

CHAPTER IV TAXES ON VEHICLES

4.1 Results of audit

Test check of records of Transport Department conducted during the year 2005-06 revealed non/short levy of tax and loss of revenue amounting to Rs.452.67 crore in 164 cases which broadly fall under the following categories:

(Rupees in crore)

Sl. No.	Nature of irregularity	No. of cases	Amount
1	Non levy of tax/penalty on tractor trailer combination used for commercial purpose	21	0.25
2	Non levy/collection of compounding fee	32	0.28
3	Loss of revenue due to non conversion of fair weather routes to all weather routes	4	0.29
4	Non levy of tax and penalty in respect of transport vehicles	73	6.90
5	Non collection of life tax in respect of omni buses with seating capacity of 8 to 10 in all	23	1.39
6	Non collection of tax and penalty from APSRTC	2	439.70
7	Loss of revenue due to non implementation of amendment to Central Motor Vehicles Rules	1	3.74
8	Other irregularities	8	0.12
	Total	164	452.67

During the year 2005-06, the department accepted under assessments etc., of Rs.2.65 crore in 111 cases, of which 85 cases involving Rs.2.07 crore were pointed out during the year 2005-06 and the rest in earlier years. Out of 111 cases, an amount of Rs.59.50 lakh in 102 cases was realised during the year.

A few illustrative cases involving Rs.12.14 crore are mentioned in the following paragraphs.

4.2 Short levy of fee due to non implementation of enhanced rate

As per Rule 32 of Central Motor Vehicle Rules, 1989, driving licences are issued in two forms, form 6[≈] and form 7*. Government of India in May 2002[†] enhanced the fee for licences in form 7 from Rs.150 to Rs.200.

During the audit of the office of the Transport Commissioner in October 2005, it was noticed that fee towards 7,48,750 driving licences issued in form 7 during 2004-05 was levied at pre revised rate. This resulted in short levy of fee by Rs.3.74 crore.

After this was pointed out in October 2005, Government replied in June 2006 that as the driving licences are being issued in plastic card form in form 6 fee of Rs.150 only was collected towards card fee. The reply was not tenable, as licences were not issued in form 6 i.e., book form but were issued in laminated card type i.e., form 7. Further licence fee was collected at Rs.150 which was applicable to form 7 for licences issued prior to May 2002.

4.3 Non/short levy of tax and penalty

According to Andhra Pradesh Motor Vehicles Taxation (APMVT) Act, 1963, tax is leviable on motor vehicles at rates specified in the notifications, unless the registered owner or the person having possession of the motor vehicle intimates in writing to the licensing officer before commencement of the quarter that the motor vehicle shall not be used after the expiry of the period for which tax was already paid. Tax is payable in advance. In case of default in payment of tax for over two months from the beginning of the quarter, penalty at twice the quarterly tax shall be imposed. Any tax, penalty or fine due may be recovered in the same manner as arrears of land revenue for which the powers of tahsildars were vested with regional transport officers.

During the audit of office of the Joint Transport Commissioner (JTC), Khairatabad, 15* deputy transport commissioner offices (DTCs), and 22[‡] regional transport offices (RTOs), it was noticed between April 2005 and

[≈] Form 6 is the licence issued in the book form of the size six cm, eight cm and attracts fee of Rs.40

* Form 7 is the licence issued in the form of smart card/laminated card and attracts fee of Rs.150 upto May 2002 and Rs.200 thereafter

[†] GSR 400(E) dated 31 May 2002

* Adilabad, Chittoor, Eluru, Guntur, Kakinada, Karimnagar, Kurnool, Medak, Nellore, Nizamabad, Rangareddy, Srikakulam, Vijayawada, Visakhapatnam and Warangal

[‡] Anakapalli, Ananthapur, Bhimavaram, Gudivada, Hindupur, Hyderabad (East, South, and West zone), Kadapa, Khammam, Mahaboobnagar, Mancherial, Nalgonda, Nandyal, Narasaraopet, Ongole, Rajahmundry Secunderabad, Siddipet, Tirupati, Uppal and Vizianagaram

February 2006 that quarterly tax of Rs.2.30 crore for the year 2004-05 was not paid and penalty amounting to Rs.4.60 crore was not levied and collected in respect of 2,865[®] vehicles resulting in non realisation of Government revenue of Rs.6.90 crore.

