

CHAPTER V MOTOR VEHICLES TAX

5.1 Results of audit

Test check of the records relating to taxes on motor vehicles conducted in audit during the year 2006-07, revealed non/short realisation of revenue amounting to Rs. 134.01 crore in 61 cases, which broadly fall under the following categories:

(Rupees in crore)

Sl. No.	Categories	No. of cases	Amount
1.	'Transport Information System' (An IT Review)	1	130.84
2.	Non/short realisation of tax, additional tax and penalty	6	0.57
3.	Non-realisation of revenue due to non-disposal of seized vehicles	1	0.10
4.	Non-realisation of revenue due to non-reference of offence cases to the court of law	2	0.10
5.	Other irregularities	51	2.40
Total		61	134.01

During the course of the year 2006-07, the department accepted underassessment and other deficiencies of Rs. 1.98 crore involved in 35 cases of which 33 cases involving Rs. 1.97 crore were pointed out in audit during the year 2006-07 and the rest in earlier years. An amount of Rs. 1.76 lakh involved in two cases was realised during the year 2006-07.

A few illustrative cases involving Rs. 2.06 crore highlighting important observations and an IT review of 'Transport information system' involving money value of Rs. 130.84 crore are mentioned in the following paragraphs.

5.2 Transport Information System

Highlights

Delayed incorporation of the revised business rules regarding increase of taxes/fees resulted in short levy of taxes/fees of Rs. 2.99 crore.

[Paragraph 5.2.6.2]

Lack of proper validation checks of the data input into the system rendered the database incomplete and unreliable.

[Paragraph 5.2.9.2]

Lack of monitoring on the part of the taxing authorities resulted in non-realisation of tax, additional tax and penalty of Rs. 103.49 crore from goods, contract and stage carriages.

[Paragraph 5.2.10]

Difference of life time tax and one time tax including penalty of Rs. 23.78 crore was not realised.

[Paragraph 5.2.12]

5.2.1 Introduction

The registration of vehicles and assessment, levy and collection of taxes and additional taxes, penalty, fees and fines thereon are governed under the provisions of the Motor Vehicle (MV) Act, 1988, West Bengal Motor Vehicle Tax (WBMVT) Act, 1979 and West Bengal Additional Tax and One Time Tax on Motor Vehicles (WBATOTT) Act, 1989 and the Rules made thereunder and various notifications issued from time to time.

The Government of India (GOI) instructed that a uniform format and standardised software be adopted for issue of registration certificates (RCs) by the transport departments of all the States so that a national register on motor vehicles readable through out the country could be prepared and leakage of revenue prevented. Keeping this in view, 'VAHAN' software was developed by the NIC and provided free of cost to the State Governments. The Transport Department, Government of West Bengal planned the computerisation of the system of registration and taxation of vehicles to streamline the timely realisation of taxes in collaboration with the National Informatics Centre (NIC) in 1991. Accordingly, out of 24 registering authorities/taxing officers/licensing authorities, NIC implemented the 'Transport Information System (TIS)' in five offices in August 2000. It also started implementing the 'VAHAN' software provided by the Government of India as a standardised software in July 2004 which was implemented in three offices. The other 16 offices are still following the manual system. The TIS application system was developed on LINUX operating system and database on ORACLE 8i and Developer 2K as the front end.

It was decided to conduct an information technology (IT) review of the ‘TIS’ mechanism. The review revealed a number of system and other deficiencies which have been discussed in the subsequent paragraphs.

5.2.2 Organisational set-up

The Additional Chief Secretary is the functional head of the Transport Department and is assisted by five Joint Secretaries and one Officer on Special Duty & ex-officio Deputy Secretary. At the district and sub-divisional level, there are 19 regional transport officers (RTOs) including Director, Public Vehicles Department, Kolkata and five Additional Regional Transport Officers (ARTOs) functioning as registering, licensing and taxing authorities under the administrative control of the officer on special duty and ex-officio Deputy Secretary of the Transport Department.

5.2.3 Audit objectives

The objectives of the audit of TIS were to examine whether:

- * the system development was in line with the requirements and objectives of the department;
- * the software functioned efficiently and effectively to deliver the desired services;
- * the software adequately addressed the business needs and has inbuilt controls to ensure data integrity and the correctness of the realisation of tax and additional tax etc.

