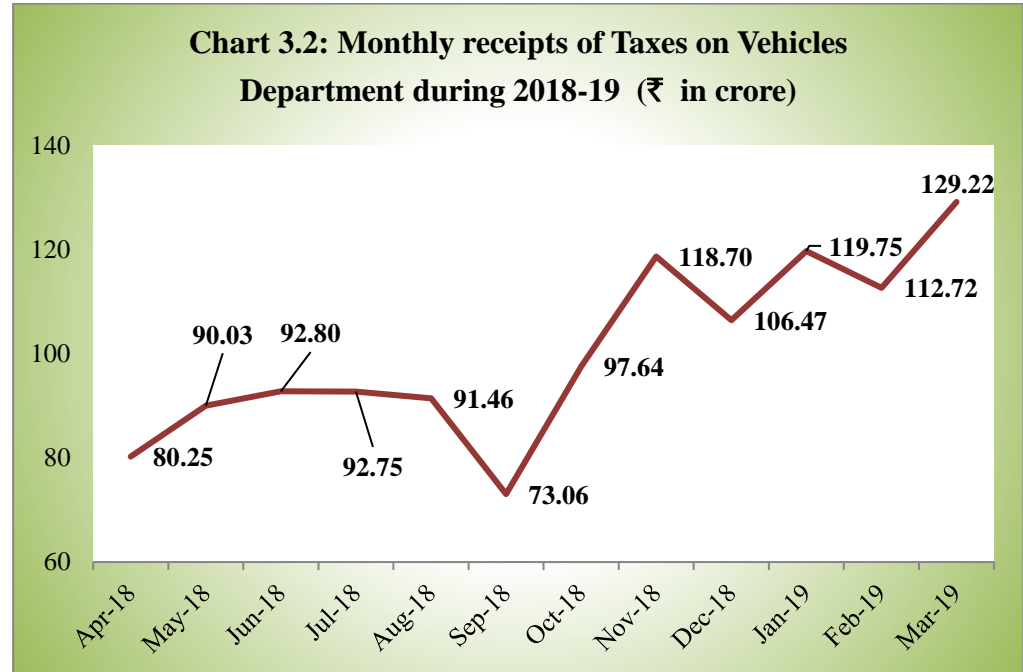
Chart 3.1: Organisational set up



Revenue from Transport Department has been increasing from year-on-year basis during the five-year period 2014-19. During 2018-19, revenue from Transport Department grew at a rate of 2.10 *per cent* over the receipts of

2017-18 and contributed 4.14 *per cent* of State's own revenue (tax and non-tax), and 1.85 *per cent* of the total revenue¹ of the State Government.

There was a wide variation in Transport Department receipts across the months during 2018-19 with September 2018 and March 2019 accounting for 6.06 *per cent* and 10.72 *per cent* respectively of the total receipts of ₹ 1,204.85 crore for the year, as can be seen from the **Chart 3.2** given below.



The receipts from taxes on vehicles are administered as per the provisions of the following Act and Rules.

- Motor Vehicles (MV) Act, 1988;
- Central Motor Vehicles (CMV) Rules, 1989;
- Chhattisgarh *Motoryan Karadhan (CGMK) Adhiniyam*, 1991;
- Chhattisgarh *Motoryan Karadhan Niyam*, 1992;
- Chhattisgarh *Motoryan Niyam*, 1994; and
- Executive orders issued under these Acts and Rules from time to time.

3.2 Results of audit

The Transport Department generated revenue of ₹ 1,180.01 crore in 2017-18 in 28 units. Audit test checked 5.95 *per cent* cases (11,234 out of 1,88,953) in four² units, which constitutes 49.87 *per cent* (₹ 588.43 crore) of the total revenue during 2018-19 to gain assurance that the tax/fees are levied, collected and accounted for in accordance with the relevant Acts, Codes and Manuals, and the interests of the Government are safeguarded. Audit noticed various issues of non-compliance with relevant Act/Rules/Codes/Manuals in 31.01 *per cent* (3,484 out of 11,234) of the test-checked cases with a total monetary impact of ₹ 32.08 crore, as mentioned in **Table 3.1**:

¹ Includes State's own revenue, Grants-in-aid, share of net proceeds of divisible Union taxes and duties.

