

CHAPTER-V: Other Tax Receipts

5.1 Results of Audit

Test check of records of departmental offices relating to revenue of levy and collection of taxes on motor vehicles conducted during the year 2004-05 revealed under assessment of taxes and duties and loss of revenue amounting to Rs.21.16 crore in 14,735 cases which broadly fall under the following categories:

Sl. No.	Nature of irregularities	Number of cases	Amount (Rupees in crore)
1.	Levy and Collection of Taxes on Motor Vehicles	1	20.97
2.	Other irregularities	14,734	0.19
	Total	14,735	21.16

During the year 2004-2005, the Department accepted under assessment of Rs.21.16 crore in 14,735 cases.

A few illustrative cases involving Rs.20.97 crore are mentioned in this Chapter.

5.2 Levy and Collection of Taxes on Motor Vehicles

Introductory

5.2.1 Registration of motor vehicles, collection of fees on account of issue of permits and countersignatures of permits are regulated under Motor Vehicles (MV) Act, 1988, MV Rules, 1989, Punjab Motor Vehicles Taxation Act, 1924 (PMVT Act) and Punjab Motor Vehicles Rules, 1940, as applicable to Haryana. All the motor vehicles are required to be registered in the State in which the owner of the vehicle has residence or place of business where the vehicle is normally kept.

Levy and collection of road tax is governed by the PMVT Act and the Rules framed thereunder as road tax is leviable on every motor vehicle except certain vehicles or class of vehicles specially exempted under the Act/Rules and is recoverable in equal instalments for each quarter commencing on the first day of April, July, October and January of each year at such rates as the State Government may by notification prescribe from time to time. Besides, licence fees, registration fee, fitness fee and permit fee etc. are levied under the provisions of MV Act and Rules made thereunder by the Central Government and the State Government.

5.2.2 Records of 21^{*} out of 47 Registering Authorities (RAs) and seven^{**} out of 19 District Transport Offices (DTOs) for the years 1999-2000 to 2003-2004 were test checked between July and December 2004.

Audit findings as a result of test check of records of Transport Department, Haryana were reported in May 2005 to the Government with a specific request in June 2005 for attending the meeting of the Audit Review Committee so that the viewpoint of the Government may be taken into account before finalising the review. The meeting was held on 5 July 2005 which was attended by Joint Secretary to Government of Haryana and State Transport Controller, Haryana.

* Ambala, Ballabgarh, Bhiwani, Dabwali, Faridabad, Ferozpur Zhirka, Ganaur, Gurgaon, Hathin, Jagadhri, Jind, Kalka, Kosli, Meham, Mohindergarh, Narnaul, Palwal, Panchkula, Rewari, Rohtak and Sonipat.

** Ambala, Fatehabad, Jhajjar, Jind, Karnal, Panchkula and Panipat.

Short-charging of fees for test of competency to drive

5.2.3 As per sub section (6) of section 9 of MV Act, read with Government of India's notification dated 5 October 1999, the fee for competence to drive each class/type of vehicle shall be charged separately for each class of vehicle. The competency fee was leviable at the rate of Rs.50 for each class of vehicle.

It was noticed that State Transport Controller (STC) issued a clarification in March 2002 for charging competency fee at a uniform rate of Rs.50 for all types of driving licences. The clarification issued was not in consonance with the provisions of the Act which envisaged the charging of competency fee of Rs.50 for each class of vehicle. A perusal of the Driving Licence Register maintained by 43 registering authorities revealed that during 1999-2000 to 2003-04 1,57,043 applicants applied for driving licence for more than one class of vehicle but competency fee was charged at uniform rate of Rs.50 irrespective of number/type of the licence applied for. This resulted in short realisation of competency fee of Rs.92 lakh.

After this was pointed out, the Department issued rectificatory clarification in October 2004 stating that fee for test of competency was chargeable for each type of vehicle separately. However steps taken to recover the amount levied short were not intimated (August 2005).

Short realisation of bid money on stage carriage permits

5.2.4 Under the provisions of the MV Act, "Private bus service scheme Haryana-year 2001" was introduced for the grant of stage carriage permits to the existing transport societies under 1993 scheme, general public and the new transport co-operative societies of unemployed youth on certain routes. The permits and rights of operation were to be given to the operators on lease for a period of five years by inviting bids and the route was to be allotted to the highest bidder. In case of non payment of the bid money, the permit is liable to be suspended or cancelled.

During test check of Demand and Collection Register (DCR) of nine* DTOs, it was noticed that 64 Transport Co-operative Societies were issued permits during 1999-2000 to 2003-04 for a period of five years. These co-operative societies were required to deposit bid money each month, which was either not deposited or deposited short by the societies resulting in short realisation of bid money of Rs.80 lakh. There was nothing on record to show that assessing authorities had ever reviewed the register or had cancelled or suspended any permit where bid money had not been paid by the vehicle owners.