5.2.4 Scope and methodology of audit

The coverage of ‘TIS’ was wider than the ‘VAHAN’ package and hence the audit review was carried out only of ‘TIS’ between February 2006 and January 2007. The review focussed on the evaluation of controls in ‘TIS’ package implemented in two RTOs¹ and one ARTO² and achievement of the objectives of the system in monitoring and controlling the timely assessment and realisation of taxes and fees and effective control over registration of vehicles. The RTOs and ARTO were selected on the basis of revenue collected during the last five years. Data for all three offices were analysed using CAATs³

¹ Barasat and Hooghly.

² Barrackpore.

³ Computer aided audit techniques

(IDEA, SQL and EXCEL) to ensure accuracy and completeness of the data and its application in registration of vehicles and realisation of taxes, fees etc. for the period from 2001-02 to 2005-06.

5.2.5 Acknowledgement

Indian Audit and Accounts Department acknowledges the co-operation of the Transport Department in providing necessary information and records for audit. Audit findings of the review were reported to the Government in June 2007 and discussed in the Audit Review Committee meeting held in July 2007. The views of the Government have been appropriately incorporated in the respective paragraphs.

System deficiencies

5.2.6 General Controls

General controls include controls over data centre operations, system software acquisition and maintenance, access security and application system development and maintenance. They create the environment in which the application systems and application controls operate.

5.2.6.1 Absence of IT strategy/policy and documentation

Before taking up an IT project, it is necessary to evolve a long/short term IT policy addressing the methodology of developing, acquiring, implementing and maintaining the information systems and related technology. **Audit noticed that the Transport Department had not formulated and documented the IT strategy/policy.** The proposal of the Finance Department to form a steering committee had also not been acted upon. In the absence of an IT strategy/policy, the progress of implementation of 'VAHAN' in other RTOs/ARTOs was tardy.

The relevant documents (URS⁴, SDD⁵ etc.) prepared by the system developer were not handed over to the Transport Department. In absence of such records, audit could not verify the adequacy of this documentation.

After these were pointed out, the Government accepted the audit observation and stated that for fruitful application of the system as a whole, an IT strategy, security and back up policy would be formulated and a committee had been formed to monitor the entire work of computerisation.

⁴ User requirement specification.

⁵ System design document.

5.2.6.2 Change control mechanism

Changes/modifications in the system were carried out by the district authorities of NIC on the basis of requirement of RTOs/ARTOs after replication but there were no procedures framed for authorisation for the changes in the system at an appropriate level. Also, there was no system of documenting the changes carried out which was fraught with the risk of unauthorised changes not being detected.

Inadequate change control mechanism also resulted in delayed incorporation of revised business rules concerning enhanced rates of various taxes/fees which led to short realisation thereof amounting to Rs. 2.99 crore as per details mentioned below:

* Life time tax is leviable in place of one time tax on the motor cycles with effect from 15 September 2003. Delayed incorporation of the revised rates in the system resulted in short realisation of tax amounting to Rs. 2.78 crore in 13,451 cases.

* Computer service fee is leviable for each transaction through computer with effect from 16 December 2003. Delayed incorporation of the business rule in the computer system resulted in short realisation of fee amounting to Rs. 9.43 lakh in 94,138 cases.

* Additional fees of Rs. 3,700 and Rs. 2,700 were introduced with effect from 16 December 2003 for the transfer of ownership within five years and after five years respectively from the date of registration. Delayed implementation of the orders and reflection of business rule in the system resulted in non-realisation of additional fee amounting to Rs. 11.49 lakh in 385 cases.

After the cases were pointed out, the RTO, Hooghly and ARTO, Barrackpore stated in March-April 2007 that non/short realisation occurred due to delayed receipt of the Government notification and delayed implementation of enhanced rates while RTO Barasat did not furnish any reply (September 2007).

5.2.7 Access controls

Logical access controls

Audit observed that the user IDs and passwords were being shared by users. The situation was fraught with the risk of unaccountability. The department had neither undertaken any risk assessment nor put any password policy in place thereby rendering the system vulnerable to misuse.

The department accepted the audit observations and stated in July 2007 that a committee has been formed to monitor the entire work of computerisation.

5.2.8 Application controls

5.2.8.1 Lack of continuity in assigning registration number

The MV Act provides that a registering authority shall assign a unique mark in a series to every vehicle at the time of registration. Before a current series is exhausted, no new series should be taken up for allotment.