After this was pointed out, Government replied in June 2006 that quarterly tax of Rs.19 lakh for the year 2004-05 and penalty amounting to Rs.9.50 lakh was collected in respect of 343 vehicles and show cause notices were issued in respect of 1,004 vehicles. It was also stated that in respect of 228 vehicles registrations were cancelled. Further reply in respect of remaining vehicles is awaited (October 2006).

4.4 Non levy of life tax and penalty

According to APMVT Act, tax was leviable at Rs.189 per seat per quarter on omnibuses. Government amended the APMVT Act, bringing omnibuses with seating capacity between 8 and 10 (including driver) and their chassis under life tax from 10 April 2003. Transport Commissioner issued instructions[♦] in June 2004 to collect life tax from 21 June 2004 on omnibuses registered prior to 10 April 2003 also. Under Section 6 read with rule 13 of APMVT Act, non payment of tax in time attracts penalty payable at the rate of two *per cent* from the date on which tax becomes due for payment.

During the audit of JTC, Khairatabad, eight^α offices of DTCs and 13[®] RTOs conducted between April 2005 and February 2006, it was observed that life tax from 21 June 2004 onwards and quarterly tax from 1 April 2004 to 21 June 2004 and penalty thereon was not levied and collected in case of 389 omnibuses having 8 to 10 seating capacity. There was nothing on record to indicate that vehicles were declared off road or were not plying. Tax and penalty not collected for the year 2004-05 amounted to Rs.1.36 crore.

After this was pointed out, Government replied in June 2006, that life tax of Rs.20.64 lakh was collected from 86 vehicles, registration was cancelled for five vehicles and show cause notices were issued for the balance vehicles.

4.5 Non levy/collection of compounding fee

Under the provisions of Motor Vehicles Act, 1988, assessing authority may compound certain offences punishable under the Act by collecting compounding fee in lieu of penal action as prescribed by Government.

[®] 1,249 goods vehicles, 37 omni buses, 17 contract carriages, 650 tractor trailers, 318 vehicles relating to educational institutions, 467 maxi cabs, 60 articulated vehicles, 15 rig mounted vehicles and 52 private service vehicles

[♦] Circular Memo No. 3999/S2/2004, dated 21.6.2004

^α Chittoor, Guntur, Kakinada, Karimnagar, Kurnool, Nellore, Nizamabad and Rangareddy

[®] Ananthapur, Bhimavaram, Hyderabad (East and South zone), Kadapa, Mancherial, Nalgonda, Nandyal, Narasaraopet, Ongole, Siddipet, Tirupati and Vizianagaram

Government in October 2001 prescribed[#] minimum rates of compounding fee for various types of offences. The checking officers of Transport Department prepare vehicle check reports on motor vehicles checked by them and forward them to the regional transport officer for taking departmental action against the defaulting permit holders/owners of concerned registered vehicles. These reports are to be noted in the register of vehicle check reports to take necessary action to suspend/cancel the licence/permit or to levy compounding fee.

During the audit of offices of eight DTCs^ψ and nine RTOs^β, it was noticed between May 2005 and February 2006 from the vehicle check register for the year 2004-05 that in respect of 195 vehicles involved in compoundable offences like carrying overload etc., neither penal action was taken nor compounding fee amounting to Rs.14.48 lakh was levied.

After this was pointed out, Government replied in June 2006, that compounding fee of Rs.5.13 lakh was collected from 80 vehicle owners and action would be taken for the remaining cases after verification.

[#] G.O.Ms.No.138, Transport, Roads & Buildings (TR-II) Department dated 31 October 2001

^ψ Chittoor, Guntur, Karimnagar, Kurnool, Nellore, Nizamabad, Rangareddy and Warangal

^β Anapakalli, Ananthapur, Hyderabad(East and South zone), Kadapa, Mancherial, Nalgonda, Nandyal and Ongole