

***CHAPTER-V***  
***TAXES ON VEHICLES, GOODS AND***  
***PASSENGERS***



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

### 5.1 Tax administration

Principal Secretary (Transport) is the administrative head at the Government level. The Department consists of a State Transport Authority, an Additional District Magistrate (Special Road Tax), 10 Regional Transport Officers and 63 Registering and Licensing Authorities to regulate the receipts of the Department under the provisions of the Central and the State Motor Vehicle Acts and Rules. The AETCs under the administrative control of Commissioner (Excise and Taxation) regulate the receipts of passengers and goods tax as per provisions of the Himachal Pradesh Passengers and Goods Taxation Act, 1955.

### 5.2 Results of audit

Test check of records of 48 units, out of 91 auditable units, having receipt of ₹190.61 crore, during the year 2017-18 relating to Token Tax<sup>1</sup>, Special Road Tax<sup>2</sup>, Registration Fee, Permit Fee, Driving License Fee, Conductor License Fee, penalties and Composite Fee under the National Permit Scheme brought out under-assessment of tax and other irregularities involving ₹47.36 crore in 242 cases which are depicted below:

*Table: 5.1 Results of audit*

			₹ in crore
Sr. No.	Categories	Number of cases	Amount
1.	<b>Non/short realisation of</b>		
	• Token Tax and Composite Fee	11	0.53
	• Special Road Tax	18	22.62
	• Passenger and Goods tax	11	1.44
2.	<b>Evasion of</b>		
	• Token Tax	129	7.94
	• Passenger and Goods tax	17	1.29
3.	<b>Other irregularities</b>		
	• Vehicles Tax	41	13.05
	• Passenger and Goods Tax	15	0.49
<b>Total</b>		<b>242</b>	<b>47.36</b>

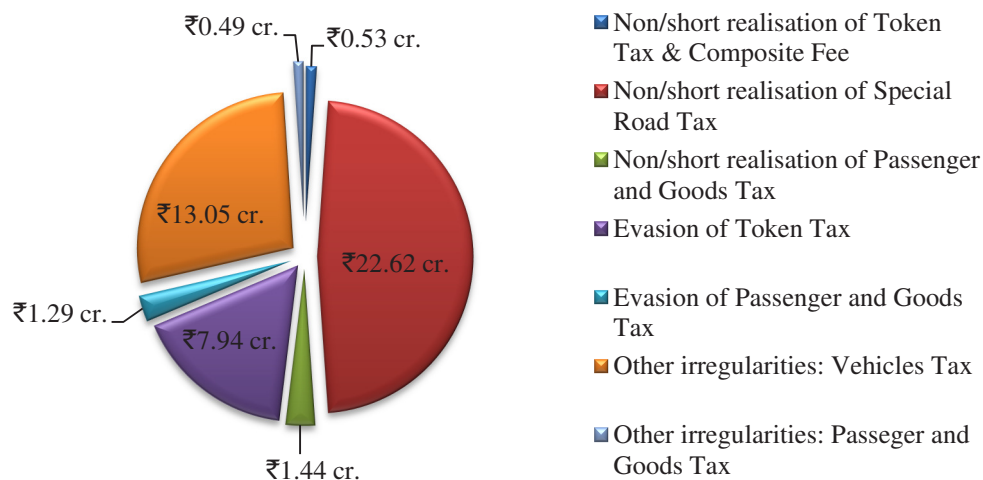
The category wise audit findings are depicted in the graph as below:

<sup>1</sup> Tax is payable annually on all commercial vehicles.

<sup>2</sup> Tax is payable monthly on all buses having seating capacity of more than 25.

Graph 5.1

Results of audit



During the year 2017-18, the Department accepted under-assessments and other deficiencies of ₹7.86 crore in 79 cases out of which an amount of ₹82.78 lakh was realised in 79 cases pertaining to audit findings of earlier years.

Significant cases involving an amount of ₹34.85 crore are discussed in the following paragraphs.

