

## CHAPTER 4 TAXES ON VEHICLES, GOODS AND PASSENGERS

### 4.1. Results of audit

Test check of records of the departmental offices, conducted in audit during the year 2001-2002, revealed non-realisation or short realisation of tax and other irregularities amounting to Rs. 11.49 crore in 280 cases, which broadly fall under the following categories:-

(Rupees in crore)

		No. of cases	Amount
1.	Non-realisation or short realisation of		
	(i) Token tax and Composite fee	106	1.31
	(ii) Passengers and Goods Tax	38	0.40
2.	Evasion of		
	(i) Token Tax	40	0.83
	(ii) Passengers Tax	12	2.58
3.	Other irregularities		
	(i) Vehicles Tax	60	2.50
	(ii) Passengers and Goods Tax	24	3.87
	<b>Total</b>	<b>280</b>	<b>11.49</b>

During the course of the year 2001-2002, the concerned departments accepted under assessments of Rs.4.81 crore in 61 cases pointed out in audit during 2001-2002. A few illustrative cases highlighting important observations involving financial effect of Rs.1.28 crore are given in the following paragraphs.

### 4.2. Non-realisation of token tax

Under the Himachal Pradesh Motor Vehicles Act, 1972, and rules made thereunder token tax levied is payable in advance and is collected annually or quarterly in the prescribed manner. Token tax at the rate of Rs. 500 per seat per annum subject to a maximum of Rs. 25000 per annum for stage carriage and Rs. 200 per seat per annum subject to a maximum of Rs. 8000 per annum for contract carriage is to be levied and collected. In case of default the taxation authority may direct the owner of the vehicle to deposit the arrears of token tax alongwith penalty not exceeding the annual tax payable or twice the amount of tax due whichever is higher.

During audit of the records of Five\* Regional Transport Authorities, it was noticed (October 2000- July 2001) that 65 stage carriages and two contract carriage owners did not deposit token tax of Rs. 17.23 lakh for the period

\* Amb, Dalhousie, Nalagarh, Palampur and Theog.

falling between April 1995 and March 2001. Besides, non payment of tax, maximum penalty amounting to Rs.34.46 lakh was also leviable.

This was pointed out to the department/ Government between November 2000 and August 2001, their replies have not been received (August 2002).

#### **4.3. Under- assessment of special road tax**

Through a notification dated 6<sup>th</sup> January 2000, issued under the Himachal Pradesh Motor Vehicles Taxation Act, 1972, (as amended in 1999) special road tax was levied and collected in advance at specified rates, for the stage carriage transport vehicles plying on the National Highways, Intra-State/Inter-State routes, State Highways, rural roads and local buses/mini-buses within a radius of 30 kilometers (point to point i.e. originating and terminating points).

During audit of the Regional Transport Authorities, Shimla and Solan, it was noticed (June-August 2001) that Shimla-Kangra road and Nahan-Poanta Sahib Section of road of Himachal Pradesh territory was declared (prior to January 2000) as National Highways-88 and 72 respectively. However, the special road tax for the period falling between January 2000 and March 2001 was realised from the stage carriage transport vehicles (plying on these National Highways) incorrectly at the rates applicable to State Highways. This resulted in short realisation of special road tax of Rs. 20.01 lakh.

On this being pointed out in audit (between June and August 2001), the Regional Transport Authorities stated that efforts would be made to realise the amount under-assessed. Further report had not been received (August 2002).

The matter was reported to the department/Government in July-September 2001; their reply had not been received (August 2002).

#### **4.4. Embezzlement of Government money**

The Himachal Pradesh Financial Rules, 1971, stipulate that the departmental receipts collected during the day should be credited into the treasury on the same day or latest by the morning of the next working day. Every officer receiving money on behalf of the Government should maintain a cash book in the prescribed form. All monetary transactions should be entered in the cash book as soon as they occur and attested by the Head of office or the officer authorised in this behalf, in token of check. The cash book should be closed daily and completely checked on the same day.

