

Chapter-V
Taxes on Vehicles, Passengers and
Goods

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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), Regional Transport Officers and 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 DCSTEs under the administrative control of Commissioner (State Taxes and Excise) regulate the receipts of Passengers and Goods Taxation Act, 1955.

5.2 Results of Audit

Test check of records of 44 units, out of 107 auditable units, having receipt of ₹ 322.94 crore during the year 2019-20 brought out under-assessment of tax and other irregularities relating to Token tax, Special Road Tax, Registration Fee, Permit Fee, Penalties and Composite Fee under the National Permit Scheme involving ₹ 41.02 crore in 257 cases which are depicted below:

Table 5.1: Results of audit

₹ in crore			
Sr. No.	Categories	Number of cases	Amount
1.	Non/short realisation of		
	• Token Tax and Composite Fee	116	11.22
	• Special Road Tax	27	23.96
	• Passengers and Goods tax	11	2.02
2.	Evasion of		
	• Token Tax	9	0.52
	• Passenger and Goods tax	21	1.88
3.	Other Irregularities		
	• Vehicles Tax and Passengers and Goods tax	73	1.42
	Total	257	41.02

Source: Inspection Reports

During the year 2019-20, the Department accepted under-assessments and other deficiencies involving amount of ₹ 36.90 crore in 192 cases related to audit findings of current year and ₹ 91.17 lakh in seven cases relate to audit findings of earlier years. An amount of ₹ 91.01 lakh was realised in seven cases pertaining to audit findings of earlier years.

One Significant case involving an amount of ₹ 34.73 lakh is discussed below.

5.3 Non-realization of Passengers and Goods Tax

The passengers and goods tax amounting to ₹34.73 lakh for the period 2017-19 was neither paid by the owners of 572 commercial vehicles nor demanded by the Department.

Under the Himachal Pradesh Passengers and Goods Taxation (HPPGT) Act, 1955 commercial vehicle owners are required to pay Passengers and Goods Tax (PGT) on all fares and freight at the prescribed rates either quarterly or annually. If the owner fails to pay the tax he shall be liable to pay a minimum penalty of five hundred rupees. The HPPGT Rules, 1957 further specify that vehicle owners shall inform the Assessing Authorities (AAs) concerned as soon as the vehicle goes out of use for exemption from payment of tax for that period. Any arrears or penalty imposed under this Act shall be recoverable as an Arrear of Land Revenue (ALR) under the Act, *ibid*.

Scrutiny of records of 2,377 vehicles maintained in five Deputy Commissioners of State Taxes and Excise (DCSTEs) revealed that PGT amounting to ₹ 34.73 lakh for the period 2017-19 was not paid by 572¹ commercial vehicle owners as depicted below:

Table 5.2: Details of vehicles for which Passengers and Goods Tax was not realized

₹ in lakh						
Sr. No.	Category of vehicles	No. of vehicles not paying PGT (Test Checked)	Amount recoverable			
			Passenger tax	Goods tax	Total amount recoverable	Minimum penalty @ ₹ 500/-per vehicle
1.	Passenger Vehicles (Maxi Cabs/Taxi/Educational Institution Buses)	217 (732)	13.94	-	13.94	1.08
2.	Goods vehicles (HGV/MGV/LGV/Tractors)	355 (1,645)	-	20.79	20.79	1.78
Total		572 (2,377)	13.94	20.79	34.73	2.86

These owners had also not sought exemption from tax for non-use of the vehicles during the tax period. AAs had neither issued demand notices to the owners nor referred the cases to the District Collector for recovery as ALR. DCSTEs had not developed an effective mechanism to verify the amount of tax due and tax collected from tax payers in spite of Audit having pointed out the irregularity in the last five years.

¹ Chamba: 132 vehicles: ₹ 9.99 lakh; Kinnaur: 123 vehicles: ₹ 9.33 lakh; Kullu: 149 vehicles: ₹ 5.87 lakh; Mandi: 80 vehicles: ₹ 4.95 lakh and Nurpur: 88 vehicles: ₹ 4.59 lakh

On this being pointed out, all five DCSTEs replied (between September 2019 and November 2019) that notices were being issued to the defaulters for payment of PGT. The Government replied (September 2021) that recovery of ₹ 7.28 lakh had been made from 128 vehicles.

The Government may issue necessary directions to the Department to develop an effective mechanism to assess the tax due and follow the provision of the Act to safeguard its revenue.

**Shimla
The 26 November 2021**


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Countersigned

**New Delhi
The 10 December 2021**


**(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India**