* Ambala, Bhiwani, Hisar, Jind, Kaithal, Karnal, Kurukshetra, Narnaul and Yamunanagar.

After this was pointed out between November 2003 to December 2004, six DTO's stated that notices are being issued to recover the amount. No reply from remaining DTOs had been received. Further progress of recovery had not been received (August 2005).

Non recovery of token tax in respect of stage carriage buses

5.2.5 As per PMVT Act, tax shall be leviable on every motor vehicle in equal instalments for quarterly periods commencing on the first day of April, July, October and January at the rate of Rs.550 per seat per annum subject to maximum of Rs.35,000 per vehicle per year. Any broken period in such quarterly periods shall, for the purpose of levying the tax, be considered as a full quarter. In case of omission to comply with the provisions, the Act further provides that the licencing officer may impose a penalty, which may extend to twice the amount of tax due.

During test check of records of 16* DTOs, it was noticed that 480 buses were plied as stage carriages by co-operative transport societies for the period from 2001-02 to 2003-04. However, token tax was either not deposited or deposited short by the societies. No action was taken by the DTOs to recover the same though entries were made in the DCR. This resulted in non realisation of token tax of Rs.86 lakh. The cases were not monitored by STC as no return to this effect was being received by that office.

After this was pointed out between July 2002 to December 2004, 10 DTOs stated that notices were being issued to the concerned owners for recovery of the tax and six DTOs stated that efforts were being made to recover the amount. However, reasons for its non collection were not made available to audit. Final reply had not been received (August 2005).

Short charging of driving licence fees

5.2.6 The rates of driving licence fees as fixed by the Government of India from time to time were as under:

(In Rupees)		
Month/Year of notification	Form 6**	Form 7***
Prior to October 1999	20	45
October 1999	75	150
May 2000	20	45
March 2001	40	150
May 2002	40	200

* Ambala, Bhiwani, Faridabad, Fatehabad, Hisar, Jagdhari, Jhajjar, Jind, Kaithal, Karnal, Kurukshetra, Narnaul, Panipat, Rewari, Rohtak, and Sirsa.
 ** Driving licence issued in copy form.
 *** Driving licence issued in laminated form.

During test check of records of 21^{*} RAs, it was noticed that driving licence fee was charged at lower rates in 35,118 cases. This was due to late circulation of Central Government notifications dated October 1999, March 2001 and May 2002 by the Department. Delay in issuance of notifications ranged between 14 and 77 days. Reasons for late circulation were not supplied by the Department. This resulted in short realisation of driving licence fees of Rs.33 lakh from 1999-2000 to 2003-04.

After this was pointed out between July 2000 and August 2004, 11^{**} RAs stated that notices would be issued for recovery. No reply was received from the remaining RAs.

Short realisation of Registration fees

5.2.7 The rates of registration fee of vehicles as fixed by the Government of India from time to time were as under:

(In Rupees)		
Month/Year of notification	Scooter/motor cycle	Car/Jeep
Prior to October 1999	30	100
October 1999	100	1,000
May 2000	30	100
March 2001	60	200

During test check of records of 21 RAs, it was noticed that registration fee was charged at lesser rates in 44,256 cases by 16^{***} RAs. This was due to late circulation of Central Government notifications dated October 1999, March 2001 and May 2002 by the Department. This resulted in short realisation of registration fee of Rs.34 lakh during the period 1999-2000 to 2003-04.

* Ambala, Ballabgarh, Bhiwani, Dabwali, Faridabad, Ferozpur Zhirka, Ganaur, Gurgaon, Hathin, Jagadhri, Jind, Kalka, Kosli, Meham, Mohindergarh, Narnaul, Palwal, Panchkula, Rewari, Rohtak and Sonipat.

** Ballabgarh, Dabwali, Faridabad, Ferozpur Zhirka, Hathin, Jind, Kosli, Palwal, Rewari, Rohtak and Yamunanagar.

*** Ambala, Ballabgarh, Faridabad, Fatehabad, Guhla, Hansi, Hisar, Kaithal, Kosli Meham, Mohindergarh, Narnaul, Nuh, Rewari, Sirsa and Tohana.

After this was pointed out between May 2000 and November 2004, 11* RAs stated that notices shall be issued to recover the amount, whereas four RAs stated that efforts were being made to recover the amount and no reply had been received from the remaining RAs (August 2005).