During audit of the office of the Registering and Licensing Authority, Dharamshala, it was noticed (January-February 2002) that daily summary sheets for 45 days were missing and these were got regenerated by audit. While reconciling the figures of the Government money collected by the office during the period between October 1998 and October 2000 with the deposit records of the District Treasury, Dharamshala, it was noticed that Government revenue of Rs. 13.88 lakh was not deposited by the counter clerk

in the Treasury. The embezzled amount pertained to October 1998 (3 days: 111 receipts: Rs. 0.23 lakh), between May-September 1999 (5 days: 391 receipts: Rs. 1.26 lakh) and between May-October 2000 (37 days: 2403 receipts: Rs. 12.39 lakh).

The embezzlement was facilitated due to the failure of the Registering and Licensing Authority to ensure the continuity of serial numbers of receipts, while signing the day's summary sheets (cash book). The head of the office had thus not ensured that the Government receipts collected were deposited into the treasury.

While admitting the audit observation, the Deputy Commissioner, Kangra at Dharamshala stated (12 February 2002) that an amount of Rs. 2.18 lakh had been recovered and deposited on 1<sup>st</sup> February 2002 into the District Treasury, Dharamshala and that as no further recovery was forthcoming, FIR was registered on the 4<sup>th</sup> of February, 2002 with the police and the official has been arrested and placed under suspension and a fact finding inquiry had been ordered and on receipt of the report, departmental inquiry would be initiated. The police investigations were also stated to be under way. Further report had not been received (August 2002).

The matter was reported to the department /Government in March 2002; their reply had not been received (August 2002).

#### **4.5. Short realisation of composite fee**

Under the National Permit Scheme, an amendment of December 1999 in the Himachal Pradesh Motor Vehicles Taxation Rules, 1999, provides for levy of composite fee at the rate of Rs. 2500 for each six months commencing from 1<sup>st</sup> April and 1<sup>st</sup> September every year, payable by goods carriages which are authorised to ply in the State of Himachal Pradesh by an appropriate authority of any other State or Union Territory.

During audit of the records of the State Transport Authority, Shimla, it was noticed (June 2001) that in 542 cases, composite fee pertaining to the period falling between April 2000 and March 2001 payable to Himachal Pradesh State was not charged at correct rates by the concerned authorities of the States of Punjab, Haryana, Uttar Pradesh, Rajasthan, Andhra Pradesh and Jammu & Kashmir. As a result, composite fee of Rs. 8.42 lakh was realised short. The State Transport Authority had not taken any action to recover the differential amount from the sponsoring States.

On this being pointed out the department stated (May 2002) that action for realisation of outstanding composite fee had been taken up with the concerned State Transport authorities. Further report has not been received (August 2002).

The matter was reported to the Department/Government in July 2001; their reply had not been received (August 2002).

#### **4.6. Non deposit of Government money into the treasury**

Under the National Permit Scheme, vehicles registered in one State are authorised to ply in other State on payment of prescribed composite fee. The composite fee is initially received by the home State from the owner of the vehicle in the form of cross bank draft, which is transmitted to the transport authorities of the State in which the vehicle is authorised to ply. A bank draft is valid for six months from the date of issue unless it is revalidated.

During audit of the State Transport Authority, Shimla it was noticed (June 2001) in audit that 306 bank drafts amounting to Rs.5.40 lakh, pertaining to the period falling between 1998 and March 2000 on account of composite fee, were not encashed within the validity period and were therefore, sent (May 2000) to the banks concerned, for revalidation. After revalidation, 224 bank drafts amounting to Rs.4.03 lakh were deposited into the Government treasury between August 2001 and May 2002. The delays ranged between 15 months and 24 months. The remaining 82 bank drafts of Rs.1.37 lakh had not been received back after revalidation so far (August 2002).

The matter was reported to the Government in July 2001; their reply had not been received (August 2002).

#### **4.7. Non payment of token tax by owners of Educational Institutions Vehicles**

Under the Himachal Pradesh Motor Vehicles Taxation (Amendment) Act, 1992, a token tax at the rate of Rs. 200 per seat per annum subject to a maximum of Rs.8,000 is to be charged on the buses belonging to educational institution.

During audit of Registering and Licensing Authority, Amb and Kullu, it was noticed (April 2001-March 2002) that 16 vehicles owned by various educational institutions though registered with the licensing authorities had not paid token tax of Rs. 3.16 lakh for the period falling between 1993-94 and 2000-2001, for which no action was taken by the Department.