Scrutiny of the data of RTO, Barasat, Hooghly and ARTO, Barrackpore revealed that before the current series of registration number got exhausted, registration in the next series was allotted as mentioned below:

Name of the RTO/ARTO	Last number of the current series		Next series taken for allotment
	Series	number	Series
RTO Hooghly	WB16A	9861	WB16B
	WB16C	9989	WB16D
	WB16G	9964	WB16H
	WB16J	9981	WB16K
RTO Barasat	WB25B	3845	WB25C
	WB26C	7777	WB26D
ARTO Barrack pore	WB24A	9977	WB24B
	WB24C	9760	WB24D
	WB24K	1000	WB24L

Scrutiny of three RTOs/ARTOs further revealed that while allotting the registration numbers, the chronological order was not maintained and there existed gaps in the registration numbers ranging from 71 to 9,892.

The gaps in the chronological order of registration numbers give a misleading position regarding the number of vehicles registered at a particular time besides rendering the missing registration numbers vulnerable to misuse.

After the cases were pointed out, RTO, Hooghly and ARTO, Barrackpore stated in March-April 2007 that the matter would be looked into while RTO, Barasat did not furnish any reply (September 2007).

5.2.8.2 Inability of the system to calculate tax at the pre-revised rates

Under the WBMVT Act, every owner of a motor vehicle shall pay tax at the rate revised from time to time. Accordingly, the system should calculate and exhibit tax and additional tax accurately at the rates applicable from time to time.

Analysis of the data of RTO, Barasat, Hooghly and ARTO, Barrackpore, revealed that the system was able to calculate and exhibit tax and additional tax at the current rates only but not at the rate prevailing from time to time.

Scrutiny of data in audit revealed that though the rate of tax of goods carriages having gross vehicle weight (GVW) above 16,250 kg was revised downward from September 2003, yet the system calculated and exhibited tax and additional tax in case of 672 vehicles with GVW above 16,250 kg for the period prior to September 2003 at the current rate which was lower instead of the earlier. **Failure of the system to calculate tax at the higher rate for the period prior to the date of revision resulted in short realisation of tax of Rs. 58.34 lakh for the period from April 2001 to September 2003 as mentioned below:**

(Rupees in lakh)

Name of the office	No. of cases (Vehicles with GVW > 16,250 kg)	Tax to be calculated	Tax calculated by the system	Short calculation
RTO, Barasat	400	264.20	227.17	37.03
RTO, Hooghly	211	132.52	114.58	17.94
ARTO, Barrackpore	61	30.98	27.61	3.37
Total	672	427.70	369.36	58.34

After the cases were pointed out, the RTO Barasat admitted in March 2007 the observation and stated that the system calculated tax only on the current rates. Results of the test data run conducted at the RTO, Hooghly also confirmed (August 2007) the audit observation.

5.2.9 Input control weaknesses

5.2.9.1 Duplicate engine and chassis numbers

Alphanumeric chassis and engine numbers assigned by the manufacturer of the vehicles are the unique identification mark of vehicles. The Central Motor Vehicles (CMV) Rules 1989, prescribe that a person while applying for registration of his vehicle shall mention the chassis number and engine number in the application form. The chassis and engine numbers shall not be the same for any two vehicles.

Test check of the registration database of the RTO, Barasat, Hooghly and ARTO, Barrackpore revealed that out of 3,11,864 registration records of vehicles, 1,192 vehicles contained duplicate chassis number and 1,289 vehicles contained duplicate engine number as mentioned below:

Name of the RTO/ARTO	Total no. of records	No. of cases with duplicate chassis number	No. of cases with duplicate engine number
Barasat	98,300	884	947
Hooghly	1,00,456	220	228
Barrackpore	1,13,108	88	114
Total	3,11,864	1,192	1,289

The existence of duplicate chassis and engine numbers indicated lack of inbuilt data validation checks at entry level to restrict entry of duplicate chassis or engine numbers. Manual verification could not be conducted due to non-availability of specific records. The possibility of assignment of more than one registration number to the same vehicle cannot be ruled out.

After these cases were pointed out, the RTO, Hooghly and ARTO, Barrackpore admitted in March-April 2007 the audit observation and stated that duplicate engine and chassis number is due to lack of inbuilt validation control in the system and wrongful data entry by the private vendors. In addition, due to scarcity of space and manpower, the manual records had not been maintained properly. The RTO, Barasat did not furnish any reply (September 2007).

