

CHAPTER-IV: Other Tax Receipts

4.1 Results of Audit

Test-check of records in departmental offices relating to revenues received from State Excise Duty, Passengers and Goods Tax, Taxes on Motor Vehicles, Purchase Tax (Agriculture) and Electricity duty conducted in audit during the year 2003-04 revealed under-assessment of taxes and duties and loss of revenue amounting to Rs. 33.73 crore in 98,397 cases as depicted below:

Sl. No.	Heads of revenue	Number of cases	Amount (Rupees in crore)
1.	State Excise Duty	150	14.74
2.	Electricity Duty	5103	1.38
3.	Taxes on Motor Vehicles	92,645	14.53
4.	Passengers and Goods Tax	469	1.17
5.	Entertainment Duty and Show Tax	3	0.04
6.	Purchase Tax (Agriculture)	27	1.87
	Total	98,397	33.73

In the cases of Taxes on Motor Vehicles, State Excise Duty, Passengers and Goods Tax and Purchase Tax (Agriculture), the Department accepted under-assessment of Rs.11.27 crore in 927 cases which was pointed out during the year 2003-04 and recovered an amount of Rs.2.57 crore in 107 cases during 2003-04 of which Rs.2.51 crore recovered in 105 cases pertained to earlier years.

A few illustrative cases involving Rs.25.81 crore are mentioned in this Chapter. Of these, the Department accepted three audit observations involving Rs.11.47 crore and made part recovery of Rs.0.09 crore in one case.

State Excise Duty

4.2 Short recovery of licence fee and interest

The Haryana Liquor Licence Rules 1970, read with Clause 6 of the State Excise Policy for the year 2002-03, provide for payment of monthly instalment of licence fee by 20th of each month by the licensee holding licence for vending country liquor or Indian Made Foreign Liquor. Failure to do so renders him liable to pay interest at the rate of two *per cent* for the period from the first day of the month to the date of payment of the instalment or any part thereof. If licence fee is not paid in full at the end of each month, the operation of the vend under the licence granted to him will cease.

During test-check of records of Deputy Excise and Taxation Commissioner (DETC), Kaithal for the year 2002-03, it was noticed in December 2003 that a licensee in Kaithal district failed to pay the monthly instalment of licence fee from May 2002 to March 2003 by the prescribed dates. Licence fee of Rs.13.96 crore was paid as against Rs.22.45 crore due from licensee. This resulted in short recovery of licence fee of Rs.8.49 crore and interest of Rs.2.85 crore. DETC did not cease the operation of the vend but allowed the contractor to continue operation till March 2003. Besides, for delayed payment of licence fee demand for interest of Rs.2.85 crore was not raised.

After this was pointed out in December 2003, the Department admitted the fact in January 2004 and stated that efforts were being made to recover the balance amount of licence fee and interest.

The matter was referred to the Government in January 2004; reply had not been received (September 2004).

4.2.1 Test-check of records of Deputy Excise and Taxation Commissioner, Panipat for the year 2002-03 revealed in September 2003 that a licensee failed to pay three monthly instalments of licence fee of May 2002, June 2002 and January 2003 by the prescribed date. Interest of Rs.2.20 lakh though recoverable was not recovered by the DETC for belated payments.

After this was pointed out in January 2004, the Department stated that notices had been issued for the recovery of interest. Final reply had not been received (September 2004).

The matter was referred to the Government in March 2004; reply had not been received (September 2004).

Passengers and Goods Tax

4.3 Non/short realisation of passengers tax

As per notifications issued in July 1994 and July 1996 under the Punjab Passengers and Goods Taxation Act, 1952 as applicable to Haryana, permit holders plying buses on link routes of the State under the scheme of privatisation of Passengers Road Transport, are required to pay lump sum passengers tax based on the seating capacity of the bus on monthly basis at the rate of Rs.16,000 for 52/54 seater and Rs.10,000 for 30/32 seater buses. As per Haryana Government notification issued in April 2002, the passenger tax at revised rates of Rs.20,000 and Rs.14,000 is to be charged from 52/54 and 30/32 seater buses respectively in case their routes are extended upto 24 kilometres.

During test-check of records of seven* offices of the DETC (PGT) for the year 2001-02 and 2002-03, it was noticed between February and July 2003 that 89 transport co-operative societies** had either not deposited the monthly passenger tax or deposited it short. This resulted in short realisation of passenger tax of Rs.58.84 lakh.

After this was pointed out between February and July 2003, the DETC (PGT) of Karnal, Rohtak and Sonipat intimated in March 2004 that an amount of Rs.9.12 lakh was recovered in 18 cases. Further report on recovery of the balance amount was awaited. Reply from the remaining DETC had not been received (September 2004).

The matter was referred to the Government in March 2004; reply was awaited (September 2004).

Taxes on Motor Vehicles

4.4 Short realisation of permit/countersignature fee

The District Transport Officers (DTOs) are required to issue permits under various sections of Motor Vehicle Act, 1988 for the regions under their jurisdiction and countersign for each additional region of the State 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

* 2001-02: DETC (PGT) Karnal and Sonipat.

2002-03: DETC (PGT) Ambala, Jind, Kaithal, Rohtak and Sonipat.

** As per Haryana Co-operative Societies Act, 1984, a Transport Co-operative Society means a society registered under this Act for plying buses on link routes in the State and granted permits under Section 7 of Motor Vehicles Act.

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.7,500/5,000 for heavy/light motor vehicles for each block of five years.