The matter was reported to the Government between May 2001 and March 2002; their reply has not been received (August 2002).

#### **4.8. Vehicles not registered with the Excise and Taxation Department**

As per Motor Vehicles Act, 1988, read with the Himachal Pradesh Motor Vehicles Taxation Act, 1972, the owners of stage/contract carriages and goods carriers are required to register their vehicles with the concerned Excise and Taxation Officers under the Himachal Pradesh Passengers and Goods Taxation Act, 1955, and pay passenger tax, surcharge and goods tax at the prescribed rates on all fares and freights in respect of passengers carried and

goods transported by motor vehicles. For failure to apply for registration, penalty not exceeding five times the amount of tax or surcharge so assessed, subject to a minimum of five hundred rupees is also leviable.

While the motor vehicles tax is administered by the Transport Department, the passenger and goods tax is administered by the Excise and Taxation Department. According to Excise and Taxation Commissioner instructions (December 1984), Excise and Taxation Officers are required to ensure registration of all vehicles liable to pay passenger and goods tax under the Himachal Pradesh Passengers and Goods Taxation Act, 1955, in close co-ordination with the Registering and Licensing Authority in the Transport Department.

During test check of the records of Nine\* Assistant Excise and Taxation Commissioners, it was noticed (June 2001 and March 2002) that 662 goods vehicles registered with the concerned Registering and Licensing Authorities, were not registered with the Excise and Taxation Department. As a result goods tax of Rs.16.18 lakh for the period falling between 1997 and 2001 was not paid by the owners of the vehicles to the concerned taxation authorities. A minimum penalty of Rs. 3.31 lakh was also leviable.

On this being pointed out (between June 2001 and March 2002), the department stated that goods tax amounting to Rs. 0.59 lakh (Chamba: Rs. 0.33 lakh, Nahan: Rs. 0.20 lakh and Mandi: Rs. 0.06 lakh) had been recovered. Final replies in respect of remaining cases have also not been received (August 2002).

The matter was referred to the Department/Government between 26 June 2001 and 14 August 2002 but their reply has not been received.

#### **4.9. Short realisation of goods tax**

Under the provisions of the Himachal Pradesh Passengers and Goods Taxation (Amendment) Rules, 1997, for the carriage of goods, the owner of a transport vehicle or a private carrier, may pay goods tax in lump sum at the rate of Rs. 7,000 per annum per vehicle having loading capacity of more than 30 quintals with effect from 1st October 1996. The tax was reduced to Rs.4000 per annum with effect from 1<sup>st</sup> April 1997, provided that lump sum goods tax on the 1st day of April of each following financial year shall automatically be increased by 10 per cent of the rates applicable on 31<sup>st</sup> day of March of the preceding financial year. No fresh option was required in that behalf.

During audit of the offices of Assistant Excise and Taxation Commissioners, Bilaspur, Kangra at Dharamsala, Mandi, Solan and Shimla, it was noticed (between August 2001 and February 2002) that goods tax amounting to

---

\* *Bilaspur, Chamba, Hamirpur, Mandi, Nahan, Shimla, Solan, Kangra at Dharamsala and Una.*

Rs.10.19 lakh was short realised in respect of 602 vehicles during the period between October 1996 and March 2000, as per details given below:-

(Rupees in lakh)

Sr. No.	Name of Assistant Excise and Taxation Commissioner	No. of vehicles	Goods tax chargeable	Goods tax deposited	Goods tax short realised
1.	Bilaspur	305	9.66	4.42	5.24
2.	Kangra at Dharmsala	85	2.71	1.24	1.47
3.	Mandi	79	2.79	1.41	1.38
4.	Solan	70	2.54	1.48	1.06
5.	Shimla	63	2.10	1.06	1.04
	<b>Total</b>	<b>602</b>	<b>19.80</b>	<b>9.61</b>	<b>10.19</b>

On this being pointed out in audit, the department stated (January 2002) that an amount of Rs.0.16 lakh had been recovered in respect of 8 vehicles pertaining to Solan district. Further report and reply in respect of Bilaspur, Kangra, Mandi and Shimla had not been received (August 2002).

The matter was reported to the Government in September 2001-March 2002; their reply has not been received (August 2002).