**5.3 Non/short recovery of Special Road Tax**

*Special Road Tax amounting to ₹23.38 crore was not recovered from Himachal Road Transport Corporation and Private Stage Carriages.*

Under Himachal Pradesh Motor Vehicles Taxation (HPMVT) Act, 1972, State Government shall levy a monthly Special Road Tax (SRT) on all transport vehicles used or kept for use in the State. This will be payable in advance by 15<sup>th</sup> of every month at the prescribed rates<sup>3</sup>. Further, Act provides for exemption from SRT if the registered owner intimates in writing to the Taxation Authority that the motor vehicle would not be used in any public place, for a particular period, and deposits the Certificate of Registration (RC) alongwith route permit. Himachal Pradesh Motor Vehicle Taxation Rule, 1974 stipulates that if a vehicle owner fails to pay the SRT due within the prescribed period, the Taxation Authority shall direct the owner to pay penalty at the rate of 25 per cent per annum of the tax due.

<sup>3</sup> The rates of SRT are based on the classification of routes on which vehicles are plying such as National Highways, State Highways, Rural Roads and Local buses/mini buses operating within a radius of 30 kilometres. The rates of SRT for the above routes are as ₹6.04, ₹5.03 and ₹4.03 per seat per kilometre respectively

### **I. Non-payment of SRT by Himachal Road Transport Corporation**

During 2017-18, Audit test checked the records of SRT registers of 48 units involving total number of 3,319 buses and found that in 10 Regional Transport Officers (RTOs), 1,129 buses out of 2,370 buses did not pay SRT of ₹21.76 crore<sup>4</sup> for the period from April 2015 to March 2017. SRT was neither deposited by Himachal Road Transport Corporation (HRTC) nor demanded by the RTOs. The Department did not take any concrete action to ensure timely recovery in-spite of the same issue being repeatedly pointed out by Audit in the years 2011-12 to 2016-17 which indicated inaction in applying provisions of Act/Rules to realise the amount of tax due. In fact, this lapse assumes seriousness as the default in payment of taxes is by none other than a Government entity and had remained outstanding for more than five years and the Department did not recover the dues.

### **II. Non-payment of SRT by Private Stage Carriage**

Similarly, scrutiny of SRT registers of eight RTOs<sup>5</sup> revealed that SRT amounting to ₹1.05 crore was recoverable from the owners of private stage carriages (PSCs) in 120 cases pertaining to the period 2016-17. There was nothing on record to indicate that any action had been taken by the taxation authorities to recover the SRT. This resulted in non-recovery of SRT of ₹1.05 crore. In addition, a minimum penalty of ₹26.21 lakh at the prescribed rate was also recoverable.

### **III. Non-accountal of route permits for assessment of SRT**

(i) Audit observed that 28 routes permits, out of 864 route permits issued, were not accounted for in monthly returns. Audit cross verified route permits issued by five RTOs<sup>6</sup> with monthly return of SRT being submitted by HRTC depots to the concerned RTO for the period 2016-17. These routes covered distance of 79,318 kilometer in State on which SRT worked out to ₹44.66 lakh on the basis of seating capacity and category of roads. The concerned RTOs did not detect this omission and accepted monthly returns as submitted by the depots of HRTC. Thus, SRT of ₹44.66 lakh was escaped assessment to that extent.

<sup>4</sup> RTOs Bilaspur: ₹1.05 crore, Chamba: ₹1.59 crore, Dharamshala: ₹5.99 crore, Hamirpur: ₹1.06 crore, Kullu: ₹2.25 crore, Mandi: ₹2.57 crore, Nahan: ₹1.04 crore, Shimla: ₹4.35 crore, Solan: ₹1.11 crore and Una: ₹0.75 crore.

<sup>5</sup> RTOs Bilaspur: ₹4.25 lakh, Kangra: ₹12.85 lakh, Kullu: ₹2.85 lakh, Mandi: ₹31.47 lakh, Nahan: ₹1.11 lakh, Shimla: ₹21.03 lakh, Solan: ₹13.90 lakh and Una: ₹17.37 lakh

<sup>6</sup> Kullu: ₹15.02 lakh, Nahan: ₹4.29 lakh, Shimla: ₹14.21 lakh, Solan: ₹7.92 lakh and Una: ₹3.22 lakh.