During test-check of records of 15* DTOs, it was noticed between October 2002 and January 2004 that permits were granted for plying vehicles covering all 19 regions in the whole of the Haryana State but permits/countersignature fee in respect of 22,112 vehicles was recovered at the rate of Rs.2,625/Rs.1,750 for each heavy/light motor vehicle instead of at the rate of Rs.7,500/Rs.5,000 for permits issued during the year 2001-02 and 2002-2003. This resulted in short realisation of permit fee/countersignature fee of Rs.10.07 crore.

After this was pointed out between October 2002 and January 2004, 10 DTOs stated between April 2003 and January 2004 that permit fee at new rates would be charged on receipt of instructions from Transport Commissioner/Government. Reply was not tenable as no separate orders of Government/Department were required. No reply had been received from the remaining DTOs (September 2004).

The matter was referred to the Government in February 2004; reply had not been received (September 2004).

Transport Department

4.5 Short realisation of bid money on stage carriage permits

Under Section 99 of the Motor Vehicles Act, 1988 “Private bus service scheme in Haryana-year 2001” was introduced for the grant of stage carriage permits to the existing societies under 1993 scheme**, general public and to the new cooperatives 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 to be allotted to the highest bidder. The bid money was required to be deposited before 10th of each month.

* District Transport Officers (DTOs): 2001-02- Gurgaon and Panchkula.
District Transport Officers (DTOs): 2002-03-Panchkula, Kurukshetra, Kaithal, Faridabad, Rewari, Sonipat, Rohtak, Sirsa, Ambala, Yamunanagar, Narnaul, Bhiwani and Fatehabad.

** To provide employment to educated unemployed youths and to augment the public transport in Haryana, the State Government has formulated a scheme for the grant of stage carriage permits to the cooperatives of unemployed youth, on certain routes in Haryana.

During test-check of records of the DTO, Ambala for the year 2002-03, it was noticed (July 2003) that under this scheme seven Transport Co-operative Societies were granted permits between January 2002 and March 2003 for a period of five years. These co-operative societies were required to deposit bid money each month, which was not deposited regularly resulting in short realisation of Rs.11.27 lakh.

After this was pointed out in audit in July 2003, the Department accepted the fact in January 2004 and instructed the concerned operators to deposit the balance amount. Further progress of recovery was awaited.

The case was referred to the Government in February 2004; reply had not been received (September 2004).

4.6 Non/short charging of fitness fee

Under the provisions of the Central Motor Vehicle Rules, 1989 and notification issued by the Government of India on 28 March 2001, fee for the grant and renewal of certificate of fitness (passing fee) was chargeable at the rate of Rs.100 and Rs.200 in respect of two/three wheeler vehicle and light motor vehicles respectively. Transport Commissioner in his instructions dated 14 May 2001 had directed all the DTOs and Assistant Transport Officers to charge passing fees in accordance with the above notification.

During test-check of records of 19* Motor Vehicle Registering Offices, it was noticed from July 2002 to September 2003 that fitness certificates were granted in respect of 1,53,492 (non-transport) light motor vehicles. However, no passing fee was charged by the registering authorities during the years 2001-02 and 2002-03. This resulted in non-charging of fitness fee of Rs.1.95 crore.

This was pointed out between August 2002 and October 2003. Two Registering Authorities (MV), Siwani and Nuh intimated in October and December 2003 that action was being taken to recover the amount from the concerned vehicle owners. One Registering Authority (Naraingarh) intimated in July 2002 that fee shall be charged on receipt of directions from the State Transport Commissioner, Haryana, seven** Registering Authorities intimated between January 2003 and November 2003 that the fee was abolished. Reply from remaining eight*** registering authorities (MV) was not received.

The reply is not tenable as no notification or order for abolishing the fee was issued either by the Government of India or Government of Haryana. In fact, the Transport Commissioner had directed the state authorities to collect the same at the prescribed rates.

* Registering Authorities:
2001-2002: Ambala, Ballabgarh, Faridabad, Hodel, Hathin, Naraingarh and Palwal.
2002-03: Ambala, Bhiwani, Charkhi Dadri, Dabwali, Ellenabad, Gurgaon, Jind, Loharu, Narwana, Nuh, Sirsa and Siwani.

** Faridabad, Hodel, Hathin, Ellenabad, Dabwali, Sirsa and Narwana.

*** Palwal, Ballabgarh, Ambala, Gurgaon, Jind, Charkhi Dadri, Loharu and Bhiwani.

The matter was referred to Government between November 2002 to October 2003; final reply had not been received (September 2004).

4.7 Non/short recovery of purchase tax and interest

According to the notification issued in October 1977 under the Punjab Sugarcane (Regulation of Purchase and Supply) Act, 1953, and the rules framed thereunder, as applicable to Haryana, a sugar factory is required to pay tax of Rs.1.50 per quintal on purchase of sugarcane latest by 14th of the following month and send a monthly return to the Cane Commissioner in a prescribed format. In the event of default in payments or for belated payments, interest at 15 *per cent* per annum shall be charged for the period of default. The Act, further provides that sums payable to Government, but not paid by the due date, shall be recoverable as arrears of land revenue.

During test-check of records of Assistant Cane Development Officers, Kaithal and Panipat it was noticed between July 2002 and December 2003 that two sugar mills purchased 96,58,041 quintals of sugarcane during April 2001, November 2001 to April 2002, and November 2002 to April 2003. Purchase tax and interest of Rs.1.73 crore though payable was not paid by them as of December 2003.

The Department admitted the facts. However, report on recovery has not been received (September 2004).

The matter was referred to the Government in February 2004; reply had not been received (September 2004).