² RTO, Raipur; RTO, Durg; DTO, Raigarh & DTO, Korba

Table 3.1: Results of audit

(₹ in crore)			
Sl. No.	Category	No. of cases	Amount
1.	Non-realisation of tax/penalty from vehicles	3,121	30.24
2.	Short realisation of tax	184	1.66
3.	Other irregularities ³	179	0.18
Total		3,484	32.08

The Department accepted audit observations on short realisation of tax, non-realisation of tax, and penalty of ₹ 4.76 crore in 1,021 cases (29.31 per cent) and recovered ₹ 1.72 crore in 499 cases. In the remaining cases, audit is pursuing the matter with the Department.

3.3 Non-realisation of Motor Vehicles Tax

Inaction by RTOs/DTOs resulted in non-recovery of tax of ₹ 1.26 crore, and penalty of ₹ 1.26 crore from 471 vehicle owners

Chhattisgarh *Motoryan Karadhan (CGMK) Adhiniyam*, 1991, prescribes that tax shall be levied on every vehicle used or kept for use in the State at the rate of ₹ 1,200 to ₹ 36,000 per month in respect of passenger vehicle, and ₹ 300 per quarter for gross weight of goods vehicle up to 2,000 Kgs and additional ₹ 100 for each 500 Kgs or part thereof. In case of Harvester, the tax rate shall be ₹ 200 per quarter for unladen weight of which does not exceed 1,000 Kgs, and additional ₹ 300 for each 1,000 Kgs or part thereof. In case of non-payment of tax, the owner of goods, passenger and harvester vehicles is liable to pay penalty⁴ not exceeding the amount of unpaid tax. Where any owner fails to pay tax, penalty or both, the taxation authority is required to issue a demand notice, and take action to recover the amount as arrears of land revenue. If a vehicle owner wants his vehicle off-road for a particular period, he shall submit the intimation of non-use before the commencement of the period of non-use to the Taxation Authority concerned.

During test check of Demand and Collection Register, and VAHAN database relating to 14,170 vehicles out of 2,44,781 vehicles registered in five⁵ Transport Offices for the period from August 2016 to November 2018, Audit noticed that motor vehicle tax amounting to ₹ 1.26 crore was not paid by 471⁶ vehicle owners during April 2013 to December 2018. There was no evidence on record to prove that the vehicles were off the road. The RTOs/DTOs did not initiate any action to realise the tax due, despite the VAHAN software having provision to generate list of defaulters for non-payment of motor vehicle tax and penalty, if any. Thus, failure on the part of RTOs/DTOs in taking appropriate action resulted in non-realisation of tax of ₹ 1.26 crore and penalty of ₹ 1.26 crore as detailed in *Appendix 3.1*.

³ Other irregularities includes plying of overage vehicles, plying of vehicles without fitness certificate and non-renewal of permit by transport vehicles etc.

⁴ One twelfth of the unpaid amount of tax for the default of each month and part thereof.

⁵ RTO, Bilaspur; DTO, Raigarh; RTO, Raipur; RTO, Durg and DTO, Korba

⁶ Goods vehicles=422, Passenger vehicles=32 and other vehicles= 17

On this being pointed out in Audit (December 2019), the Department replied (between January and August 2020) that demand notices had been issued to the vehicle owners for recovery of the outstanding tax and penalty.

The matter was reported to the Government (January 2020), their reply is awaited (November 2020).

Similar observations were pointed out in the Audit Reports for the years 2012-13 to 2017-18 but concrete and effective action was not taken by the Department to check the persistence of such irregularities.