

CHAPTER IV TAXES ON VEHICLES

4.1 Results of audit

Test check of records of the offices of Motor Vehicles Department conducted during 2005-06 revealed short/non-levy of tax, incorrect classification etc, amounting to Rs 2.71 crore in 188 cases, which may broadly be categorised as under:

(In crore of rupees)

| Sl. No. | Category | Number of cases | Amount |
|---------|--------------------------|-----------------|-------------|
| 1. | Short/non levy of tax | 123 | 0.98 |
| 2. | Incorrect classification | 12 | 0.08 |
| 3. | Other lapses | 53 | 1.65 |
| | Total | 188 | 2.71 |

During 2005-06, the department accepted underassessments of Rs 35.66 lakh involved in 36 cases of which seven cases involving Rs 3.56 lakh were pointed out in audit during 2005-06 and the rest in earlier years. During the year, the department recovered an amount of Rs 22.88 lakh in 155 cases pointed out in audit prior to 2005-06.

A few illustrative cases involving Rs 27.69 lakh are given in the following paragraphs:

4.2 Non demand of vehicle tax

Under the Kerala Motor Vehicles Taxation Act, 1976 (KMVT Act), tax on motor vehicles for a quarter or year shall be paid in advance. If a motor vehicle is not intended to be used for the first month or first two months or whole of a quarter or year, no tax is payable for the period of non use provided an intimation in form G has been filed before the concerned transport officer. It was judicially held[♦] that any operator would be entitled to claim exemption even for the second month or second and third month. KMVT Act further provides that if tax in respect of a vehicle has not been paid within prescribed period, additional tax at the rate of 50 *per cent* shall be payable along with the tax.

In regional transport offices, Kannur and Vadakara, 117 vehicle owners filed non use intimation in form G between April 2002 and March 2005 for the second and third months of a quarter. The owners neither paid tax for the remaining portion of the quarter nor the department raised any demand. This resulted in non realisation of tax of Rs 15.44 lakh and additional tax of Rs 7.72 lakh.

This was pointed out to the department in November and December 2005 and reported to Government in February 2006; their replies were not received (December 2006).

4.3 Non levy of application fee

Under Motor Vehicles Act, 1989, educational institution buses (EIBs) are required to obtain permits from 14 August 2000. Government prescribed in February 2004 application fee for permits at Rs 500 for each EIB. Transport Commissioner in February 2004 directed the officers of the department to complete the issuance of these permits before 30 April 2004.

Test check of records of 12 transport offices^{*} between July and November 2005 revealed that owners of 498 EIBs neither applied for permit nor the department initiated any action to realise permit fees from them despite direction from the Transport Commissioner. This resulted in non realisation of application fee for permits of Rs 2.49 lakh.

This was pointed out to the department between July and November 2005 and reported to Government in November 2005; their reply has not been received (December 2006).

[♦] RKV Motors and Timbers (P) Ltd. Vs RTO, AIR 1982 Ker 156

^{*} Regional Transport offices: Attingal, Ernakulam, Kasargod and Thiruvananthapuram
Sub Regional Transport offices: Aluva, Irinjalakkuda, Kanhangad, Kazhakkootam, Mattancherry, Parassala, Pattambi and Wadakkancherry

4.4 Short levy of composite tax

Goods carriage vehicles registered in other states or union territories in India can ply in Kerala under national permit after remitting composite tax of Rs 3,000 *per annum*. Under KMVT Act, composite tax on such national permit vehicles with multi axle shall be 25 *per cent* less than the rate applicable to two axled vehicles. But this concession is restricted to vehicles of those states which allow similar concession on multi axled vehicles of other states or union territories.

In the office of the Transport Commissioner, Thiruvananthapuram it was observed that during 2004-2005, composite tax at the rate of 75 *per cent* of the normal rate was remitted on 163 multi axled national permit vehicles of States of Haryana, Madhya Pradesh, Maharashtra and Rajasthan which did not allow similar concession on multi axled vehicles registered in Kerala. This resulted in short realisation of composite tax of Rs 2.04 lakh.

After this was pointed out in December 2005, the department stated that necessary action would be taken to realise the short collection. Further reply has not been received (December 2006).

The case was reported to Government in March 2006; their reply has not been received (December 2006).