Short realisation of permit/countersignature fees

5.2.8 The DTOs are to issue permits under provisions of MV Act, after charging permit fee and countersignature fee at the rates prescribed under the Punjab Motor Vehicle Rules, 1940 as applicable to Haryana. The amount of fee is payable on the basis of number of regions included in the permit in the State. The Government increased the number of regions from six to 10 in March 1999 and to 19 in February 2001. The permit/countersignature fee for heavy/light motor vehicles was payable at the rates of Rs.2,625/Rs.1,750 upto March 1999 and Rs.4,125/Rs.2,750 upto February 2001 and thereafter, it was payable at the rate of Rs.7,500/Rs.5,000 for heavy/light motor vehicle (HTVs/LTVs) for each block of five years.

During test check of records of 19** DTOs, it was noticed that permits were granted for plying vehicles in all 19 regions of the Haryana state. However, countersignature fee in respect of 42,726 vehicles was recovered on the basis of six regions only. The fee was recovered at the rate of Rs.2,625/Rs.1,750 for each heavy/light motor vehicle instead of Rs.7,500/Rs.5,000 for the permits issued during the year 2002-03 and 2003-04 respectively. This resulted in short realisation of permit fee/countersignature fee of Rs.17.47 crore. The internal audit wing of the Department also failed to point out the lapse.

After this was pointed out in audit, all the DTOs stated between October 2000 and December 2004 that matter is under consideration with headquarters and permit fee at new rates would be charged on receipt of instructions from the Transport Commissioner/Government. The reply was not tenable as no separate orders of Government/Department were required to charge permit/countersignature fee at enhanced rates.

Non/short realisation of penalty on late renewal of permits

5.2.9 As per the instructions issued in February and June 1997, if an application for renewal of permit is not received within 15 days before the expiry of permits, penalty of Rs.1,000 shall be charged in lumpsum. However, if an applicant applies for renewal of permit after the date of expiry of permit, he shall be liable to pay additional penalty of Rs.200 for the first week and Rs.150 per week for subsequent weeks.

* Ambala, Ballabgarh, Guhla, Hansi, Hisar, Kosli, Meham, Narnaul, Rewari, Sirsa and Tohana.

** Regional Transport Authority/District Transport Officer, Ambala, Bhiwani, Fatehabad, Faridabad, Gurgaon, Hisar, Jind, Jhajjar at Bahadurgarh, Karnal, Kaithal, Kurukshetra, Narnaul, Panipat, Panchkula, Rohtak, Rewari, Sirsa, Sonipat and Yamunanagar.

During test check of the records of DTOs of Ambala, Karnal and Panipat for the period 1999-2000 to 2003-04, it was noticed that in 160 cases, applications for renewal of permits were either not received before 15 days of their expiry or received late. The permits were renewed without levying penalty of Rs.10 lakh.

After this was pointed out between July 2000 and August 2004, DTO Karnal, stated that notices shall be issued to the concerned parties to recover the amount, while DTO Ambala, stated that efforts were being made to recover the amount. DTO Panipat, stated that no penalty was leviable as the ownership of vehicles changed before 15 days. The reply was not tenable as permit was required to be renewed even if the vehicle's ownership was changed. Final reply had not been received (August 2005).

Short/non levy of penalty on overloading of vehicles

5.2.10 MV Act provides that whosoever drives a motor vehicle carrying goods in excess of permissible weight is liable to pay a minimum penalty of Rs.2,000 in addition to Rs.1,000 per tonne of excess load.

During test check of offences and challan register of DTOs, Yamunanagar, Ambala and Jind, for the years 1999-2000 to 2000-2003, it was noticed that 171 vehicles were carrying goods in excess of the permissible weight. However, the DTOs levied penalty of Rs.3.18 lakh instead of Rs.11.91 lakh resulting in short levy of penalty of Rs.9 lakh. The offence and challan register was not reviewed by the internal audit wing that is working under the control of STC.

After this was pointed, DTO Yamunanagar, stated that matter was under examination whereas DTOs, Ambala and Jind stated that efforts were being made to recover the differential amount. Final reply had not been received (August 2005).

Private Service Vehicles

5.2.11 Under the provisions of MV Act, motor vehicles having sitting capacity from six to 12 (excluding driver) registered in the name of firms/companies are to be treated as "Private Service Vehicles" and token tax at the rate of Rs.400 per seat per annum is chargeable instead of one time token tax chargeable for personal vehicles. A register called 'Registration Register' is maintained by the RAs.

During test check of the Registration Registers of nine* RAs, for the years 1999-2000 to 2001-02, it was noticed that 205 private services vehicles were registered in the names of firms/companies and one time token tax was

* Ambala, Bhiwani, Guhla, Hisar, Jagadhri, Karnal, Panchkula, Sirsa and Sonipat.

charged instead of Rs.400 per seat per annum. This resulted in short realisation of token tax amounting to Rs.6 lakh.

This was pointed out to DTOs, however, no reply had been received (August 2005).