

CHAPTER – IV: TAXES ON MOTOR VEHICLES

4.1 Results of Audit

Test check of the records of the transport offices during the year 2003-2004, revealed non/short levy of motor vehicles tax, fees, penalties, fines etc. of Rs 79.63 crore in 103 cases, which broadly fall under the following categories:

(Rupees in crore)			
Sl. No.	Categories	No. of cases	Amount
1	Non-levy and short levy of taxes	15	4.08
2	Other cases	88	75.55
	Total	103	79.63

During the year 2003-2004, the concerned department accepted under assessment and other irregularities in five cases involving Rs 0.89 crore which had been pointed out in audit during earlier years.

A few illustrative cases involving tax effect of Rs 8.60 crore are discussed in the following paragraphs:-

4.2 Lack of control over collection of tax

Under the provisions of Bihar Motor Vehicles Taxation (BMVT) Act, 1994 as amended from time to time and rules made thereunder, tax in respect of a vehicle is payable annually or quarterly within 15 days from the commencement of the year or quarter, as the case may be. Cases of non-payment of tax in time is liable for imposition of penalty at prescribed rates together with the arrears of tax. Further, under provisions of Motor Vehicles (MV) Act, 1988 if the owner of a motor vehicle changes his place of residence/business, he shall within 30 days, intimate his new address to the original registering authority.

In 15 District Transport Offices (DTOs)¹, it was noticed between September 2003 and March 2004 that the owners of 875 transport vehicles did not pay tax in the offices where they were originally registered and no reasons were found recorded for non-payment of the tax. The Department had not taken any action to recover the same except in one case of DTO Darbhanga where demand notices had been issued but tax was yet to be realised. This resulted in non-recovery of tax of Rs 8.09 crore including penalty of Rs 5.39 crore pertaining to the period from April 1999 to January 2004.

After this was pointed out in audit between September 2003 and February 2004, the DTO Darbhanga and Muzaffarpur stated in February 2004 that notices had already been issued and the remaining DTOs stated between September 2003 and

¹ Aurangabad, Begusarai, Bhagalpur, Bhojpur, Buxar, Darbhanga, Gaya, Gopalganj, Khagaria, Munger, Muzaffarpur, Patna, Purnea, Sasaram and Siwan.

March 2004 that demand notices would be issued for realisation of the tax due. Further replies have not been received (September 2004).

The cases were reported to the Government in June 2004; their reply has not been received (September 2004).

4.3 Non-realisation of tax from vehicles

Under the provisions of BMVT Act, 1994 and rules made thereunder, the owner of a motor vehicle who does not intend to use his vehicle for certain period not exceeding six months at a time, can be exempted from payment of tax by the competent authority provided his claim for exemption is supported by the required documents such as certificate of registration, fitness certificate and tax token etc. and furnishes declaration to this effect alongwith surrender of tax token and certificate of registration. He shall also furnish further undertaking to the concerned Taxation Officer if the extension of the said period is required. According to executive instructions issued by the State Transport Commissioner (STC) in December 1990, the DTOs are required to realise the arrear of tax before accepting surrender of vehicles for non-use.

In six DTOs², it was noticed between September 2003 and February 2004 that documents of 77 motor vehicles were surrendered between December 2001 and December 2002, but no further undertakings were received in respect of these vehicles for extending the period of surrender. In the absence of fresh undertakings for extension of surrender, the vehicle owners were liable to pay tax of Rs 30.58 lakh for the period from July 2002 to February 2004.

After this was pointed out in audit between September 2003 and February 2004, the DTO Sasaram stated that demand notices had been issued whereas DTO Muzaffarpur stated that demand notices are being issued while three DTOs³ stated that action would be taken. Further reply has not been received (September 2004).

The cases were reported to the Government between February and May 2004; their reply has not been received (September 2004).

4.4 Short realisation of tax due to non/short revision of seating capacity

Under the provisions of Rule 126 of the Bihar Motor Vehicles Rules, 1940, and the executive instructions issued by the STC Bihar in December 1998 and September 2000 the seating capacity of the Public Service Vehicles is to be fixed on the basis of the wheelbase of the vehicles. The seating capacity of the tourist coach is to be fixed keeping in view the condition laid down under the Central Motor Vehicle Rules, 1989. The tax is leviable at the rate prescribed in the Schedule I and II of BMVT Act.

During scrutiny of Registration registers and statements furnished by five DTOs⁴ it was noticed between August 2002 and December 2003 that in respect of 17

² Bhagalpur, Gaya, Munger, Muzaffarpur, Purnea and Sasaram

³ Gaya, Munger and Purnea

⁴ Aurangabad, Gaya, Muzaffarpur, Purnea and Sasaram

vehicles seating capacity was revised between January and November 1999 but tax at revised rates on these vehicles were realised for the period between October 2000 and July 2002 instead of from the date of revision and in respect of another 38 vehicles seating capacity was not revised as per wheelbase. This resulted in non/short realisation of taxes of Rs 20.24 lakh.

After this was pointed out in audit between August 2002 and December 2003, the DTO Purnea stated that action for revision would be taken and differential tax would be realised whereas the remaining DTOs stated that action would be taken after examination. Further reply has not been received (September 2004).

The cases were reported to the Government in February 2004; their reply has not been received (September 2004).