5.2.9.2 Incomplete database

Under the CMV Rules, the owner of a vehicle shall apply in Form 20 for the registration of his vehicle. The form contains vital information as to the owner of the vehicle and essential information for proper identification of the vehicle.

Analysis of the registration database of the RTO, Barasat, Hooghly and ARTO Barrackpore revealed that the date of registration, owner's name and address, engine number, chassis number, insurance cover note number etc. were not available in the database in the following cases:

Name of the offices and no. of records	Field name and no of cases where data is not available									
	Engine no.	Chassis no.	Insurance Cover Note no.	Insurance date	Pre-registra-tion no.	Temp. registra-tion date	Sale Purchase date	Name of owner	Name of father	Address
RTO Barasat (98,300)	861	105	13,754	56,803	89,715	61,227	48,530	26	5,121	768
RTO Hooghly (1,00,457)	495	7	2,185	2,218	97,285	91,064	20,175	6	823	411
ARTO Barrackpore (1,13,116)	1,103	--	7,939	1,10,329	1,08,433	96,421	17,165	2	3,814	1,088
Total	2,459	112	23,878	1,69,350	2,95,433	2,48,712	85,870	34	9,758	2,267

This indicates that at the time of data entry input, the crucial information field was not made mandatory and consequently the database remained incomplete. In the absence of such vital information viz. engine number and chassis number, registration of stolen/damaged vehicles and use of same registration number by more than one vehicle cannot be ruled out. Absence of insurance cover note number does not ensure the coverage of third party risk. Manual records could not be verified due to non-availability of these.

After the cases were pointed out, RTO, Hooghly and ARTO, Barrackpore admitted (March-April 2007) the audit observation and stated that blank field value was due to lack of inbuilt validation control in the system and wrongful data entry by the private vendors. In addition, due to the scarcity of space and manpower, the manual records had not been maintained properly. The RTO, Barasat did not furnish any reply (September 2007).

5.2.9.3 Duplicate insurance certificates/cover notes

Under the MV Act, an application for the registration of a vehicle shall be accompanied by a valid insurance certificate.

Analysis of the database of the RTO, Barasat, Hooghly and ARTO, Barrackpore revealed that out of 98,300, 1,00,456 and 1,13,108 records of registration, 2,094, 62,299 and 27,978 records respectively contained duplicate insurance cover note number in the database. **Due to absence of proper data validation checks, the system failed to restrict the registration of more than one vehicle under the same insurance cover note number.** Manual verification of records could not be conducted due to non-availability of source documents.

After the cases were pointed out, RTO, Hooghly and ARTO, Barrackpore admitted (March-April 2007) the audit observation and stated that duplicate insurance cover note numbers were due to lack of inbuilt validation control in

the system and wrongful data entry by the private vendors. In addition, due to the scarcity of space and manpower, the manual records had not been maintained properly. The RTO, Barasat did not furnish any reply (September 2007).

5.2.10 Lack of monitoring by the department

No periodical reports or returns on realisation of revenue submitted by the ARTOs/RTOs were made available to audit. No control through online connectivity was exercised over the functioning of the system. This resulted in non-realisation of tax, additional tax and penalty amounting to Rs. 103.49 crore as mentioned below:

Non-realisation of tax, additional tax and penalty

The WBMVT Act and the WBATOTT Act as amended in January and September 2003 prescribe the rate of tax on motor vehicles based on their use, seating capacity or weight. Both the Acts provide for imposition of penalty for an equal amount of tax in case of non-payment beyond 75 days from the due date of payment of tax.

5.2.10.1 Goods carriages⁶

Scrutiny of the data maintained by the RTO, Barasat, Hooghly and ARTO, Barrackpore revealed that in 18,997 out of 56,902 cases, tax, additional tax and penalty had neither been assessed nor realised from the owners of goods carriages between April 2001 and March 2006. **The vehicles had neither been surrendered nor had any no objection certificate (NOC) been obtained from the taxing authorities which indicates that there existed ample scope of these vehicles being used in public places without payment of tax.** The RTO/ARTO confirmed that the tax collection through manual receipts had been discontinued from the date of commencement of online collection of taxes in that office. This resulted in non-realisation of tax, additional tax and penalty of Rs. 88.25 crore as mentioned below:

⁶ A motor vehicle constructed or adapted for use solely for the carriage of goods, or any motor vehicle not so constructed or adapted when used for the carriage of goods.

