

## CHAPTER – IV

### TAXES ON VEHICLES

#### 4.1 Results of Audit

Test check of records in the offices of Commissioner of Transport, Regional Transport and Assistant Regional Transport Offices in the State, conducted in audit during the year 2003-04 disclosed under assessments, etc., amounting to Rs.164.91 crore in 103 cases. These cases broadly fall under the following categories:

(Rupees in crore)			
Sl. No.	Category	No. of cases	Amount
1	Non/short levy of composite tax	30	16.49
2	Non/short levy of motor vehicle tax	29	1.61
3	Other irregularities	44	146.81
	<b>Total</b>	<b>103</b>	<b>164.91</b>

During the year 2003-04 the Department accepted and recovered under assessment of Rs.36.44 lakh in 193 cases pertaining to earlier years. A few illustrative cases highlighting important audit observations involving Rs.14.42 crore are given in the following paragraphs.

#### 4.2 Non/short levy of Motor Vehicles Tax

Under the Bombay Motor Vehicles Tax (BMVT) Act, 1958, and Rules made thereunder, the tax is levied and collected in advance on all motor vehicles used or kept for use in the State. An additional tax commonly known as Composite Tax is leviable in lieu of passenger tax on all omnibuses/luxury buses exclusively used or kept for use as contract carriage in the State. However, a vehicle owner may file declaration in advance if he does not intend to use or keep for use the vehicle in the State. These declarations are noted in the tax index cards/registers which are reviewed by taxation authorities to identify the defaulters for taking prompt action to recover the dues.

**4.2.1** During test check of the records of 16<sup>@</sup> taxation authorities, it was noticed between June 2002 and November 2003 that operators of 820 omnibuses, who exclusively kept these vehicles for use as contract carriage had neither paid tax nor filed declarations for non-use for various periods between 2001-02 and 2002-03. Failure on the part of the departmental officials to enforce the procedural requirements resulted in non-levy of composite tax of Rs.11.63 crore.

The above facts were brought to the notice of the Department between July 2002 and December 2003 and of the Government in February 2004. The department accepted the audit observations involving an amount of Rs.9.71 crore in 578 cases and recovered an amount of Rs.1.55 crore in 193 cases. Particulars of recovery, if any, and reply in the remaining cases have not been received.

**4.2.2** During test check of records of 14<sup>&</sup> taxation authorities, it was noticed between November 2002 and November 2003 that in 477 cases, motor vehicles tax was not levied on the motor vehicles used for transport of goods or materials for the years 2001-02 and 2002-03 despite absence of any declaration regarding non-use of vehicles. Failure on the part of the departmental officials to adhere to the procedural requirements resulted in non-levy of motor vehicles tax of Rs.67.11 lakh.

The above facts were brought to the notice of the Department between January and December 2003 and of the Government in February 2004. The Department accepted the audit observations involving an amount of Rs.43.87 lakh in 379 cases and recovered an amount of Rs.14.00 lakh in 125 cases. Particulars of recovery, if any, and reply in the remaining cases have not been received (August 2004).

### **4.3 Non/short levy of lump sum tax**

Under the BMVT Act, the State Government prescribed rates of one time tax (lump sum tax), with effect from April 1987, leviable on all non-transport vehicles where unladen weight does not exceed 2,250 Kgs. Lump sum tax (LST) is leviable with reference to the cost of vehicle in respect of non-transport vehicle. From September 2001, LST is also leviable on transport vehicles used for carriage of goods or materials where registered laden weight does not exceed 3000 Kgs. In respect of such vehicles registered prior to September 2001, LST was recoverable according to the age of the vehicle in 12 equal monthly instalments.

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<sup>@</sup> Ahmedabad, Amreli, Bardoli, Bhavnagar, Bharuch, Dahod, Godhra, Himatnagar, Jamnagar, Mehsana, Nadiad, Palanpur, Rajkot, Surat, Surendranagar and Vadodara.

<sup>&</sup> Ahmedabad, Amreli, Bardoli, Bharuch, Dahod, Godhra, Himatnagar, Jamnagar, Nadiad, Patan, Palanpur, Rajkot, Surendranagar and Vadodara.

During test check of the records of 12\* taxation authorities, it was noticed between October 2002 and November 2003 that LST in respect of five non-transport vehicles was levied short due to incorrect calculation of cost of the vehicles or incorrect application of rate etc. Further, tax in respect of 1,103 transport vehicles used for carriage of goods registered prior to September 2001 was not recovered. Failure to follow the provisions of the BMVT Act resulted in non/short levy of lump sum tax of Rs.1.11 crore.

The above facts were brought to the notice of the Department between October 2002 and November 2003 and of the Government in February 2004. The Department accepted audit observations involving an amount of Rs.1.02 crore in 1,033 cases and recovered Rs.14.72 lakh in 133 cases. Particulars of recovery, if any, and reply in the remaining cases have not been received (August 2004).

#### **4.4 Notional loss of interest due to delay in remitting of tax into Government account**

Under Rule 8(1) of the Bombay Treasury Rules, 1960, all moneys received by or tendered to Government offices on account of the revenues of Gujarat State as far as possible shall be paid in full within two next working days into a treasury or bank and shall be included in the Treasury Accounts. Moneys received as aforesaid shall not be appropriated to meet departmental expenditure, nor otherwise kept apart from the Government Accounts. No Department of Government may require that any moneys received by it on account of the revenue of the State be kept out of Government Account. However, the Heads of the Departments, may by specific orders, extend the time limit for crediting the moneys into the treasury upto seven working days of receipts of such moneys if the circumstances in which moneys received by the officials under them in their official capacity are such that it is not practical to observe the limit of two working days.

During test check of the records of the Regional Transport Officer, Himatnagar, it was noticed in September 2002 that the day-to-day collection of tax and other dues made by the check post at Shamlaji were remitted into Dena Bank, Shamlaji by the Inspector in charge. Thereafter, Dena Bank transferred the amount so credited to the State Bank of India, Modasa, after a delay ranging from five to 23 days which was ultimately accounted for by the State Bank of India in the relevant head of Government account. Thus, due to delay in transfer of money into Government account, money ranging from 10 to 60 lakh on each occasion remained outside the Government account contrary to the provisions of the Rules between March 2001 and March 2002. Lack of proper monitoring on the part of departmental officials resulted in notional loss of interest of Rs.1.01 crore.

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\* Ahmedabad, Amreli, Bhavnagar, Bharuch, Dahod, Godhra, Himatnagar, Jamnagar, Nadiad, Surat, Surendranagar and Vadodara.

The above facts were brought to the notice of the Department in April 2003 and of the Government in February 2004. The Department replied in April 2003 that the matter was taken up with the authorities of the concerned bank and they agreed to deposit the money into State Bank of India, Modasa every week.

The above matters were followed up with reminders to the Principal Secretary in April/June 2004 and Chief Secretary in July 2004. However, inspite of such efforts, no reply was received from the Government (August 2004).