## (ii) Short assessment of SRT

Audit cross verified SRT calculation of the monthly returns submitted by the HRTC depots with route permits issued by two RTOs<sup>7</sup> for the period 2016-17. It was observed that in 11 route permits, SRT payable on the basis of the seating capacity, category of road used and kilometers covered worked out to ₹28.97 lakh, whereas the SRT shown payable was ₹16.46 lakh for the period 2016-17. This was indicative of the fact that monthly returns submitted by HRTC depots were not checked with reference to route permits issued by RTOs resulted in under assessment of ₹12.51 lakh.

*There was nothing on record to indicate that RCs/Route Permits were surrendered to RTOs concerned for exemption from payment of SRT in any of the above cases which resulted in potential loss of revenue of ₹23.38 crore to the State exchequer.*

The Department intimated (October 2018) that all the Taxation Authorities had been directed to furnish the reply immediately. The reply of the Government was still awaited (August 2019).

**The Government may consider for levy of SRT of HRTCs fleets through 'VAHAN' software to bring into purview all route permits for proper assessment and realisation of SRT as done for private stage carriages.**

## 5.4 Non-realisation of Token tax

*Token tax of ₹8.50 crore in respect of 16,588 vehicles for the years 2015-16 and 2016-17 was neither demanded by the Department nor paid by the commercial vehicle owners.*

Under HPMVT Act, 1972 and Rules made there-under, token tax as per different rates of tax<sup>8</sup> prescribed for different types of vehicles is payable by vehicle owners in advance, quarterly or annually. If motor vehicle owner fails to pay the tax due within the prescribed period, then the vehicle owner is liable to pay the penalty at the rate of 25 per cent per annum of the tax due.

During 2017-18, Audit test checked the records of 48 units involving total number of 2,13,977 commercial vehicles. Audit scrutiny of the 48 units revealed that in 23 Registering and Licensing Authorities (RLAs)<sup>9</sup>, 10 RTOs<sup>10</sup> and State Transport Authority, Shimla (STA), Token Tax for the years 2015-16 and 2016-17 amounting to ₹8.50 crore in respect of 16,588 vehicles, was not deposited by owners of these vehicles. There was nothing on record to indicate

<sup>7</sup> Solan: ₹9.70 lakh and Nahan: ₹2.81 lakh

<sup>8</sup> Tax is payable by (Goods Carriage) LGV: ₹1500 p.a, MG: ₹2000 p.a, HGV: ₹2500 p.a, (Stage Carriage): ₹500 per seat per annum and (Contract Carriage): Maxi Cab: ₹750 per seat per annum, Motor Cab: ₹350 per seat per annum & Auto Rickshaw: ₹200 per seat per annum

<sup>9</sup> RLAs Barsar, Banjar, Chamba, Dalhousie, Dharamshala, Gohar, Hamirpur, Jaisinghpur, Jawali, Kandaghat, Keylong, Kullu, Nahan, Nalagarh, Nurpur, Poantasahib, Rampur, Sangrah, Shimla(U), Solan, Sundernagar, Theog and Una

<sup>10</sup> RTOs Bilaspur, Chamba, Hamirpur, Kangra, Kullu, Mandi, Shimla, Sirmour, Solan and Una

that notices were issued to defaulters or any action had been taken by taxation authorities to recover tax. Besides, penalty at the prescribed rates was also leviable for non-payment of tax. This resulted in non-recovery of token tax of ₹8.50 crore as detailed below:

**Table: 5.2 Details of vehicles from which Token Tax was not realized**

Sr. No.	Category of vehicle	Name of RLAs/RTOs/STA	Period	Total No. of Vehicles	No. of vehicles not paid tax	Amount recoverable (₹ in crore)
1.	(Passenger Vehicles) Buses/Mini Buses/Maxi Cabs /Taxi	RLAs- Banjar, Barsar, Chamba, Dalhousie, Dharamshala, Hamirpur, Jawali, Kandaghat, Keylong, Kullu, Nahan, Nalagarh, Nurpur, Poantasahib, Rampur, Shimla, Solan, Sundernagar, Theog and Una RTOs- Bilaspur, Chamba, Dharamshala, Hamirpur, Kullu, Mandi, Nahan, Shimla, Solan and Una STA- Shimla	2015-16	6,167	1,549	2.91
				13,690	3,857	1.87
		<b>Total (A)</b>		<b>19,857</b>	<b>5,406</b>	<b>4.78</b>
2.	(Goods vehicles) Heavy /Medium /Light Goods Vehicles/Tractors	RLAs- Banjar, Barsar, Chamba, Dalhousie, Dharamshala, Gohar, Hamirpur, Jaisinghpur, Jawali, Kandaghat, Keylong, Kullu, Nahan, Nalagarh, Nurpur, Poantasahib, Rampur, Sangrah, Shimla, Sundernagar, Theog and Una RTOs-Bilaspur, Chamba, Dharamshala, Hamirpur, Kullu, Mandi, Nahan, Shimla and Solan STA- Shimla	2016-17	17,533	7,249	2.32
				5,537	3,328	0.62
		<b>Total (B)</b>		<b>23,070</b>	<b>10,577</b>	<b>2.94</b>
3.	(Construction Vehicles) Cranes, Recovery Van etc.	RLAs- Banjar, Jawali, Kullu, Nalagarh, Nurpur, Poantasahib, Rampur, Shimla(U), Sundernagar, Theog and Una RTOs-Bilaspur, Chamba, Hamirpur, Kullu, Mandi, Shimla and Una STA- Shimla	2016-17	932	232	0.43
				1,301	373	0.35
		<b>Total (C)</b>		<b>2,233</b>	<b>605</b>	<b>0.78</b>
<b>Total (A)+(B)+(C)</b>				<b>45,160</b>	<b>16,588</b>	<b>8.50</b>

The Department intimated (October 2018) that seven RTOs, 18 RLAs and STA Shimla had recovered ₹36.19 lakh; and the remaining Taxation Authorities stated that notices would be issued to the defaulters to deposit the tax. The reply of the Government was still awaited (August 2019).

## 5.5 Non-realization of Passenger and Goods Tax

*Passenger and Goods Tax amounting to ₹1.74 crore, for the period 2015-16 to 2016-17, was neither paid by the owners of 2,320 commercial vehicles nor demanded by the Department.*

Under Himachal Pradesh Passenger and Goods Taxation Act (HPPGT) Act, 1955 owners of vehicles are required to pay Passenger and Goods Tax (PGT) on all fares and freight at the prescribed rates either quarterly or annually and the vehicle owners shall inform the Assessing Authorities (AAs) concerned as soon as vehicles go out of use for exemption from payment of tax for that period.

During 2017-18, Audit test checked the records of 12 units involving total number of 10,112 registered commercial vehicles. Audit observed that in seven out of 12 units, PGT amounting to ₹1.74 crore for the period from 2015-16 and 2016-17 in respect of 2,320<sup>11</sup> commercial vehicles was not paid by the vehicle owners already registered with Excise and Taxation Department. The commercial vehicle owners had also not sought exemption from tax for non-use of vehicles during the tax period. Audit scrutiny, further, revealed that AAs had neither issued demand notices to the owners nor these cases were referred to the Collector for recovery as arrears of land revenue (ALR). This resulted in non-realisation of PGT of ₹1.74 crore as depicted below:

**Table: 5.3 Details of vehicles from which Passenger and Goods Tax was not realized**

₹ in lakh						
Sr. No.	Category of vehicles	No. of vehicles not paying PGT	Amount recoverable			
			Passenger Tax	Goods Tax	Total amount recoverable	Minimum penalty @ ₹500/-per vehicle
1.	Passenger Vehicles (Maxi Cabs/Taxi)	565	47.10	--	47.10	2.83
2.	Passenger Vehicles (Educational Institution Buses)	59	13.20	--	13.20	0.30
3.	Goods vehicles (HGV/MGV/LGV/Tractors)	1,696	--	113.92	113.92	8.48
<b>Total</b>		<b>2,320</b>	<b>60.30</b>	<b>113.92</b>	<b>174.22</b>	<b>11.61</b>
<b>Say ₹1.74 crore</b>						

Further, Audit analysed the PGT records of AETCs Shimla and Solan and noticed that even though the AETCs had obtained the copies of *challans* from the treasury, these were not posted in relevant PGT accounts of the owners of commercial vehicles; PGT records were only being updated at the time of issuing of NOC to the owners of commercial vehicles.