(Rupees in crore)

RTO/ ARTO	Total no. of cases							Amount of non-realisation							Total amount of non- realisation
	Truck	Mini Truck	Trailer	Art Trl ⁷	Tanker	Art Tnk ⁸	Crane	Truck	Mini Truck	Trailer	Art Trl	Tanker	Art Tnk	Crane	
Barasat	10,222	-	3	65	-	-	-	44.74	-	0.05	1.23	-	-	-	46.02
Hooghly	4,949	-	101	227	-	-	-	24.53	-	0.18	4.26	-	-	-	28.97
Barrack pore	2,820	253	4	16	322	8	7	11.00	0.27	0.002	0.29	1.60	0.06	0.04	13.26
Total	17,991	253	108	308	322	8	7	80.27	0.27	0.23	5.78	1.60	0.06	0.04	88.25

After the cases were pointed out, RTO, Hooghly and ARTO, Barrackpore stated in March-April 2007 that demand notices were being issued to realise the due tax, additional tax and penalty from the defaulting vehicle owners while RTO, Barasat did not furnish any reply (September 2007).

5.2.10.2 Contract carriages⁹

Scrutiny of the data maintained by the RTO, Barasat, Hooghly and ARTO, Barrackpore revealed that in 1,705 out of 3,795 cases, tax, additional tax and penalty has neither been assessed nor realised from the registered owners of contract carriages between April 2001 and March 2006. The taxing authorities have not initiated action to realise the due amount. This resulted in non-realisation of tax, additional tax and penalty of Rs. 8.90 crore as mentioned below:

(Rupees in crore)

Name of the office (RTO/ARTO)	Total no. of cases		Amount of non-realisation		Total amount of non- realisation
	Contract Carriages	Bus of a company/ Training Institute	Contract Carriages	Bus of a company/ Training Institute	
Barasat	1226	-	6.46	-	6.46
Hooghly	309	51	1.51	0.36	1.87
Barrackpore	114 (92+22)	5	0.55	0.02	0.57
Total	1649	56	8.52	0.38	8.90

After the cases were pointed out, the RTO, Hooghly and ARTO, Barrackpore stated in March-April 2007 that demand notices were being issued to realise the due tax, additional tax and penalty from the defaulting vehicle owners while RTO, Barasat did not furnish any reply (September 2007).

⁷ Articulate trailer.

⁸ Articulate tanker.

⁹ A motor vehicle which carries a passenger or passengers for hire or reward and is engaged under a contract, whether expressed or implied, for the use of such vehicle as a whole for the carriage of passengers mentioned therein and entered into by a person with a holder of a permit in relation to such vehicle.

5.2.10.3 Stage carriages¹⁰

Scrutiny of the data maintained by the RTO, Barasat, Hooghly and ARTO, Barrackpore revealed that tax, additional tax and penalty has neither been assessed nor realised from 3,911 out of 17,431 stage carriages between April 2001 and March 2006. This has resulted in non-realisation of tax, additional tax and penalty amounting to Rs. 6.34 crore as mentioned below:

(Rupees in crore)

Name of the office (RTO/ARTO)	Total no. of cases							Amount of non-realisation							Total amount of non-realisation
	Bus	Mini Bus	Omni Bus (Ind ¹¹)	Omni Bus (non-indi ¹²)	Express Bus	Tourist Bus	Deluxe Bus	Bus	Mini Bus	Omni Bus (Indi)	Omni Bus (non-indi)	Express Bus	Tourist Bus	Deluxe Bus	
Barasat	517	166	1223	62	174	10	52	0.77	0.18	1.89	0.13	0.70	0.05	0.29	4.01
Hooghly	446	133	318	23	36	4	8	0.81	0.16	0.53	0.07	0.17	0.03	0.05	1.82
Barrack pore	67	34	279	19	7	—	—	0.08	0.03	0.34	0.04	0.02	—	—	0.51
Total	1030	333	2153	104	217	14	60	1.66	0.37	2.76	0.24	0.89	0.08	0.34	6.34

After the cases were pointed out, the RTO, Hooghly and ARTO Barrackpore stated in March-April 2007 that demand notices were being issued to realise the due tax, additional tax and penalty from the defaulting vehicle owners while RTO Barasat did not furnish any reply (September 2007).

