

## CHAPTER 4 : Taxes on Vehicles

### 4.01 Results of Audit

Test check of the records of the transport offices during the year 2001-02, revealed non-levy and short levy of motor vehicles tax, fees, penalties, fines etc. amounting to Rs. 63.90 crore in 167 cases, which broadly fall under the following categories: -

Sl. No.	Category	(Rupees in crore)	
		No. of cases	Amount
1.	Non/short levy of taxes	28	3.76
2.	Other cases	139	60.14
<b>Total</b>		<b>167</b>	<b>63.90</b>

During the year 2001-02, the concerned department accepted under-assessment and other irregularities in 20 cases involving Rs.0.90 crore pointed out in audit during 2001-02.

A few illustrative cases involving tax effect of Rs. 1.19 crore are given in the following paragraphs :-

### 4.02 Lack of control over collection of taxes

Under the Bihar and Orissa Motor Vehicles Taxation (B&OMVT) Act, 1930, 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. If owner of a Vehicle changes his place of residence/ business he shall, within 30 days, intimate his new address to concerned original registering authority.

In 9 District Transport Offices<sup>1</sup>, it was noticed (between December 2000 and October 2001) that the owners of 193 motor vehicles had stopped payment of taxes in the offices where they were originally registered and no reasons were found recorded for non-payment of the tax. The department had also not taken any action to realise the same. This resulted in non- recovery of tax of Rs 1 crore pertaining to the period between April 1992 and September 2001.

On this being pointed out (between December 2000 and October 2001), the concerned District Transport Officers (DTO) stated (between December 2000 and October 2001) that demand notices would be issued. Further reply has not been received (January 2004).

<sup>1</sup> Chaibasa, Deoghar, Dhanbad, Dumka, Godda, Giridih, Hazaribagh, Ranchi and Sahebganj.

The cases were reported to the Government (June 2002); their reply has not been received (January 2004).

#### **4.03 Non- realisation of tax from vehicles**

Under the B&OMVT Act, 1930 as amended from time to time and rules made thereunder, when the owner of a motor vehicle does not intend to use his vehicle for certain period not exceeding six months at a time, he can be exempted from payment of tax by the competent authority provided that his claim for exemption is supported by the required documents such as certificate of registration, fitness certificate, tax token, etc. For the period of non-use of vehicle, he is entitled for exemption from payment of tax after following the prescribed procedure. He shall also furnish undertaking to the concerned Taxation Officer if the extension of the said period is required.

In 6 District Transport Offices<sup>2</sup>, it was noticed (between February and October 2001) that documents of 72 motor vehicles were surrendered between December 1993 and September 2000. But no further undertakings were received from any owners for extending the period of surrender. In the absence of fresh undertaking for extension of surrender, the vehicle owners were liable to pay tax of Rs. 12.35 lakh for the period from July 1994 and September 2001

On this being pointed out (between February and October 2001), the DTO Jamshedpur stated (March 2001) that demand notice would be issued. DTO Giridih stated (July 2001) that notices were issued to the owners for extension of surrender, while other DTOs stated (between February and October 2001) that cases would be examined and action would be taken. Further reply has not been received (January 2004).

The cases were reported to the Government (June 2002); their reply has not been received (January 2004).

#### **4.04 Loss of revenue due to non-levy of tax from the date of possession of vehicles**

Under the provisions of the Central Motor Vehicles (CMV) Rules, 1989, any person who acquires or purchases a motor vehicle through an auction conducted by or on behalf of the Central /State Government, shall apply to the registering authority within thirty days of taking possession of the vehicle accompanied by appropriate fee. Further, under the provisions of the Bihar Motor Vehicles Taxation Act, 1994, every registered owner or person having possession or control of a vehicle is liable to pay road tax and additional motor

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<sup>2</sup> Bokaro, Dhanbad, Dumka, Giridih, Jamshedpur and Sahebganj.

vehicles tax annually or quarterly at the rate specified in the schedules to the Act.

In District Transport Office, Giridih, it was noticed (July 2001), that owners of 6 vehicles acquired through military auction during the period between December 1985 and September 2000 were assigned new registration marks during the period between August 2000 and April 2001. The owners of the vehicles made applications for assignment of new registration marks late ranging between 6 months to 184 months. This resulted in loss of revenue amounting to Rs.6.28 lakh calculated for the period falling between April 1992 and March 2001.

On this being pointed out (July 2001), the DTO Giridih stated (July 2001) that demand notice would be issued. Further reply has not been received (January 2004).

The cases were reported to the Government (June 2002); their reply has not been received (January 2004).

#### **4.05 Disposal of bank drafts received from other States**

As per the Bihar Financial Rules, all transactions must be brought to account without delay and all moneys should be credited to Public Account. A bank draft register containing receipt of bank drafts on account of composite fee due from concerned States is required to be maintained. The State Government has authorised certain nationalized banks to collect the amount of bank drafts deposited by the State Transport Commissioner (STC). As per instructions of State Transport Commissioner (STC) (March 1996), the amount collected by banks during April to February is to be transferred to State Bank of India (SBI) Doranda Branch, Ranchi in such a manner that all receipts during a particular month stand transferred latest by the 1<sup>st</sup> week of the following month. As regards the amount deposited in the month of March, it is to be transferred by 31<sup>st</sup> of March positively so that all amounts deposited in a financial year stand transferred to the government account within the same financial year. As per Reserve Bank of India (RBI) instruction (June 1995), interest at the rate of 11.30 per cent per annum is payable by banks on delayed remittances to government account.

##### ***(a) Non-realisation of revenue for want of revalidation of bank draft***

Test check of records of State Transport Authority (STA), Ranchi revealed (April 2002) that 297 bank drafts relating to the period between January 2001 and March 2002 involving Rs.8.46 lakh received from other States on account

of composite fee were returned by 2 banks<sup>3</sup> to STC between April 2001 and March 2002 for revalidation which were, however, not got revalidated by the department (April 2002) resulting in non-realisation of revenue.

**(b) *Non-issue of cheque against balance at bank***

There are 2 banks<sup>3</sup> in Ranchi where bank drafts relating to composite fee received from other States/RTAs are deposited by the STC for collection. In Punjab National Bank, Mahavir Chowk Branch, Ranchi, there was a closing balance of bank drafts valued at Rs.3.43 crore as on 31 March 2002 on account of collection during 2001-02. No action was taken by the STC to have it deposited in the government account and to charge interest at the rate of 11.30 per cent from the banks as per instructions of the RBI. This resulted in undue financial aid to banks.

**(c) *Delay in deposit of revenue collection by banks***

The collecting banks failed to credit the revenue collection through SBI, Doranda Branch, into Government account within the prescribed time with delay ranging from more than 1 month to 8 months. The department failed to take effective measures to ensure timely deposit of revenue by banks. This resulted in loss of revenue in the form of interest of Rs.53.03 lakh, for the period between July 2001 and February 2002.

The cases were reported to the Government (June 2002); their reply has not been received (January 2004).

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<sup>3</sup> State Bank of India, CMPDI Branch, Ranchi and Punjab National Bank, Mahavir Chowk Branch, Ranchi.