The Department stated (December 2018) that seven AETCs had recovered ₹22.58 lakh from 316 vehicle owners<sup>12</sup>, and notices were being issued to

<sup>11</sup> Chamba: 163 vehicles: ₹12.14 lakh, Hamirpur: 1,097 vehicles: ₹67.38 lakh, Kinnaur: 120 vehicles: ₹11.30 lakh, Kullu: 428 vehicles: ₹43.78 lakh, Mandi: 222 vehicles: ₹20.96 lakh, Nurpur: 124 vehicles: ₹5.76 lakh and Una: 166 vehicles: ₹12.90 lakh

<sup>12</sup> Passenger Tax: 106 vehicles, ₹9.20 Lakh, four Educational Institution Buses, ₹2.60 Lakh; Goods Tax: 206 vehicles, ₹10.78 Lakh



remaining defaulters to recover the balance amount. The reply of the Government was still awaited (August 2019).

### 5.6 Non-registration of commercial vehicles with Excise and Taxation Department

*Due to lack of co-ordination between the concerned RLAs/RTOs and AETCs, owners of the commercial vehicles did not register their vehicles with the Excise and Taxation offices resulting in non-realisation of Passenger and Goods Tax amounting to ₹1.23 crore.*

Under the HPPGT Act, 1955, owners of stage/contract carriages and goods carriages are required to register their vehicles with the concerned Excise and Taxation Offices and pay PGT at the prescribed rates. Vehicle registration is handled by RTOs and RLAs and collection of passenger and goods tax are handled by different AETCs. No vehicle owner shall ply his vehicle in the State unless he is in possession of a valid certificate of registration issued by Excise Department. If the vehicle owner fails to apply for registration or to pay tax or surcharge, penalty not exceeding five times the amount of tax so assessed, subject to a minimum of ₹500, is also leviable.

During 2017-18, Audit test checked the records of 48 units involving total number of 2,13,977 commercial vehicles. Audit observed that in five RLAs<sup>13</sup> and two RTOs<sup>14</sup>, 2,947 out of 8,681 commercial vehicles registered during 2015-16 to 2016-17, were not found registered with concerned AETCs and ETO, Kinnaur as required under HPPGT Act. Audit scrutiny further revealed that there was no co-ordination between AETCs/ETOs and the concerned RLAs/RTOs or *vice-versa* to ensure registration of all commercial vehicles with Excise Department. This resulted in non-realisation of passenger and goods tax amounting to ₹1.23 crore from the owners of these vehicles. Besides, a minimum penalty of ₹14.74 lakh was also leviable as per the details given below:

**Table: 5.4 Details of vehicles not registered with Excise and Taxation Department**

₹ in lakh							
Sr. No.	Types of vehicle	No. of vehicles registered with RLAs/RTOs	No. of vehicles not registered with Excise & Taxation Department	Amount recoverable			
				Passenger Tax	Goods Tax	Total amount recoverable	Minimum penalty @ ₹500/-per vehicle
1.	Passenger Vehicles (Maxi Cabs/Taxi)	2,570	684	25.34	--	25.34	3.42
2.	Passenger Vehicles (Educational Institution Buses)	522	162	16.40	--	16.40	0.81
3.	Goods vehicles (HGV/MGV/LGV/Tractors)	5,589	2,101	--	81.22	81.22	10.51
<b>Total</b>		<b>8,681</b>	<b>2,947</b>	<b>₹41.74</b>	<b>₹81.22</b>	<b>₹122.96</b>	<b>₹14.74</b>
Say ₹1.23 crore							

<sup>13</sup> RLAs Hamirpur, Kinnaur, Kullu, Nurpur and Una

<sup>14</sup> RTOs Chamba and Mandi

The Department stated (December 2018) that six AETCs had recovered ₹23.03 lakh (Passenger tax ₹6.23 lakh + Goods tax ₹11.31 lakh + Passenger tax (Education institutional Bus: ₹5.49 lakh) from 442 commercial vehicle owners, and that efforts were being made to recover the balance amount. The reply of the Government was still awaited (August 2019).

**The Government may issue directions to the Department to ensure coordination between RTOs/RLAs and AETCs for recovery of PGT dues.**

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*The cases pointed out are based on test check conducted by Audit. The Department may initiate action to comprehensively examine similar cases and take necessary corrective action.*

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