Other deficiencies

5.2.11 Non-compliance of the provisions of the Acts and Rules

WBMVT Act provides that if a taxing officer is satisfied that the certificate of registration and the token delivered has been surrendered or that a motor vehicle has not been used or kept for use in any calendar month, he shall on application refund or remit in respect of the said vehicle one twelfth of the tax payable for the year for every calendar month for which the said vehicle has not been used.

Audit observed that in absence of any provision in the system, refund of tax and additional tax was dealt with manually due to non-mapping of business rules.

¹⁰ A motor vehicle constructed or adapted to carry more than six passengers excluding the driver for hire or reward at separate fares paid by or for individual passengers, either for the whole journey or for stages of the journey.

¹¹ Individual.

¹² Non-individual.

5.2.12 Non-realisation of differential tax and penalty

Under the provisions of WBATOTT Act as amended under notification of June 2004, the owner of a motor cycle registered after 25 November 1991 shall be liable to pay the difference of life time tax payable and one time tax paid. The Government in their notification of December 2004 appointed 16 March 2005 as the date within which the differential tax is to be paid. If the said tax is not paid within 75 days from the due date, a penalty of an equal amount of tax shall be charged.

Scrutiny of the data of the RTO, Barasat, Hooghly and ARTO, Barrackpore revealed that the owners of 57,935 motor cycles registered between 25 November 1991 and 15 September 2003 did not pay the differential tax till the date of audit thereby attracting penalty leviable from such registrants. The taxing authorities neither realised the differential tax nor was any penalty levied on the defaulting registrants. This resulted in non-realisation of differential tax of Rs. 23.78 crore including penalty as mentioned below:

(Rupees in lakh)

Name of the office	No. of motor cycles				Tax difference not realised				Penalty				Total non-realisation
	cc ¹³ up to 80	cc up to 170	cc up to 250	cc above 250	cc up to 80	cc up to 170	cc up to 250	cc above 250	cc up to 80	cc up to 170	cc up to 250	cc above 250	
RTO, Barasat	1,207	10,150	70	17	8.70	215.71	2.34	0.80	8.70	215.71	2.34	0.80	455.10
RTO, Hooghly	978	17,542	119	18	7.45	373.82	4.07	0.84	7.45	373.82	4.07	0.84	772.36
ARTO, Barrackpore	1,544	25,991	233	66	11.73	552.58	7.95	2.94	11.73	552.58	7.95	2.94	1,150.40
Grand Total													2,377.86

After the cases were pointed out, the RTO, Hooghly and ARTO, Barrackpore stated in March-April 2007 that action was being taken for realisation of tax from the defaulting motor cycle owners while RTO, Barasat did not furnish any reply (September 2007).

5.2.13 Conclusion

The objectives of computerising the system of registration and taxation of vehicles could not be fully achieved despite limited geographic coverage. The IT procedures and management of changes were not satisfactory, records and relevant documentation describing the impact and testing of IT changes did not address all recent changes to the business rules. Completeness, accuracy and integrity of the data so entered and processes were not ensured due to deficient application controls in place. Inconsistent application of control measures and inadequate monitoring by the department resulted in non-realisation of the revenue.

¹³ Cubic capacity.

5.2.14 Recommendations

The Government may consider taking the following steps to enhance the efficiency and effectiveness of the TIS mechanism:

- * incorporating inbuilt data input validation checks to enhance data reliability;
- * ensuring that changes in the rates of tax, additional tax, fees etc. in the system are done centrally so as to facilitate replication by all the RTOs/ARTOs from the same date to ensure uniformity and a more effective monitoring mechanism; and
- * making the system able to generate periodical reports as a tool of management information system to aid the management to monitor the revenue collection and take suitable corrective measures.

5.3 Non-realisation of differential tax from the owners of motor cycles

Under the provisions of the West Bengal Additional Tax and One Time Tax on Motor Vehicles (WBATOTTMV) Act, 1989 as amended in August 2003 and 2004, the owner of a motor cycle registered after 25 November 1991 has to pay the difference of the rate of life time tax payable as specified in schedule III and one time tax (OTT) already paid within the appointed date. The State Government, by a notification issued in December 2004, stipulated 16 March 2005 as the appointed date for payment of the difference of such taxes. In case of non-payment of differential tax within the prescribed date, penalty as per provisions of the Act was to be charged.

Scrutiny of the records of the Public Vehicles Department (PVD), Kolkata and three regional transport offices¹⁴ (RTOs) between March and December 2006 revealed that 2,605 motor cycles were registered between December 1991 and December 2004, but differential tax of Rs. 54.87 lakh in respect of the said vehicles was not realised from the owners even after a lapse of 12 to 21 months from the stipulated date. This resulted in non-realisation of tax of Rs. 1.10 crore including penalty.

After the cases were pointed out, the taxing officer (TO), PVD, Kolkata in 1,093 cases involving Rs. 46.25 lakh stated in November 2006 that demand notices were being issued to the defaulters to realise the tax and penalty. The TO, Tamluk in 83 cases involving Rs. 2.99 lakh stated in March 2006 that

¹⁴ Bankura, Jalpaiguri and Tamluk.

action was being taken to realise the dues as early as possible. The replies, however, do not clarify the reasons for not initiating action against the erring vehicle owners till it was pointed out by audit. The TOs, Jalpaiguri and Bankura in the remaining 1,429 cases involving Rs. 60.48 lakh did not furnish any reply (September 2007).

The cases were reported to the Government between February 2006 and February 2007; their reply has not been received (September 2007).

5.4 Non-realisation of tax, additional tax and penalty

The West Bengal Motor Vehicles Tax (WBMVT) Act, 1979 and the WBATOTTMV Act as amended in January and September 2003, prescribe the rate of tax on motor vehicles based on their use, seating capacity, laden weight etc. As per the clarification of the Transport Department issued in December 1998 and August 1999, additional tax which is 50 *per cent* of the road tax, is leviable on trailers, break down vans, cranes, earth movers etc. Both the Acts provide for levy of penalty of an amount equal to the tax and additional tax in case of non-payment of tax beyond 75 days from the due date.

Scrutiny of the records of the PVD, Kolkata, two¹⁵ RTOs and two¹⁶ additional regional transport offices (ARTOs) between December 2005 and November 2006 revealed that the TOs did not take any action to realise tax and additional tax which had fallen due from 32 trailers, 131 goods vehicles, 18 mini buses and 76 other types of vehicles¹⁷ between March 2001 and September 2006. Non-payment of tax and additional tax ranged between 3 and 64 months for which 100 *per cent* penalty was leviable. This resulted in non-realisation of tax, additional tax and penalty of Rs. 47.95 lakh.

After the cases were pointed out, the TO, Durgapur in 15 cases involving Rs. 1.15 lakh stated in June 2006 that steps would be taken to realise the dues. A report on recovery and reply from the remaining four¹⁸ TOs in 242 cases involving Rs. 46.80 lakh has not been received (September 2007).

The cases were reported to the Government between May 2006 and February 2007; their reply has not been received (September 2007).

5.5 Non-disposal of seized vehicles

Under the provisions of the WBMVT Act and the WBATOTTMV Act, a motor vehicle may be detained and seized by the enforcement authority due to

¹⁵ Bankura and South 24 Parganas.

¹⁶ Contai and Durgapur.

¹⁷ Contract carriages- (19), deluxe buses (5), earth mover (1), mini truck (1), pick up van (1), tractors (8), trekker (5), and vehicles of motor training schools (36).

¹⁸ RTO/ARTO Bankura, Contai, South 24 Parganas and PVD Kolkata.

non-payment of tax and additional tax and may be released on the realisation of dues along with the prescribed penalty within 30 days of seizure. The owner is liable to pay double the amount of tax and penalty within a further period of 15 days after expiry of the said 30 days and, in case of default, the vehicle may be sold in auction for realisation of the dues. In case, no one turns up claiming the ownership of the motor vehicle within 30 days from the date of such seizure, the TO shall sell the vehicle in auction to recover the Government dues.

5.5.1 Non-realisation of revenue due to non-auction of seized vehicles

Scrutiny of the records in the PVD, Kolkata and two RTOs¹⁹ between December 2005 and December 2006 revealed that 37 vehicles of different categories were seized by the enforcement authority between February 2001 and January 2006 for non-payment of tax, additional tax and other dues amounting to Rs. 18.40 lakh. No action was initiated to auction the vehicles to recover the dues even after the lapse of time ranging between 11 and 65 months from the date of seizure of the vehicles. This resulted in non-realisation of the Government dues of Rs. 18.40 lakh due to non-disposal of seized vehicles.

After the cases were pointed out, the TO, PVD, Kolkata in 34 cases involving Rs. 15.48 lakh stated in November 2006 that the report of the auction committee was being sent to the Government for finalisation of auction. In one case involving Rs. 1.27 lakh, the TO, South 24 Parganas stated in December 2005 that action was being taken to realise the amount while the TO, Bankura in one case involving Rs. 80,000 stated in December 2006 that auction would be held after formation of auction committee and in the remaining case involving Rs. 84,000 no reply was furnished. The replies, however, did not clarify the reasons for the inability of the department to finalise the process of auction despite lapse of more than five years. Further, delay in disposal will depreciate the value of vehicles and reduce the amount that can be recovered. A report on further development has not been received (September 2007).

The cases were reported to the Government between January and February 2007; their reply has not been received (September 2007).

¹⁹ Bankura and South 24 Parganas

5.5.2 Non-fixation of reserve price for auction of seized vehicles

Scrutiny of the records in PVD, Kolkata and RTO, Bankura between December 2005 and December 2006 revealed that 11 vehicles of different categories were seized by the enforcement authority between February 2001 and August 2005 for violation of MV Act and Rules, but no document or information was available in the seized vehicles. The TOs also failed to ascertain the Government dues realisable either from the vehicle owners or from the concerned TOs under which the vehicles were registered. As per codal provisions, the TOs were required to sell the vehicles in auction and the sale proceeds were to be forfeited to the Government. No action was, however, initiated by the TOs to fix the reserve price for sale of these vehicles through auction even after a lapse of time ranging between 15 and 69 months from the dates of seizure of the vehicles till the date of audit.

After the cases were pointed out, the TO, PVD, Kolkata in 10 cases stated in November 2006 that the report of the auction committee was being sent to the Government for finalisation of auction while TO, Bankura in the remaining case stated in December 2006 that action would be taken after consultation with the higher authority. A report on further progress on all the cases has not been received (September 2007).

The cases were reported to the Government in February 2007; their reply has not been received (September 2007).

5.6 Loss of revenue due to non-issue of saleable forms

Statutory application forms for issue of learner's licence, driving licence, permit and registration as required under the provisions of the WBMV Rules, 1989 and Central Motor Vehicles (CMV) Rules, 1989 are to be supplied by the registering authority to the applicants on payment of Rs. 5 per page.

Scrutiny of the records of four²⁰ RTOs and two²¹ ARTOs between March and August 2006 revealed that 29,673 learners' licences, 75,007 driving licences, 45,119 registrations, 1,119 temporary permits and 6,382 permanent permits were granted between April 2004 and March 2006 for which application forms were not supplied by the offices of TOs but were obtained from other sources by the applicants. Thus, apathy on the part of the department to arrange for supplying forms departmentally resulted in loss of revenue of Rs. 15.35 lakh.

The case was reported to the department and the Government between April and November 2006; their reply has not been received (September 2007).

²⁰ Birbhum, Burdwan, Howrah and Tamluk.

²¹ Contai and Durgapur.

5.7 Non-levy of one time tax and special tax on non-transport vehicles

Under the provisions of WBATOTTMV Act as amended from time to time, OTT and special tax (ST) are realisable at the prescribed rate for a period of five years from the owners of non-transport vehicles in lieu of the annual tax payable under the WBMVT Act. In case of non-payment of OTT and ST beyond the due date, penalty at varied rates ranging between 20 and 100 *per cent* of unpaid tax is leviable.

Test check of the records of the Director, PVD, Kolkata in November 2006 revealed that in case of 63 non-transport vehicles registered between April and June 2004, annual tax was collected erroneously instead of OTT and ST. Though the validity of annual tax collected from these vehicles expired between April and June 2005, neither the owners of the vehicles paid any tax for subsequent periods nor was any action initiated by the department to levy and recover OTT and ST at prevalent rates along with penalty for default in payment of OTT and ST ranging between 17 and 19 months. This resulted in non-levy of tax and penalty of Rs. 14.83 lakh.

After the cases were pointed out, the TO, PVD, Kolkata stated in November 2006, that, NIC had been requested to introduce new software for quick detection and realisation of taxes. Further action in this regard including recovery in respect of the aforesaid 63 cases has not been intimated (September 2007).

The cases were reported to the Government in February 2007; their reply has not received (September 2007).